

**City and County of San Francisco
Office of Contract Administration
Purchasing Division**

Second Amendment

THIS AMENDMENT (this "Amendment") is made as of **March 1, 2015** in San Francisco, California, by and between **21Tech, LLC** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Director of the Office of Contract Administration.

RECITALS

WHEREAS, City and Contractor have entered into the Agreement (as defined below);
and

WHEREAS, City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to increase the contract amount, expand the scope of the deliverables, and update standard contractual provisions;

NOW, THEREFORE, Contractor and the City agree as follows:

1. **Definitions.** The following definitions shall apply to this Amendment:
 - a. **Agreement.** The term "Agreement" shall mean the Agreement dated June 18, 2013 between Contractor and City as amended by the First Amendment, dated March 3, 2014.
 - b. **Contract Monitoring Division.** Effective July 28, 2012, with the exception of Sections 14B.9(D) and 14B.17(F), all of the duties and functions of the Human Rights Commission under Chapter 14B of the Administrative Code (LBE Ordinance) were transferred to the City Administrator, Contract Monitoring Division ("CMD"). Wherever "Human Rights Commission" or "HRC" appears in the Agreement in reference to Chapter 14B of the Administrative Code or its implementing Rules and Regulations, it shall be construed to mean "Contract Monitoring Division" or "CMD" respectively.
 - c. **Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.
2. **Modifications to the Agreement.** The Agreement is hereby modified as follows:
 - a. **Section 4.** Section 4, "Services Contractor Agrees to Perform," of the Agreement currently reads as follows:

4. Services Contractor Agrees to Perform. The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," and in Appendix A-3, "Change Requests," attached hereto and incorporated by reference as though fully set forth herein.

Such section is hereby amended in its entirety to read as follows:

4. Services Contractor Agrees to Perform. The Contractor agrees to perform the services provided for in Appendices A, "Description of Services," A-3, "Change Requests," and A-4, "Change Requests 7, 9, 10, and 11," attached hereto and incorporated by reference as though fully set forth herein.

- b. **Section 5.** Section 5, "Compensation of the Agreement," currently reads as follows:

5. Compensation. Compensation shall be made according to the payment schedule identified in **Appendix B, "Calculations for Professional Services," and in Appendix B-1, "Calculation of Charges – Change Requests,"** attached hereto and incorporated by reference as though fully set forth herein, for deliverables that Treasurer, or his or her authorized representative, in his or her sole discretion, concludes has been performed. Sign-off of a deliverable by the Treasurer's authorized representative or use of any material produced as part of a deliverable in the implementation process or use in production is considered acceptance of that deliverable and obligates the City to pay for that deliverable when accompanied by an accompanying Contractor invoice. Each key deliverable will require a sign-off by the client manager on the project. The sign-off process should not take more than 5 business days without an acceptable reason for delay. The City will make a good faith attempt to pay all invoices within 30 days of billing. However, in no event shall City be liable for interest or late charges for any late payments made after such 30 days period. In no event shall the amount of this Agreement exceed \$2,411,678. The breakdown of costs associated with this Agreement appears in Appendix B, "Calculations of Professional services," and in Appendix B-1, "Calculation of Charges – Change Requests," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Office of the Treasurer & Tax Collector as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement. In no event shall City be liable for interest or late charges for any late payments.

If City is more than 60 days in arrears on its payment obligation to Contractor, and Contractor has notified the City in writing after the City is more than 30 days in arrears on that payment obligation, Contractor may suspend Services hereunder until such time as City is current on its payment obligations.

Such section is hereby amended in its entirety to read as follows:

5. Compensation. Compensation shall be made according to the payment schedule identified in **Appendices B, "Calculations for Professional Services," B-1, "Calculation of Charges – Change Requests," and B-2, "Calculation of Charges - Change Requests 7, 9, 10, and 11,"** attached hereto and incorporated by reference as though fully set forth herein, for deliverables that Treasurer, or his or her authorized representative, in his or her sole discretion, concludes have been performed. Sign-off of a deliverable by the Treasurer's authorized representative or

use of any material produced as part of a deliverable in the implementation process or use in production is considered acceptance of that deliverable and obligates the City to pay for that deliverable when accompanied by an accompanying Contractor invoice. Each key deliverable will require a sign-off by the client manager on the project. The sign-off process should not take more than 5 business days without an acceptable reason for delay. The City will make a good faith attempt to pay all invoices within 30 days of billing. However, in no event shall City be liable for interest or late charges for any late payments made after such 30-day period. In no event shall the amount of this Agreement exceed \$2,835,926. The breakdown of costs associated with this Agreement appears in Appendices B, "Calculations of Professional Services," B-1, "Calculation of Charges – Change Requests," and B-2, "Calculation of Charges - Change Requests 7, 9, 10, and 11," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Office of the Treasurer & Tax Collector as being in accordance with this Agreement. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement. In no event shall City be liable for interest or late charges for any late payments.

If City is more than 60 days in arrears on its payment obligation to Contractor, and Contractor has notified the City in writing after the City is more than 30 days in arrears on that payment obligation, Contractor may suspend Services hereunder until such time as City is current on its payment obligations.

c. **Insurance.** Section 15 is hereby replaced in its entirety to read as follows:

15. Insurance.

a. 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:

1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

3) 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.

4) 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.

5) Technology Errors and Omissions Liability coverage, with limits of \$1,000,000 each occurrence and each loss, and \$2,000,000 general aggregate. The policy

shall at a minimum cover professional misconduct or lack of the requisite skill required for the performance of services defined in the contract and shall also provide coverage for the following risks:

(a) 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;

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

(c) 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.

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

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

2) 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.

c. 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 the Section entitled "Notices to the Parties."

d. 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.

e. 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.

f. 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.

g. 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, agents and subcontractors.

h. If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to 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.

d. **Appendix A-4, Change Requests 7, 9, 10 and 11.** Appendix A-4, "Change Requests 7, 9, 10 and 11," is hereby added to the Agreement as follows:

Appendix A-4 Change Requests 7, 9, 10, and 11

Change Order: Gross Receipts 07

Description of Changes Being Requested:

1. The logic for the annual filing needs to change. The 80/20 rule for the Gross Receipts Tax computation should be applied at the code section level or tax rate table level, not at the activity level.
2. For Account Update, location changes will not be passed to Aumentum directly and will instead be pulled from IMS (our workflow tracking software) for eventual manual entry into Aumentum. Additionally, the public facing site (non-data entry) will only allow taxpayers to modify their related entity structure – disabling Locations, Mailing Address, and Close Business functions.
3. Quarterly Installments for Quarter 1 will be housed in SQL-only and require data migration activities when Aumentum is in production.
4. Business registration renewal for the fiscal year ending June 30, 2015 ("RG15") will be housed in SQL-only (as contingency) and require data migration activities when Aumentum is in production.
5. Account Update will be housed in SQL-only (as contingency) and require data migration activities when Aumentum is in production.
6. The Gross Receipts Annual Filing must be subjected to load and stress testing.
7. The pages titled Online EZ Eligibility & Online EZ must be edited to add the question "Are you a lessor of residential real estate?" and request the number of units for a lessor of residential real estate. The logic must be updated to provide a small business exemption to lessors of residential real estate with fewer than four units rented.

8. For the page titled "Calculation of Gross Receipts," columns and rows that are not applicable will be greyed out and texture will be added.
9. Add an explanation of the application of Code section 953.9 ("80/20") on the page titled "Calculation of Gross Receipts Tax."
10. Build in logic so the small business exemption of \$1,000,000 is applied through \$1,000,000 on the page titled "Calculation of Gross Receipts Tax."
11. Build in logic for message and functionality to allow the taxpayer to file "0" taxes owed for Gross Receipts.

Recommended Solution:

1. Modify 80/20 logic per TTX requirements.
2. Ensure database from Account Update to IMS is accessible and do not call Account Update application program interface ("API") for location changes from the online application. Disable the necessary modules for the public facing site.
3. Store all Quarter 1 data in SQL and prepare procedures to migrate data into Aumentum.
4. Store all RG15 data in SQL and prepare procedures to migrate data into Aumentum.
5. Store all Account Update data in SQL and prepare procedures to migrate data into Aumentum.
6. Use performance analysis tools to execute load and stress testing for the web application based on the projected volume of users for the Gross Receipts Tax annual filing.
7. Edit the pages titled Online EZ Eligibility add the question "Are you a lessor of residential real estate?" A "yes" will send to an Online EZ display that will request the number of units for a lessor of residential real estate. The Online EZ display for lessors of residential real estate will have logic for a small business exemption for lessors of residential real estate with fewer than four units rented.
8. For the page titled "Calculation of Gross Receipts," the columns and rows that are not available will have grey and texture added to replace the white space currently in place.
9. Add an explanation of the application of Code section 953.9 ("80/20") on the page titled "Calculation of Gross Receipts Tax." The text shall be: Because more than 80 percent of your San Francisco gross receipts are derived from business activities in

one of Code sections 953.1 through 953.7, your gross receipts have all been combined into the rate category for that Code section pursuant to Code section 953.9(a).

10. Build in logic so the small business exemption of \$1,000,000 is applied through \$1,000,000 on the page titled "Calculation of Gross Receipts Tax."
11. Build in logic for message and functionality to allow the taxpayer to file "0" taxes owed for gross receipts.

High Level Risk Assessment:

1. Code logic and subsequent testing will need to be re-assessed, but because the change is being communicated early risk can be mitigated.
2. Renewed focus and testing of the IMS integration will need to occur.
3. Because year one of the Gross Receipts Tax does not have penalty and interest assessments automatically applied through the online application, the timing of migration into Aumentum is less pertinent, instead, the risk lies within the migration itself to Aumentum.
4. Due to the volume of RG15 filings and the undetermined period of time in which RG15 may be in contingency, any migration leveraging a relatively new API will be a high risk factor.
5. The period of time to migrate data will require evaluation. Additionally, isolating single versus combined groups may help mitigate risk considering the latter is where the complexity resides.
6. Considerable data is being captured in the online application and load/stress testing will help alleviate performance bottlenecks that may disrupt the online filing.
7. Gross Receipts filing code logic and subsequent testing effort will need to be re-assessed to incorporate this requirement, but because the change is being communicated early risk can be mitigated.
8. Modify long form code logic. Subsequent testing will be required to ensure requirements have been completed. Since this change is being communicated early, risk can be mitigated.
9. Modify long form code logic. Subsequent testing will be required to ensure requirements have been completed. Since this change is being communicated early, risk can be mitigated.

10. Modify long form code logic. Subsequent testing will be required to ensure requirements have been completed. Since this change is being communicated early, risk can be mitigated.
11. Modify long form code logic. Subsequent testing will be required to ensure requirements have been completed. Since this change is being communicated early, risk can be mitigated.

Technical Assessment Impact:

1. Code logic will be altered to support the new requirement.
2. Reduces complexity for the online filing. However, testing of the API calls will still occur in the event a location change is in fact required.
3. Authentication and migration procedures are two key components that will need modification to accommodate this change.
4. RG15 will require additional development to leverage SQL-data instead of querying Aumentum for combined groups, with the ability to switch to Aumentum upon production launch. Additional procedures to catch failed API attempts upon migration will also be needed.
5. Account Update will require additional development to leverage SQL-data instead of querying Aumentum for combined groups, with the ability to switch to Aumentum upon production launch. Additional procedures to catch failed API attempts upon migration will also be needed.
6. Application code and database performance will be evaluated for improvements, tweaks, and optimization using performance tools.
7. Gross Receipts Tax filing code logic will be altered to support the requirement.
8. Long form logic will be modified to support the new requirement.
9. Long form logic will be modified to support the new requirement.
10. Long form logic will be modified to support the new requirement.
11. Long form logic will be modified to support the new requirement.

Project Assessment Impact:

1. Requirements, development, and testing must be added and/or modified to accommodate this change. The schedule will be re-evaluated upon approval of the change request.

2. N/A
3. Window to push data will need to be determined.
4. Window to push data will need to be determined.
5. Window to push data will need to be determined.
6. Load testing should be executed after “soft acceptance” of the application (to ensure the code being tested is accurate). An additional user acceptance testing (“UAT”) cycle should occur after the load testing if code re-factoring should occur to ensure functionality and logic remain the same prior to and after load testing.
7. The new requirements, development effort, and testing must be appended to the existing requirements to accommodate this change. The schedule will be re-evaluated upon approval of the change request.
8. Since the requirements are being communicated early, the project is not at risk of delay.
9. Since the requirements are being communicated early, the project is not at risk of delay.
10. Since the requirements are being communicated early, the project is not at risk of delay.
11. Since the requirements are being communicated early, the project is not at risk of delay.

Cost breakdown is based on the following:

Total Estimated Costs	Requirements	\$	32,835
	Development	\$	32,835
	Test	\$	32,835
	Deploy	<u>\$</u>	<u>32,835</u>
	Total Cost	\$	131,340
	Total Effort in Days		49.75 Days

Equally divided and due at the completion and acceptance of each of these four phases/items:

Payment Terms	Requirements	\$	32,835
	Development	\$	32,835
	Test	\$	32,835
	Deploy	\$	32,835

Change Order: Gross Receipts 09

Description of Changes Being Requested:

Supplemental Conversion of accounts from the legacy business tax system (“BTS”) into Aumentum 10.00.05. This is a post production conversion based on revised requirements.

Requirements: Bring over all accounts based on the following criteria (applicable only to accounts that were not included in the initial conversion):

1. Accounts are not closed
2. Payments were received within the last three years

Effort Planning:

1. Understand 10.00.05 conversion platform.
2. Develop / Modify existing 9.00.04 scripts to convert in to 10.00.05.
3. Test conversion – 1 cycle.
4. Production supplemental conversion in to Conv-02b with 10.00.05.

21Tech Plan of Work:

21Tech will work with Thomson Reuters as needed on getting these accounts into Aumentum as soon as possible. As discussed, 21Tech will create a full empty shell for each account by performing the following tasks:

1. Create the accounts.
2. Add Locations for the account.
3. Add demographics for the account.

In addition TTX agrees 21Tech will NOT perform the following tasks:

4. Associate Tax Types.
5. Associate RG15.
6. Post financials related data to the accounts.

Project Assessment Impact:

1. This is a post implementation supplemental conversion requirement. 21Tech conversion scripts were built on 9.00.04. The scripts will be revised and reviewed and tested in a test environment with Aumentum 10.00.05.

Contractual Assessment:

Does not impact Go-live with 10.00.05.

Cost breakdown is based on the following:

Total Estimated Costs	Requirements	\$	7,722
	Development	\$	7,722
	Test	\$	7,722
	Deploy	\$	<u>7,722</u>
	Total Cost	\$	30,888
	Total Effort in Days		13 Days

Equally divided and due at the completion and acceptance of each of these four phases/items:

Payment Terms	Requirements	\$	7,722
	Development	\$	7,722
	Test	\$	7,722
	Deploy	\$	7,722

Change Order: Gross Receipts 10

Description of Changes being Requested:

1. Business Identification:

- Remove all validations on Question #2. This is applicable to Filer, Member, and Single.

2. Administrative Office Business Activities – A:

- Change the Quarterly Installments to a text box, which should allow only positive digits with two decimal points.

3. Credits & Exclusions Eligibility – B:

- For Filer:
 - If user selects any of the available options, show a message next to the Save & Continue button and show a button to exit the application.
 - For this type of tax payers, the application would treat that the tax filing as not completed.
- For a Member and Single:
 - If the user selects any option other than EZ Credit from the available credits and exclusion list, show a message next to the Save & Continue button and show a button to exit the application.
 - If the user selects ONLY “EZ,” then let the user pass through and claim the EZ Credit.
 - If only EZ is selected, allow the user to enter values using the existing spreadsheet method.

4. Stock-Based Compensation Exclusion Worksheet - C1:

- Remove this page from the application.

5. Payroll Expense Tax Filing - C2:

- Redo the entire page to make it calculate and visible by entity – mockups reflect functionality.

6. Identification of Related Entities Business Activities – F

- Activity not listed should ask for the activities (140 characters) and save the same in the database. This description will not be used within the filing.

7. Calculation of Gross Receipts - H:

- Remove questions 10 & 13 from all the business activities.
- Question B should sum up the answers to questions 10 to 16.
- Except Construction, remove Question E from all activities as $E = D$ for all others. For all other activities except Construction, Question D should be used for calculations.
- Each business activity should have at least one question answered. All numbers in the activity cannot be “\$0.”

- Long Form Tier 2 must have different tier limits for the activity “Real Estate and Rental and Leasing Services.” Tier 2 limits for this activity will be \$1M - \$5M. Tier 3 limits will also change to \$5M - \$25M. All other activities should remain as is (\$1M – \$2.5M for tier 2, \$2.5M - \$25M for teir 3).
- For Form EZ / EZ for Lessor – “Real Estate and Rental and Leasing Services” activity:
 - o Line 5 on the form needs to go from \$1 to 5 million.
 - o Line 7 on the form needs to go from \$5 to 25 million.

8. Applicable Credits and Central Market Street Limit - L:

- Remove this page from the application.

9. Obligation Summary – M:

- Under Payroll Expense 2014 Tax Summary, remove 1 and 2C, 2B, and 2A.
- Calculate “Total Payroll Expense Tax After Surplus Credits” as row #7 from “Payroll Expense Tax Filing - C2.”
- EZ credit should show for all users (filer, member, single), but will be blank for filer and will have amounts if entered for member / single entity.

Project Assessment Impact

Requirements, development, and testing must be added and/or modified to accommodate these changes. The schedule will be re-evaluated upon approval of the change request.

Contractual Assessment

N/A

Cost breakdown is based on the following:

Total Estimated Costs	Requirements	\$	15,510
	Development	\$	15,510
	Test	\$	15,510
	Deploy	\$	<u>15,510</u>

Total Cost \$ 62,040

Total Effort in Days 37.6 Days

Payment Terms	Requirements	\$	15,510
	Development	\$	15,510
	Test	\$	15,510
	Deploy	\$	15,510

Change Order: Gross Receipts 11

Description of Change Being Requested:

This piece of the change order covers a range of small projects across many elements of the Agreement that are grouped together for convenience by agreement of both parties.

- **Changes To Existing Online Forms (45)**
Any changes to the existing production forms to accommodate production requests.
- **Quarterly Installments Application Update for 2015**
Since 2014 was the first time quarterly installments were introduced for Payroll Expense and Gross Receipts Tax, for 2015 there will be further changes to refine and redefine how the quarterly installments will be taxed.
- **RG2016 Application Update**
For 2015, TTX did a Kludge for the registration renewal. For 2016, there will be other changes to the online tax form for registration renewal.
- **Requirements For 2015 Annual Tax Form Gross Receipts + Payroll Expense**
With the Gross Receipts Tax being introduced in 2014, there will be a lot of refinements needed for the 2015 annual form for Payroll Expense Tax and Gross Receipts Tax. This work effort covers the requirements gathering for those changes needed to the tax form.

High Level Risk Assessment:

N/A

Project Assessment Impact:

N/A

Contractual Assessment:

N/A

Cost breakdown is based on the following:

Total Estimated Costs	Requirements	\$	49,995
	Development	\$	49,995
	Test	\$	49,995
	Deploy	<u>\$</u>	<u>49,995</u>
	Total Cost	\$	199,980
	Total Effort in Days		151.6 @ 1 FTE

Equally divided and due at the completion and acceptance of each of these four phases/items:

Payment Terms	Requirements	\$	49,995
	Development	\$	49,995
	Test	\$	49,995
	Deploy	\$	49,995

e. Appendix B-2. Calculation of Charges – Change Requests 7, 9, 10, and 11.
Appendix B-2, “Calculation of Charges – Change Requests 7, 9, 10, and 11,” is hereby added to the Agreement as follows:

Appendix B-2 Calculation of Charges – Change Requests 7, 9, 10, and 11

All project activities to be performed on a deliverables basis by 21Tech Technical Consultants, with summary costs as follows:

Tasks/ Resource	Deliverable Total	
Gross Receipts Change Order 07		
Requirements	\$	32,835
Development	\$	32,835
Test	\$	32,835
Deploy	\$	32,835
Resource Total	\$	131,340
Gross Receipts Change Order 09		
Requirements	\$	7,722
Development	\$	7,722
Test	\$	7,722
Deploy	\$	7,722
Resource Total	\$	30,888
Gross Receipts Change Order 10		
Requirements	\$	15,510
Development	\$	15,510
Test	\$	15,510
Deploy	\$	15,510
Resource Total	\$	62,040
Gross Receipts Change Order 11		
Requirements	\$	49,995
Development	\$	49,995
Test	\$	49,995
Deploy	\$	49,995
Resource Total	\$	199,980
Gross Receipts Change Order 07, 09, 10, 11 Total	\$	424,248

f. Replacing “Earned Income Credit (EIC) Forms” Section with “Consideration of Criminal History in Hiring and Employment Decisions” Section. Section 32, “Earned Income Credit (EIC) Forms,” is hereby replaced in its entirety to read as follows:

32. Consideration of Criminal History in Hiring and Employment Decisions.

a. 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 www.sfgov.org/olse/fco. A partial listing of some of Contractor’s obligations under Chapter 12T is set forth in this Section. 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.

b. 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, shall apply only when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco, and 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.

c. Contractor shall incorporate by reference in all subcontracts the provisions of Chapter 12T, and shall require all subcontractors to comply with such provisions. Contractor’s failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

d. Contractor or Subcontractor shall not inquire about, require disclosure of, or if such information is received, base an Adverse Action on an applicant’s or potential applicant for employment’s, or employee’s: (1) Arrest not leading to a Conviction, unless the Arrest is undergoing an active pending criminal investigation or trial that has not yet been resolved; (2) participation in or completion of a diversion or a deferral of judgment program; (3) a Conviction that has been judicially dismissed, expunged, voided, invalidated, or otherwise rendered inoperative; (4) a Conviction or any other adjudication in the juvenile justice system; (5) a Conviction that is more than seven years old, from the date of sentencing; or (6) information pertaining to an offense other than a felony or misdemeanor, such as an infraction.

e. Contractor or Subcontractor shall not inquire about or require applicants, potential applicants for employment, or employees to disclose on any employment application the facts or details of any conviction history, unresolved arrest, or any matter identified in subsection 32, above. Contractor or Subcontractor shall not require such disclosure or make such inquiry until either after the first live interview with the person, or after a conditional offer of employment.

f. Contractor or Subcontractor shall state in all solicitations or advertisements for employees that are reasonably likely to reach persons who are reasonably likely to seek employment to be performed under this Agreement, that the Contractor or Subcontractor will

consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

g. Contractor and Subcontractors shall post the notice prepared by the Office of Labor Standards Enforcement (OLSE), available on OLSE's website, in a conspicuous place at every workplace, job site, or other location under the Contractor or Subcontractor's control at which work is being done or will be done in furtherance of the performance of this Agreement. The notice shall be posted in English, Spanish, Chinese, and any language spoken by at least 5% of the employees at the workplace, job site, or other location at which it is posted.

h. Contractor understands and agrees that if it fails to comply with the requirements of Chapter 12T, the City shall have the right to pursue any rights or remedies available under Chapter 12T, including but not limited to, a penalty of \$50 for a second violation and \$100 for a subsequent violation for each employee, applicant or other person as to whom a violation occurred or continued, termination or suspension in whole or in part of this Agreement.

3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

CITY

Recommended by:



Pauline Marx
Chief Assistant Treasurer
Office of the Treasurer & Tax Collector

Approved as to Form:

Dennis J. Herrera
City Attorney

By:



Scott M. Reiber
Deputy City Attorney

Approved:



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

CONTRACTOR

21Tech, LLC



Azhar Mahmood
Managing Member
1390 Market Street, Suite 1202
San Francisco, CA 94102

City vendor number: **37769**

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