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AGENDA
OXNARD CITY COUNCIL
OXNARD COMMUNITY DEVELOPMENT COMMISSION SUCCESSOR AGENCY
OXNARD FINANCING AUTHORITY
OXNARD HOUSING AUTHORITY
Council Chambers, 305 West Third Street
March 7, 2017
Regular Meeting - 6:00 PM
Closed Session - 4:30 PM

A. ROLL CALL/POSTING OF AGENDA

THE FOLLOWING LEGISLATIVE BODIES ARE MEETING: City Council.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS

At this time, a person may address the legislative body only on matters appearing on the closed session agenda. The presiding officer shall limit public comments to three minutes

C. CLOSED SESSION (4:30 PM)

1. Conference with Legal Counsel – Labor Negotiations

CC Agency designated representatives: Steve Janice, Director of Human Resources; Burke Dunphy, City's labor attorney, and Dania Torres-Wong, City's labor attorney. Employee organizations: Service Employees International Union CTW, CLC, Local 721 (**SEIU Local 721**); International Union of Operating Engineers AFL-CIO, Local No. 501 (**IUOE Local 501**); Oxnard Public Safety Management Employees' Association (**Fire Unit**); and Oxnard Mid-Managers' Association (**OMMA**); **Unrepresented employees:** Assistant City Manager, Chief Financial Officer, City Clerk, City Treasurer, Assistant City Manager, Development Services Director, Fire Chief, Housing Director, Human Resources Director, Economic Development Director, I.T. Director, Library Director, Police Chief, Public Works Director (**Department Directors**); Assistant City Attorney, Assistant Director of Human Resources, Community Relations and Public Affairs Manager, Deputy City Attorney, Law Office Manager, Human Resources Manager, Workers' Compensation Manager, Management Analyst III (C) (**Confidential Mid-Managers**); Accountant II (C80), Accounting Technician (C67), Administrative Assistant (C70), Administrative Legal Assistant (C70), Administrative Legal Secretary I (C25), Administrative Legal Secretary II (C35), Administrative Legal Secretary III (C50), Administrative Secretary I (C15), Administrative Secretary II (C30), Administrative Secretary III (C40), Administrative Services Assistant (C70), Administrative Technician (C60), Employee Relations Coordinator (C67), Executive Assistant I (C80), Executive Assistant II (C85), Human Resources Technician

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

City of Oxnard internet address: www.oxnard.org.

(C70), Office Assistant I (C10), Office Assistant II (C20), Paralegal (C75), Safety Specialist (C72), Senior Administrative Secretary (C55), Senior Benefits Coordinator (C75), Senior Human Resources Coordinator (C75), Workers' Compensation Specialist (C69) (**Confidential Employees**); unrepresented Limited Benefit Employees.

The Human Resources Director requested that this item be discussed in closed session pursuant to Government Code section 54957.6(a). The purpose of the closed session is for the City Council to review the status of negotiations and to provide instructions to the City's negotiators regarding salaries, salary schedules and compensation paid in form of fringe benefits for employees represented by the employee organizations identified above and for employees unrepresented, and other matters within the scope of representation for represented employees.

D. OPENING CEREMONIES (6:00 PM)

Pledge of allegiance to the flag of the United States

E. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of thirty minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker cards will not be accepted after the beginning of the general public comment period. Based on the number of speaker cards submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to three minutes, but shorter time may be established as deemed necessary. A person not able to address the legislative body at this time because the thirty minutes expires may do so just prior to adjournment of the meeting. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager/ Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion. Persons wishing to speak on public hearing items should do so at the time of the hearing.

F. REPORT OF CITY MANAGER/EXECUTIVE DIRECTOR/SECRETARY

The City Manager/Executive Director/Secretary shall report on items of interest to the legislative body occurring since the last meeting. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. Such items may only be referred to the City Manager/Executive Director/Secretary for administrative action or scheduled on a subsequent agenda for discussion.

G. CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY/FINANCING AUTHORITY BUSINESS/COMMITTEE REPORTS

At this time, a member of the legislative body may make a brief announcement, or make a brief report on his or her activities. Further, members of the legislative body may request to schedule consideration of whether to place an item on a future agenda. The legislative body cannot enter into detailed discussion or take action on any item presented during this report. The member's report shall not exceed three minutes, unless additional time is granted by the presiding officer.

H. REVIEW OF INFORMATION/CONSENT AGENDA

The members of the legislative body will consider whether to remove Information/Consent Agenda items for discussion later during the meeting.

I. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

At this time, a person may address the legislative body only on matters appearing on the information/consent agenda. The presiding officer shall limit public comments to three minutes.

J. INFORMATION CONSENT AGENDA

City Clerk Department

1. SUBJECT: Approval of Minutes: January 10, 2017 Regular Meeting.

RECOMMENDATION: Approve the Minutes of the City Council Regular Meeting of January 10, 2017.

Legislative Body: CC

Contact: Michelle Ascencion

Phone: 385-7805

City Manager Department

2. SUBJECT: Agreements for City Council Review

RECOMMENDATION: That City Council, pursuant to Ordinance 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000, which are described on the attached list.

A. C. S. Legacy Construction, Inc. for Change Order No. 1 for the removal, regrade and replacement of existing curb at the Southwinds Park track (\$57,307).

B. Motorola Solutions for the purchase of 9 portable radios, microphones, chargers and batteries for the Fire Department (\$44,948).

A complete explanation of the agreement and funding sources are attached.

Legislative Body: CC

Contact: Greg Nyhoff

Phone: 385-7430

Finance Department

3. SUBJECT: Removal of the Exterior Improvements from the Applicable LMDs

RECOMMENDATION: That City Council approves a Resolution (Attachment A) requiring:

1. Removal of all improvements from eighteen (18) Landscape Maintenance Districts as shown on the Diagrams as Exhibit B of the Resolution.

2. Removal of improvements located on major traffic corridors from thirty (30) Landscape Maintenance Districts as shown on the Diagrams as Exhibit B of the Resolution.

3. Ordering NBS to prepare the Engineer's Report for the Landscape Maintenance Districts for Fiscal Year 2017/18.

Legislative Body: CC

Contact: Jim Throop

Phone: 385-7475

Information Technology Department

4. SUBJECT: Enterprise Resource Planning Specification & Procurement

RECOMMENDATION: Staff is requesting authorization to enter into a contract with Sciens, LLC, Agreement Number A-7945, in the amount of \$149,745 for Enterprise Resource Planning specification and procurement.

Legislative Body: CC

Contact: Keith Brooks

Phone: 385-7597

Public Works Department

5. SUBJECT: Solicit Bids for On-Call Backflow Assemblies Testing, Maintenance, Repair and Replacement Services

RECOMMENDATION: That City Council authorize staff to solicit bids for on-call backflow assemblies testing, maintenance, repairs and replacement. This contract will be for \$375,000 for three years and will not exceed \$127,000 annually.

Legislative Body: CC

Contact: Daniel Rydberg

Phone: 385-8055

K. REPORTSPublic Works Department

1. SUBJECT: Proposed Wastewater Rate Increase (30/30/45)

RECOMMENDATION: 1. Approve the City wastewater rate structure for a five-year period (July 2017-2022);

2. Authorize staff to proceed with the Proposition 218 public notification process; and

3. Set a public hearing on the wastewater rate increase for May 16, 2017.

Legislative Body: CC

Contact: Daniel Rydberg

Phone: 385-8055

2. SUBJECT: Agreement A-7937 for SCADA Support Services (10/10/10)

RECOMMENDATION: That the City Council approve and authorize the Mayor to execute an agreement (Agreement No. A-7937) with ProUsys, Inc. for Supervisory Control and Data Acquisition (SCADA) system support services for the water, wastewater, and recycled water systems for a three year term in an amount not to exceed \$800,000.

Legislative Body: CC

Contact: Daniel Rydberg

Phone: 385-8055

L. PUBLIC COMMENTS ON REPORTS

At this time, a person may address the legislative body only on matters appearing on the reports. The presiding officer shall permit a person to address the legislative body after the staff presentation on the report and before the consideration of the report by the legislative body. The presiding officer shall limit public comments to three minutes.

M. ADJOURNMENT



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 1

DATE: March 7, 2017

TO: City Council

FROM: Michelle Ascencion
City Clerk

SUBJECT: Approval of Minutes: January 10, 2017 Regular Meeting.

CONTACT: Michelle Ascencion, City Clerk
Michelle.Ascencion@oxnard.org, 385-7805

RECOMMENDATION:

Approve the Minutes of the City Council Regular Meeting of January 10, 2017.

STRATEGIC PRIORITIES

This agenda item is a routine operational item that does not directly relate to the four strategic plans adopted by City Council on May 17, 2016. This agenda item does provide transparency of Council meetings to the public.

FINANCIAL IMPACT

None.

ATTACHMENTS:

A. Minutes 01.10.17 CC regular meeting

MINUTES
OXNARD CITY COUNCIL
Regular Meeting
January 10, 2017

A. ROLL CALL/POSTING OF AGENDA

At 5:05 p.m., the regular meeting of the Oxnard City Council was called to order in the Council Chambers. Councilmembers Bryan A. MacDonald, Oscar Madrigal, Bert Perello, and Mayor Pro Tem Ramirez were present; Mayor Tim Flynn was absent (arrived at 6:00 p.m.). Staff members present were Greg Nyhoff, City Manager; Stephen Fischer, City Attorney; Jesus Nava, Assistant City Manager; Ruth Osuna, Assistant City Manager; Steve Janice, Human Resources Director; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON CLOSED SESSION ITEMS (None)

C. CLOSED SESSION

At 5:06 p.m. the City Council recessed to a closed session, pursuant to Government Code section 54957.6(a) to review the status of labor negotiations and to review its available funds and funding priorities for the purpose of providing instructions to the City's negotiator, the Human Resources Director, regarding the position titles specified in Item C.1 of the meeting agenda.

At 6:04 p.m. the City Council reconvened in open session in the Council Chambers. There was no announcement following closed session.

D. OPENING CEREMONIES

The City Clerk called the roll (all City Councilmembers and the Mayor were present) and announced the posting of the agenda. The flag salute was followed by a moment of silence.

Additional staff members present at this time were Darwin Base, Fire Chief; Keith Brooks, Information Technology Director; Arturo Casillas, Housing Director; Ashley Golden, Development Services Director; Ingrid Hardy, Cultural and Community Services Director; Kymberly Horner, Economic Development Director; Phillip Molina, City Treasurer; Daniel Rydberg, Public Works Director; James Throop, Chief Financial Officer; Scott Whitney, Chief of Police; Robert Hearne, Senior Civil Engineer; Celsa Moncayo, Senior Human Resources Coordinator; and Kenneth Rozell, Assistant City Attorney.

E. CEREMONIAL CALENDAR

1. SUBJECT: Presentation of a Proclamation Designating January 16, 2017 as "Martin Luther King, Jr. Day.

Mayor Flynn, with unanimous Council approval, presented a proclamation to Vincent Stewart, 3rd Vice President of the Ventura County NAACP, who made some remarks.

F. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from: Armando Vasquez (Café on A), Deirdre Frank (short term vacation rentals), Daniel Chavez Jr. (council meetings, public safety), Walter Hagedohm (short term

rentals), Robert Murphy (short term rentals), Karen Brooks (short term rentals), Dan Pinedo (streets, rain, potholes), Pat Brown (condition of 7th Street and Sturgis Road).

G. REPORT OF CITY MANAGER

The City Manager wished everyone a happy new year and announced upcoming meetings and events, discussed the weather's impact on the roads, and trash pickup delays due to the Martin Luther King holiday. Upcoming City Council items will include a public safety update, utility rates, mid-year budget update, and the comprehensive audited financial report.

H. CITY COUNCIL BUSINESS/COMMITTEE REPORTS

Councilmember Perello reported on recent meetings and the city's financial situation. He commented on street lights on Victoria Avenue and Vineyard Avenue, wastewater rates, and the Santa Clara River levy project. He requested that the City Treasurer make regular reports during Council meetings.

Councilman MacDonald reported on recent transportation meetings he attended and upcoming meetings. He encouraged residents to apply for the Citizen Advisory Groups.

Mayor Pro Tem Ramirez requested a report on Redevelopment Property purchase/leasing and an update on the Winter Warming Shelter. She urged people to dump standing water to prevent mosquito breeding. She commented on recent tragic deaths in the new year and the proposed power plant.

Councilmember Madrigal commented on road conditions and urged residents to use the Oxnard 311 app to report potholes. He also commented on the recent homicides in the city.

Mayor Flynn urged residents to apply to serve on the Utility Ratepayers Advisory Panel and the Citizen Advisory Groups. He commented on priority-based budgeting.

I. REVIEW OF INFORMATION/CONSENT AGENDA

Items K-2a, K-2b, and K-3 were pulled for discussion.

Regarding K-2a: Councilmember Perello expressed concern about proposed schools near the airport. Discussion ensued among Council and staff.

Regarding K-2b: Councilmember Perello explained the City of Oxnard, City of Ventura, and County of Ventura's process in reviewing FEMA floodplain maps. Discussion ensued among the Council.

Regarding K-3: Councilmember Perello inquired about how the proposed rolled curb would affect trash collection. Discussion ensued among Council and staff.

J. PUBLIC COMMENTS ON INFORMATION/CONSENT AGENDA

Public comments were received from Harold Ceja.

K. INFORMATION/CONSENT AGENDACity Clerk Department

1. SUBJECT: Approval of Minutes: November 29, 2016 Regular Meeting.
RECOMMENDATION: Approval of Minutes of the City Council Regular Meeting of November 29, 2016.

City Manager Department

2. SUBJECT: Agreements for City Council Review.
RECOMMENDATION: That City Council, pursuant to Ordinance No. 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000, which are described on the attached list:
 (A) Rincon Consultants for the evaluation of a revised project for the Teal Club Specific Plan EIR (\$47,816);
 (B) County of Ventura for a Memorandum of Understanding to obtain consultant to review FEMA coastal flood maps (\$30,000).

Public Works Department

3. SUBJECT: Approve Plans and Specifications for La Colonia Resurfacing Project, Phase 1, Specification PW15-03.
RECOMMENDATION: That City Council approve project plans and specifications and authorize staff to solicit bids for the Phase 1 La Colonia Street Resurfacing Project, PW15-03.

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve the Information/Consent Agenda items as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

L. REPORTSPublic Works Department

1. SUBJECT: Award Contract (A-7948) for Camino Del Sol Street Resurfacing Project PW15-34 to Granite Construction Company.
RECOMMENDATION: That the City Council: 1) award Agreement A-7948 to the lowest bidder, Granite Construction Company, in the amount of \$2,238,877.25 for the Camino Del Sol Street Resurfacing Project and authorize the Mayor to execute the contract upon receipt of final documents; and 2) approve a budget appropriation of \$2,600,000 for the Camino Del Sol Street Resurfacing Project from various funds.

The Senior Civil Engineer gave a report.

Public comments were received from Daniel Chavez Jr.

Discussion ensued among Council and staff.

It was moved by Councilman MacDonald, seconded by Mayor Pro Tem Ramirez, to approve the staff recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

City Attorney Department

2. SUBJECT: Adoption of Claims Adjusting and Settlement Policy.
RECOMMENDATION: That City Council **adopt Resolution No. 14,984** (1) repealing section D. *Claims Adjusting and Settlement* of Resolution No. 11,867; (2) providing authority to designated City staff for management and settlement (up to \$50,000) of claims and actions; (3) clarifying the authority of the Liability Review Committee, with settlement authority up to \$75,000 per claim or action; and (4) clarifying the authority of the Claims Review Committee, with settlement authority up to \$75,000 per workers' compensation claim.

The City Attorney gave a report.

It was moved by Councilmember Perello, seconded by Councilman MacDonald, to approve the staff recommendation as presented. VOTE: Flynn, MacDonald, Madrigal, Perello, and Ramirez voted in favor; the motion carried 5-0.

M. PUBLIC COMMENTS ON REPORTS (None)

N. ADJOURNMENT

There being no further business on the agenda, and without objection, Mayor Flynn adjourned the meeting at 7:54 p.m.

MICHELLE ASCENCION, CMC
City Clerk

TIM FLYNN
Mayor



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 2

DATE: March 7, 2017

TO: City Council

FROM: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

SUBJECT: Agreements for City Council Review

CONTACT: Greg Nyhoff, City Manager
Greg.Nyhoff@oxnard.org, 385-7430

RECOMMENDATION:

That City Council, pursuant to Ordinance 2835, and Resolution No. 13,932, approve and authorize the City Manager to execute the agreements/contracts and change orders/amendments in amounts more than \$25,000 but no more than \$250,000, which are described on the attached list.

- A. C. S. Legacy Construction, Inc. for Change Order No. 1 for the removal, regrade and replacement of existing curb at the Southwinds Park track (\$57,307).
- B. Motorola Solutions for the purchase of 9 portable radios, microphones, chargers and batteries for the Fire Department (\$44,948).

A complete explanation of the agreement and funding sources are attached.

BACKGROUND

On November 16, 2010, the City Council approved changes to the City's Purchasing Procedures reducing the threshold for City agreements/contracts and change orders/amendments requiring City Council approval to \$25,000. The agreements/contract and change orders/amendments described on the attached list involve amounts above \$25,000 and up to \$250,000.

FINANCIAL IMPACT

Agreements for City Council Review
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Funding information is included on the attached list.

Attachment A - List of Agreements/Contracts and/or Change Orders/Amendments

NOTE: Copies of the agreement/contracts and change orders/amendments on the list are available in the City Clerk's Office prior to the Council meeting.

ATTACHMENTS:

Attachment A: City Manager Contract List for March 7, 2017

City Manager Contract List for 03/07/2017

Contracts from \$25,000 to \$250,000

J.2.a

A GS15-42 Southwinds Park Improvements Ph. I & II

Vendor: C.S. Legacy Construction, Inc.
Type: Change Order
Agreement No.: A-7940
Amendment No.: 1
Purchase Order No.: Req. #3074
Begin Date: 02/21/2017
End Date: 06/22/2017
Term:

Amount to be Approved: \$57,307
Current FY Amount: \$156,887
Total Contract Amount: \$990,427
Funding Source: CDBG
Vendor Selection Process: Public Works Bid
of Bids/Proposals/Quotes: 4
Project Manager: Dan Rydberg, Public Works Director
Department: Public Works Department - General Services
Telephone: (805) 754-7155
Email: ralph.alamillo@oxnard.org

Purpose: Staff is requesting authorization to enter into Change Order No. 1 with C.S. Legacy Construction, Inc. in the amount of \$57,307 for the removal and replacement of the entire curb on the walking track for Southwinds Park.

On January 24, 2017, City Council awarded the contract to C. S. Legacy Construction, Inc., for Phase I and II of the Southwinds Park Improvements. The removal and replacement of this concrete curb was not in the original drawings, due to funding issues. The walking track only included subsurface, concrete slab, and ½" rubberized material. Many areas of the existing curb(s) are a hazard due to the uplifting caused by the adjacent matured tree roots. Per the California Building Code Section 1114B, only 2% cross fall is allowed on a travel path. With the existing conditions of the curb(s) this would not be possible. Therefore, this Change Order request will aid in fixing the hazard curbs and would allow a walking surface to be built to the current standards.

B Purchase of 9 portable radios

Vendor: Motorola Solutions
Type: Purchase Order
Agreement No.:
Amendment No.: N/A
Purchase Order No.: 6199
Begin Date: 03/01/2017
End Date:
Term:

Amount to be Approved: \$44,948
Current FY Amount: \$44,948
Total Contract Amount: \$44,948
Funding Source: Measure O
Vendor Selection Process: Joint Purchase
of Bids/Proposals/Quotes: 1
Project Manager: Darwin Base, Fire Chief
Department: Fire Department
Telephone: 385-7701
Email: john.colamarino@oxnard.org

Purpose: Staff is requesting authorization to purchase 9 portable radios, microphones, chargers and batteries from Motorola Solutions for the use by the Fire Department. Two-way portable radios are used by firefighters to receive and transmit communications with dispatch and for operations on scene. Motorola Solutions has a contract with Los Angeles County Fire Department and provides the same negotiated rate for radios to all of Southern California government agencies.



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 3

DATE: March 7, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Jim Throop
Chief Financial Officer

Jim Throop

SUBJECT: Removal of the Exterior Improvements from the Applicable LMDs

CONTACT: Jim Throop, Chief Financial Officer
Jim.Throop@oxnard.org, 385-7475

RECOMMENDATION:

That City Council approves a Resolution (Attachment A) requiring:

1. Removal of all improvements from eighteen (18) Landscape Maintenance Districts as shown on the Diagrams as Exhibit B of the Resolution.
2. Removal of improvements located on major traffic corridors from thirty (30) Landscape Maintenance Districts as shown on the Diagrams as Exhibit B of the Resolution.
3. Ordering NBS to prepare the Engineer's Report for the Landscape Maintenance Districts for Fiscal Year 2017/18.

BACKGROUND

On May 20, 2015, the City contracted with NBS Government Finance Group, a firm specializing in the administration of California special financing districts to conduct an in-depth review and analysis of the City's Landscape Maintenance Districts ("Districts"). The NBS review found that improvements within eighteen (18) of the Districts were located entirely along major traffic corridors (note, three (3) of the Districts are currently self-maintained). Additionally, another thirty (30) of the Districts had a portion of their improvements located along major traffic corridors. While the improvements that are located along these major traffic corridors confer certain special benefits to parcels within each applicable District, it is also found that the ongoing District maintenance activities will also provide a high level of benefit to some property within

Removal of the Exterior Improvements from the Applicable LMDs

March 7, 2017

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proximity to the District, as well as visitors and individuals passing by the District. Traffic from property within and outside of the District as well as individuals passing through the District area will be able to utilize the improvements, and view the maintained landscaping and trees. In order to reduce the burden on the Districts, the City has decided to remove the improvements along these major traffic corridors from the responsibility of the Districts and return them to the responsibility of the City.

Furthermore, on February 7, 2017, the City retained NBS for the purpose of assisting with the annual levy of the Districts, including the preparation and filing of an annual Engineer's Report. The Landscape and Lighting Act of 1972 (the "Act"), pursuant to which these Districts were formed, requires annual City Council action to update the assessments which appear on the Ventura County tax roll. The ordering of the preparation and filing of the Engineer's Report is the first step in the annual process required by the Act (Section 22622). The Engineer's Report will be filed with the City Clerk and presented to Council at a later date (prior to the submittal of the assessments on the Ventura County tax roll). The 2017/18 Engineer's Report will be updated to reflect the removal of major traffic corridor improvements from the applicable Districts.

PLEASE NOTE: Due to the size, Exhibit B, referenced in Attachment A, is not included, but is available at the City Clerk's office, online and there will also be a copy available at the City Council Meeting.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to strengthen and stabilize the organizational foundation of the City in the areas of Finance, Information Technology, and Human Resources, and to improve workforce quality while increasing transparency to the public. This item supports the following goals and objectives:

Goal 2. Increase transparency with Council, community and staff related to the City's budget and financial management processes.

FINANCIAL IMPACT

The financial impact to the General Fund will depend upon the level of maintenance for the improvements removed from the Districts, as determined by the City. Once the level of maintenance has been determined, a cost-estimate will be created and presented to City Council for approval and appropriation from General Fund reserves. This will include both maintenance costs as well as the utility costs (water and electric). Future costs will be incorporated into the General Fund budget. General Fund reserves for year-ending FY2015/16 were approximately 12.6 million.

ATTACHMENTS:

Removal of the Exterior Improvements from the Applicable LMDs

March 7, 2017

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Attachment A - Resolution with Exhibit A

Attachment B: <https://www.oxnard.org/wp-content/uploads/2017/03/Exhibit-B-Improvement-Diagrams.pdf>

Exhibit C to Attachment A - Improvements Summary Table

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD
INITIATING PROCEEDINGS FOR THE ANNUAL LEVY AND COLLECTION OF
ASSESSMENTS FOR FISCAL YEAR 2017-2018 WITHIN THE CITY'S
LANDSCAPE MAINTENANCE DISTRICTS

WHEREAS, the City Council of the City of Oxnard (the "City Council") has by previous Resolutions formed the City's fifty-six Landscape Maintenance Districts (the "Districts"), the listing of which are included in this Resolution as Exhibit A, pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2, Division 15 of the California Streets and Highways Code (commencing with Section 22500)* (the "Act"); and

WHEREAS, the City has retained NBS for the purpose of assisting with the annual levy of the Districts and the preparation and filing of an Annual Engineer's Report (the "Engineer's Report"); and

NOW, THEREFORE, the City Council of the City of Oxnard resolves:

1. The City Council hereby orders NBS to prepare and file with the City Clerk the Engineer's Report concerning the levy and collection of assessments for the Districts for the Fiscal Year commencing July 1, 2017 and ending June 30, 2018 in accordance with *Chapter 3, Section 22622* of the Act.
2. The improvements within the Districts are described more fully in the Engineer's Report. The improvements authorized to be maintained are District-specific and vary between the Districts and the improvements provided may include, but are not limited to: ground cover, turf, trees, shrubs, the landscaped areas of detention basins, screen walls/fencing, park benches, trash containers, overhead structures, theme light poles, ornamental lighting, and sprinkler, irrigation and drainage systems, and may also include sidewalk and hardscape improvements along the landscaping, medians, entry monuments, mailboxes and associated appurtenant facilities. Park improvements, if applicable, vary by park and may include landscape and open space, playground structures, exercise stations, restrooms, benches, picnic tables, and litter receptacles.

Maintenance provided includes all necessary services, operations, administration and maintenance required to keep the above mentioned improvements in a healthy, vigorous and satisfactory condition which may include, but is not limited to: repair, removal or replacement of all or any part of the landscaping, sidewalks, medians, theme light poles or screen walls/fencing; provision for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, mowing, spraying, fertilizing and treating for disease or injury; the tree trimming may not occur on an annual basis; therefore, the assessed amount is for the

average annual cost; and removal of trimmings, rubbish, graffiti, debris and other solid waste from the landscaped areas, detention basins and screen walls/fencing.

3. Improvements and services to be provided for Fiscal Year 2017-2018 will be removed and/or reduced for areas along major traffic corridors within a total of forty-eight (48) of the Districts as depicted in Exhibits B and C to this resolution.

PASSED AND ADOPTED THIS _____ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tim Flynn, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:

Stephen M. Fischer, City Attorney

EXHIBIT A
CITY OF OXNARD
LANDSCAPE MAINTENANCE DISTRICT LISTING

District Name	Formation Date	Formation Resolution No.
Landscape Maintenance District No. 1 (Summerfield)	April 16, 1985	8809
Landscape Maintenance District No. 2 (Channel Islands Business Park)	August 6, 1985	8868
Landscape Maintenance District No. 3 (River Ridge)	March 18, 1986	8983
Landscape Maintenance District Nos. 7 and 8 (Northfield and Sea Gate Business Park)	March 24, 1987	9196 and 9197
Landscape Maintenance District No. 9 (Strawberry Fields)	June 2, 1987	9227
Landscape Maintenance District No. 10 (Country Club Estates)	December 13, 1988	9587
Landscape Maintenance District No. 11 (St. Tropez)	January 3, 1989	9603
Landscape Maintenance District No. 12 (Standard Pacific)	March 28, 1989	9665
Landscape Maintenance District No. 13 (Le Village)	March 20, 1990	9894
Landscape Maintenance District No. 14 (California Cove)	June 5, 1990	9972
Landscape Maintenance District No. 15 (Pelican Pointe)	June 21, 1994	10752
Landscape Maintenance District No. 16 (California Lighthouse)	July 9, 1991	10206
Landscape Maintenance District No. 17 (Village of San Miguel)	July 21, 1992	10421
Landscape Maintenance District No. 18 (St. John's Regional Medical Center)	June 21, 1994	10753
Landscape Maintenance District No. 19 (Shopping at the Rose)	June 21, 1994	10754
Landscape Maintenance District No. 20 (Wallenius Vehicle Preparation Center)	June 21, 1994	10755
Landscape Maintenance District No. 21 (Cypress Pointe)	June 21, 1994	10756
Landscape Maintenance District No. 22 (McDonald's Median)	June 18, 1996	11070
Landscape Maintenance District No. 23 (Greystone)	June 18, 1996	11071
Landscape Maintenance District No. 24 (Vineyards)	June 18, 1996	11072
Landscape Maintenance District No. 25 (The Pointe)	June 18, 1996	11073
Landscape Maintenance District No. 26 (Albertsons)	June 18, 1996	11074
Landscape Maintenance District No. 27 (Rose Island)	June 24, 1997	11259
Landscape Maintenance District No. 28 (Harborside)	June 24, 1997	11260
Landscape Maintenance District No. 29 (Mercy Charities Housing Project)	July 1, 1997	11264
Landscape Maintenance District No. 30 (Haas Automation)	June 24, 1997	11261
Landscape Maintenance District No. 31 (Rancho De La Rosa)	June 23, 1998	11415
Landscape Maintenance District No. 32 (Oak Park)	February 23, 1999	11505
Landscape Maintenance District No. 33 (El Paseo)	October 19, 1999	11653
Landscape Maintenance District No. 34 (Sunrise Pointe & Sunset Cove)	October 19, 1999	11654
Landscape Maintenance District No. 35 (Airport Marina Center)	March 14, 2000	11706

District Name	Formation Date	Formation Resolution No.
Landscape Maintenance District No. 36 (Villa Santa Cruz & Villa Carmel)	January 25, 2000	11684
Landscape Maintenance District No. 37 (Pacific Breeze)	January 25, 2000	11685
Landscape Maintenance District No. 38 (Aldea Del Mar)	November 28, 2000	11863
Landscape Maintenance District No. 39 (Promesa/Sueno & DR Horton/Seawinds)	March 6, 2001	11905
Landscape Maintenance District No. 40 (Cantada)	January 8, 2002	12078
Landscape Maintenance District No. 41 (Pacific Cove)	January 8, 2002	12079
Landscape Maintenance District No. 42 (Cantabria & Coronado)	May 14, 2002	12144
Landscape Maintenance District No. 43 (Greenbelt)	January 7, 2003	12295
Landscape Maintenance District No. 44 (American Pacific Homes – Channel Pointe)	January 28, 2003	12307
Landscape Maintenance District No. 45 (Channel Pointe)	January 28, 2003	12308
Landscape Maintenance District No. 46 (Daily Ranch)	June 24, 2003	12440
Landscape Maintenance District No. 47 (Sycamore Place)	April 22, 2003	12355
Landscape Maintenance District No. 48 (Victoria Estates)	June 3, 2003	12393
Landscape Maintenance District No. 49 (Cameron Ranch)	June 3, 2003	12394
Landscape Maintenance District No. 50 (Pleasant Valley Senior Housing)	June 10, 2003	12404
Landscape Maintenance District No. 51 (Pfeiler)	April 19, 2005	12799
Landscape Maintenance District No. 52 (Wingfield)	February 1, 2005	12768
Landscape Maintenance District No. 53 (Huff Court)	June 7, 2005	12879
Landscape Maintenance District No. 54 (Meadowcrest)	March 28, 2006	13024
Landscape Maintenance District No. 55 (Wingfield West)	March 28, 2006	13025
Landscape Maintenance District No. 56 (The Cottages)	May 9, 2006	13039
Landscape Maintenance District No. 57 (Golden State Self Storage)	July 11, 2006	13138
Landscape Maintenance District No. 57 (Golden State Self Storage) - APN 144-0-150-075 Annexation	September 12, 2006	13158
Landscape Maintenance District No. 58 (Westwind)	June 6, 2006	13069
Landscape Maintenance District No. 59 (Orbela)	June 26, 2007	13327
Landscape Maintenance District No. 60 (Artisan)	March 3, 2009	13604

District	District Improvements
LMD No. 1 (Summerfield)	None
LMD No. 2 (Channel Islands)	None
LMD No. 3 (River Ridge)	Trees, shrubs, and ground cover
LMD No. 7 and 8 (Northfield and Sea Gate)	None
LMD No. 9 (Strawberry Fields)	Trees, shrubs, and ground cover
LMD No. 10 (Country Club Estates)	Trees, shrubs, and ground cover
LMD No. 11 (St. Tropez)	Trees, shrubs, and ground cover
LMD No. 12 (Standard Pacific)	Trees, shrubs, and ground cover
LMD No. 13 (Le Village)	Trees, shrubs, and ground cover
LMD No. 14 (California Cove)	Trees, shrubs, and ground cover
LMD No. 15 (Pelican Pointe)	Trees, shrubs, and ground cover
LMD No. 16 (California Lighthouse)	Trees, shrubs, and ground cover
LMD No. 17 (San Miguel)	None
LMD No. 18 (St. Johns Medical Center)	None
LMD No. 19 (Shopping at the Rose)	None
LMD No. 20 (Volvo Median)	None
LMD No. 21 (Cypress Pointe)	None
LMD No. 22 (McDonald's Median)	None
LMD No. 23 (Greystone)	Trees, shrubs, and ground cover
LMD No. 24 (Vineyards)	Trees, shrubs, and ground cover
LMD No. 25 (Pointe)	Trees, shrubs, and ground cover
LMD No. 26 (Albertsons)	None
LMD No. 27 (Rose Island)	Trees, shrubs, turf, sidewalks, screen walls/fencing, and ground cover
LMD No. 28 (Harborside)	Trees, shrubs, turf, sidewalks, sound and screen walls/fencing, and ground cover
LMD No. 29 (Mercy Charities)	None
LMD No. 30 (Haas Automation)	Trees, shrubs, turf, sidewalks, screen walls/fencing, and ground cover
LMD No. 31 (Rancho De La Rosa)	Trees, shrubs, turf, ornamental vegetation, parkways, sidewalks, sound and screen walls, mailboxes, and fences
LMD No. 32 (Oak Park)	Trees, shrubs, turf, sidewalks, sound and screen walls/fencing, ground cover and Borchard Oak Park
LMD No. 33 (El Paseo)	Trees, shrubs, turf, sidewalks, sound and screen walls/fencing, and ground cover
LMD No. 34 (Sunrise Pointe & Sunset Cove)	Trees, shrubs, turf, sidewalks, sound and screen walls/fencing, and ground cover
LMD No. 35 (Airport Marina Center)	None
LMD No. 36 (Villa Santa Cruz & Villa Carmel)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, and ground cover
LMD No. 37 (Pacific Breeze)	Trees, shrubs, turf, sidewalks, and ground cover
LMD No. 38 (Aldea Del Mar)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, and ground cover
LMD No. 39 (Promesa/Sueno & DR Horton/Seawinds)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, mailboxes and ground cover
LMD No. 40 (Cantada)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, and ground cover
LMD No. 41 (Pacific Cove)	Trees, shrubs, turf, sidewalks, theme light poles, sign monuments, and ground cover
LMD No. 42 (Cantabria & Coronado)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, medians, and ground cover
LMD No. 43 (Greenbelt)	Trees, shrubs, turf, sidewalks, theme light poles, park benches, trash containers, overhead structures, screen walls/fencing, and ground cover
LMD No. 44 (American Pacific Homes – Channel Pointe)	None
LMD No. 45 (Channel Pointe)	None
LMD No. 46 (Daily Ranch)	Trees, shrubs, turf, sidewalks, theme light poles, park benches, trash containers, overhead structures, screen walls/fencing, mailboxes, medians, detention basins, ground cover and Promesa/Sueno Park amenities
LMD No. 47 (Sycamore Place)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, medians, entry sign monuments, mailboxes, and ground cover
LMD No. 48 (Victoria Estates)	None
LMD No. 49 (Cameron Ranch)	Trees, shrubs, turf, sidewalks, theme light poles, ornamental lighting, screen walls/fencing, medians, and ground cover
LMD No. 50 (Pleasant Valley Senior Housing)	Trees, shrubs, turf, sidewalks, screen walls/fencing, and ground cover
LMD No. 51 (Pfeiler)	Trees, shrubs, turf, sidewalks, theme light poles, screen walls/fencing, mailboxes, detention basins, ground cover and Pfeiler Park amenities
LMD No. 52 (Wingfield)	Trees, shrubs, turf, sidewalks, ornamental lighting, medians, mailboxes, and ground cover
LMD No. 53 (Huff Court)	Trees, shrubs, turf, sidewalks, ornamental lighting, screen walls/fencing, mailboxes, and ground cover
LMD No. 54 (Meadow Crest Villas)	Trees, shrubs, turf, sidewalks, screen walls/fencing, and ground cover
LMD No. 55 (Wingfield West)	Trees, shrubs, turf, sidewalks, theme light poles, mailboxes, and ground cover
LMD No. 56 (Cottages at Patterson)	None
LMD No. 57 (Golden State Self Storage)	None
LMD No. 58 (Westwind)	Trees, shrubs, turf, sidewalks, theme light poles, ground cover and Garden City Acres Park amenities
LMD No. 59 (Orbela)	None
LMD No. 60 (Artisan)	Trees, shrubs, turf, sidewalks, theme light poles, park benches, trash containers, doggie bag sections, overhead structures, screen walls/fencing, and ground cover



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 4

DATE: March 7, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Keith Brooks
IT Director

SUBJECT: Enterprise Resource Planning Specification & Procurement

CONTACT: Keith Brooks, IT Director
Keith.Brooks@Oxnard.org, 385-7597

RECOMMENDATION:

Staff is requesting authorization to enter into a contract with Sciens, LLC, Agreement Number A-7945, in the amount of \$149,745 for Enterprise Resource Planning specification and procurement.

BACKGROUND

The City first implemented the HTE financial applications (accounts receivable, accounts payable, payroll, purchasing, general ledger, cashiering and utility billing) in 1989. Limitations of the HTE system include lack of support for CIP projects or fixed assets and limited self-reporting abilities. This project would entail a formal assessment and possible procurement of functional area solutions. The project recommends assessment services, possible software, hardware, additional interfaces, training, data conversion, project management and business process improvements. This agreement is for a contract to create Enterprise Resource Planning Specification & Procurement. This is consistent with the goals established in the Oxnard Information Technology Four-Year Master Plan as issued by the City.

Pursuant to the City's Purchasing Policies, a Request For Proposal (RFP) was advertised on the Oxnard.org website. A total of five respondents replied to the RFP and from those five respondents three were selected for an interview. Two vendors made the site visits for the

interview while the third was conducted via telephone. Sciens, LLC was selected as the lowest responsible bidder.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to strengthen and stabilize the organizational foundation of the City in the areas of Finance, Information Technology, and Human Resources, and to improve workforce quality while increasing transparency to the public. This item supports the following goals and objectives:

Goal 1. To help foster a healthy and accountable corporate foundation by strengthening the support functions of the organization, which include Finance, Information Technology and Human Resources.

Objective 1a. Ensure the 128 recommendations outlined in the organizational assessment are implemented through the 3 phased implementation action plans adopted by Council in July, 2015 and provide periodic reports to Council on the status of the implementation plans.

FINANCIAL IMPACT

There is sufficient funding from Master Plan Phase 1 Project 167301 to cover the \$150,000 cost of the contract.

ATTACHMENTS:

Attachment A - Sciens - Contract

Attachment B - Oxnard ITMP Final Report

Agreement No. A-7945

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES (“**Agreement**”) is made and entered into in the County of Ventura, State of California, this 20 day of January, 2017, by and between the City of Oxnard, a municipal corporation (“**City**”), and Sciens LLC (“**Consultant**”). City and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties.**”

WHEREAS, City desires to hire Consultant to perform certain consulting services specified herein; and

WHEREAS, Consultant represents that Consultant and/or Consultant’s personnel have the qualifications and experience to properly perform such services.

NOW, THEREFORE, City and Consultant hereby agree as follows:

1. Scope of Services

Consultant shall furnish City with professional consulting services as more particularly set forth in **Exhibit A** attached hereto and incorporated by this reference in full herein (the “**Services**”).

2. Method of Performing Services

Subject to the terms and conditions of this Agreement, Consultant may determine the method, details, and means of performing the Services.

3. Standard of Performance

Consultant agrees to undertake and complete the Services to conclusion, using that standard of care, skill, and diligence normally provided by a professional person in performance of similar consulting services.

4. Nonexclusive Services

This Agreement shall not be interpreted to prevent or preclude Consultant from rendering any services for Consultant’s own account or to any other person or entity as Consultant in its sole discretion shall determine. Consultant agrees that performing such services will not materially interfere with the Services to be performed for the City.

5. Coordination of Services

The Services shall be coordinated with Raja Bamrungpong (“**Manager**”), subject to the direction of the City Manager or Department Manager.

6. Place of Work

Consultant shall perform the Services provided for in this Agreement at any place or location and at such times as the Consultant shall determine.

7. Correction of Errors

Consultant agrees to correct, at its expense, all errors which may be disclosed during review of the Services. Should Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by City, and the cost thereof shall be paid by Consultant.

8. Time for Performance

The Services performed under this Agreement shall be completed during the term of this Agreement pursuant to the schedule provided in **Exhibit B** attached hereto and incorporated by this reference in full herein. City agrees to amend the performance termination date whenever Consultant is delayed by action or inaction of City and Consultant promptly notifies Manager of such delays.

9. Principal in Charge

Consultant hereby designates Ernst Pages as its principal-in-charge and person responsible for necessary coordination with Manager.

10. Permits, Licenses, Certificates

Consultant, at Consultant’s sole expense, shall obtain and maintain during the term of this Agreement, all permits, licenses, and certificates required in connection with the performance of the Services, including a City business tax certificate.

11. City’s Responsibility

City shall cooperate with Consultant as may be reasonably necessary for Consultant to perform the Services. Manager agrees to provide direction to Consultant as requested regarding particular project requirements.

12. Term of Agreement

This Agreement shall begin on January 10, 2017, and expire on January 2, 2021.

13. Termination

a. This Agreement may be terminated by City without cause if Manager notifies Consultant, in writing, of Manager's desire to terminate the Agreement. Such termination shall be effective ten (10) calendar days from the date of delivery or mailing of such notice. City agrees to pay Consultant in full for all amounts due Consultant as of the effective date of termination, including any expenditures incurred on City's behalf, whether for the employment of third parties or otherwise.

b. This Agreement may be terminated by Consultant without cause if Consultant notifies Manager, in writing, of Consultant's desire to terminate the Agreement. Such termination shall be effective ten (10) calendar days from the date of delivery or mailing of such notice and only if all assignments accepted by Consultant have been completed prior to the date of termination.

14. Compensation

a. City agrees to pay Consultant in an amount not to exceed \$149,745.00 for the Services at rates provided in Exhibit C attached hereto and incorporated by this reference in full herein.

b. The acceptance by Consultant of the final payment made under this Agreement shall constitute a release of City from all claims and liabilities for compensation to Consultant for anything completed, finished or relating to the Services.

c. Consultant agrees that payment by City shall not constitute nor be deemed a release of the responsibility and liability of Consultant or its employees, subcontractors, agents and subconsultants for the accuracy and competency of the information provided and/or the Services performed hereunder, nor shall such payment be deemed to be an assumption of responsibility or liability by City for any defect or error in the Services performed by Consultant, its employees, subcontractors, agents and subconsultants.

d. Consultant shall provide Manager with a completed Request for Taxpayer Identification Number and Certification, as issued by the Internal Revenue Service.

e. If any sales tax is due for the Services performed by Consultant or materials or products provided to City by Consultant, Consultant shall pay the sales tax. City shall not reimburse Consultant for sales taxes paid by Consultant.

15. Method of Payment

a. City agrees to pay Consultant monthly upon satisfactory completion of the Services and upon submission by Consultant of an invoice delineating the Services performed, in

a form satisfactory to Manager. The invoice shall identify the Services by project as specified by Manager.

b. Consultant agrees to maintain current monthly records, books, documents, papers, accounts and other evidence pertaining to the Services performed and costs incurred. Such items shall be adequate to reflect the time involved and cost of performing the Services. Consultant shall provide Manager with copies of payroll distribution, receipted bills and other documents requested for justification of the invoice.

16. Responsibility for Expenses

Except as otherwise expressly provided in this Agreement, City shall not be responsible for expenses incurred by Consultant in performing the Services. All expenses incident to the performance of the Services shall be borne by the Consultant, including, but not limited to rent, vehicle, and travel, entertainment and promotion, general liability and health insurance, workers' compensation insurance, and all compensation and benefits of employees or agents engaged by Consultant. Consultant shall, at its own cost and expense, supply all personal property necessary or appropriate to perform the Services provided for under this Agreement, including, but not limited to any personal property used by employees and agents of Consultant in the performance of such Services.

17. Non-Appropriation of Funds

Payments to be made to Consultant by City for the Services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted and unencumbered appropriation of City. In the event City does not appropriate sufficient funds for payment of the Services beyond the current fiscal year, this Agreement shall cover payment for the Services only up to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

18. Records

a. Consultant agrees that all final computations, exhibits, files, plans, correspondence, reports, drawings, designs, data and photographs expressly required to be prepared by Consultant as part of the scope of services ("**documents and materials**") shall be the property of City and shall, upon completion of the Services or termination of this Agreement, be delivered to Manager.

b. At City's request, City shall be entitled to immediate possession of, and Consultant shall furnish to Manager within ten (10) calendar days, all of the documents and materials. Consultant may retain copies of these documents and materials.

c. Any substantive modification of the documents and materials by City staff or any use of the completed documents and materials for other City projects, or any use of uncompleted

documents and materials, without the written consent of Consultant, shall be at City's sole risk and without liability or legal exposure to Consultant. City agrees to hold Consultant harmless from all damages, claims, expenses and losses arising out of any reuse of the documents and materials for purposes other than those described in this Agreement, unless Consultant consents in writing to such reuse.

19. Maintenance and Inspection of Records

Consultant agrees that City or its auditors shall have access to and the right to audit and reproduce any of Consultant's relevant records to ensure that City is receiving the Services to which City is entitled under this Agreement or for other purposes relating to the Agreement. Consultant shall maintain and preserve all such records for a period of at least three (3) years after the expiration of this Agreement, or until an audit has been completed and accepted by City. Consultant agrees to maintain all such records in City or to promptly reimburse City for all reasonable costs incurred in conducting the audit at a location other than in City, including but not limited to expenses for personnel, salaries, private auditor, travel, lodging, meals and overhead.

20. Confidentiality of Information

Any documents and materials given to or prepared or assembled by Consultant under this Agreement shall be confidential and shall not be made available to any third person or organization by Consultant without prior written approval of the Manager.

21. Indemnity

a. To the fullest extent permitted by law, Consultant shall (1) immediately defend; (2) indemnify; and (3) hold harmless City, its City Council, each member thereof, and its directors, officers, and employees (the "**Indemnified Party**") from and against all liabilities regardless of nature, type, or cause, arising out of or resulting from or in connection with Consultant's performance of this Agreement or Consultant's failure to comply with any of its obligations contained in this Agreement. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. Consultant's obligation to indemnify applies unless it is adjudicated that any of the liabilities covered by this Section are the result of the sole active negligence or sole willful misconduct of the Indemnified Party. If it is finally adjudicated that liability is caused by the comparative negligence or willful misconduct of the Indemnified Party, Consultant's indemnification obligation shall be reduced in proportion to the established comparative liability of the Indemnified Party.

b. The duty to defend is a separate and distinct obligation from Consultant's duty to indemnify. Consultant shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the Indemnified Party immediately upon tender to Consultant of the claim in any form or at any stage of an action or proceeding, whether or not

liability is established. An allegation or determination of negligence or willful misconduct by the Indemnified Party shall not relieve Consultant from its separate and distinct obligation to defend the Indemnified Party. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes the obligation to provide independent defense counsel if Consultant asserts that liability is caused in whole or in part by the negligence or willful misconduct of the Indemnified Party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of the Indemnified Party, Consultant may submit a claim to City for reimbursement of reasonable attorneys' fees and defense costs.

c. The review, acceptance or approval of Consultant's work or work product by the Indemnified Party shall not affect, relieve or reduce Consultant's indemnification or defense obligations. This Section shall survive completion of the Services or termination of this Agreement. The provisions of this Section shall not be restricted by and do not affect the provisions of this Agreement relating to insurance.

22. Insurance

a. Consultant shall obtain and maintain during the performance of the Services the insurance coverages as specified in **Exhibit INS-A**, attached hereto and incorporated herein by this reference, issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Consultant obtain and maintain such insurance coverages.

b. Consultant shall, prior to performance of the Services, file with the Risk Manager evidence of insurance coverage as specified in **Exhibit INS-A**. Evidence of insurance coverage shall be forwarded to the Risk Manager, addressed as specified in **Exhibit INS-A**.

c. Maintenance of proper insurance coverages by Consultant is a material element of this Agreement. Consultant's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

23. Independent Contractor

a. City and Consultant agree that in the performance of the Services, Consultant shall be, and is, an independent contractor, and that Consultant and its employees are not employees of City. Consultant has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons assisting Consultant.

b. Consultant shall be solely responsible for, and shall save City harmless from, all matters relating to the payment of Consultant's employees, agents, subcontractors and subconsultants, including compliance with social security requirements, federal and State income tax withholding and all other regulations governing employer-employee relations.

c. Consultant acknowledges that Consultant and Consultant's employees are not entitled to receive from City any of the benefits or rights afforded employees of City, including

but not limited to reserve leave, sick leave, vacation leave, holiday leave, compensatory leave, Public Employees Retirement System benefits, or health, life, dental, long-term disability and workers' compensation insurance benefits.

24. Consultant Not Agent

Except as Manager may specify in writing, Consultant, and its agents, employees, subcontractors and subconsultants shall have no authority, expressed or implied, to act on behalf of City in any capacity, as agents or otherwise, or to bind City to any obligation.

25. Conflict of Interest

If, in performing the Services set forth in this Agreement, Consultant makes, or participates in, a **"governmental decision"** as described in Title 2, section 18701(a)(2) of the California Code of Regulations, or performs the same or substantially all the same duties for City that would otherwise be performed by a City employee holding a position specified in City's conflict of interest code, Consultant shall be subject to City's conflict of interest code, the requirements of which include the filing of one or more statements of economic interests disclosing the relevant financial interests of Consultant's personnel providing the Services set forth in this Agreement.

26. Assignability of Agreement

Consultant agrees that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's personnel's unique competence, experience and specialized personal knowledge. Assignments of any or all rights, duties, or obligations of Consultant under this Agreement will be permitted only with the express written consent of Manager, which consent may be withheld for any reason.

27. Successors and Assigns

Consultant and City agree that this Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Consultant and City.

28. Fair Employment Practices

a. Consultant agrees that all persons employed by Consultant shall be treated equally by Consultant without regard to or because of race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law, and in compliance with all antidiscrimination laws of the United States of America, the State of California, and City.

b. Consultant agrees that, during the performance of this Agreement, Consultant and any other parties with whom Consultant may subcontract shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not

discriminated against because of their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

c. Consultant agrees to state in all of its solicitations or advertisements for applicants for employment that all qualified applicants shall receive consideration for employment without regard to their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

d. Consultant shall provide City staff with access to and, upon request by Manager, provide copies to Manager of all of Consultant's records pertaining or relating to Consultant's employment practices, to the extent such records are not confidential or privileged under State or federal law.

29. Force Majeure

Consultant and City agree that neither City nor Consultant shall be responsible for delays or failures in performance resulting from acts beyond the control of either party. Such acts shall include, but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after this Agreement was executed, fire, communication line failures, earthquakes, or other disasters.

30. Time of Essence

Consultant and City agree that time is of the essence in regard to performance of any of the terms and conditions of this Agreement.

31. Covenants and Conditions

Consultant and City agree that each term and each provision of this Agreement to be performed by Consultant shall be construed to be both a covenant and a condition.

32. Governing Law

City and Consultant agree that the construction and interpretation of this Agreement and the rights and duties of City and Consultant hereunder shall be governed by the laws of the State of California.

33. Compliance with Laws

Consultant agrees to comply with all City, State, and federal laws, rules, and regulations, now or hereafter in force, pertaining to the Services performed by Consultant pursuant to this Agreement.

34. Severability

City and Consultant agree that the invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

35. Waiver

City and Consultant agree that no waiver of a breach of any provision of this Agreement by either Consultant or City shall constitute a waiver of any other breach of the same provision or any other provision of this Agreement. Failure of either City or Consultant to enforce at any time, or from time to time, any provision of this Agreement, shall not be construed as a waiver of such provision or breach.

36. Counterparts

City and Consultant agree that this Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

37. Arbitration

Consultant and City agree that in the event of any dispute with regard to the provisions of this Agreement, the Services rendered or the amount of Consultant's compensation, the dispute may be submitted to non-binding arbitration upon the mutual agreement of the parties, under such procedures as the parties may agree upon, or, if the parties cannot agree, then under the Rules of the American Arbitration Association.

38. Expenses of Enforcement

Consultant and City agree that the prevailing party's reasonable costs, attorneys' fees (including the reasonable value of the services rendered by the City Attorney Office) and expenses, including investigation fees and expert witness fees, shall be paid by the non-prevailing party in any dispute involving the terms and conditions of this Agreement.

39. Authority to Execute

a. City acknowledges that the person executing this Agreement has been duly authorized by the City Council to do so on behalf of City.

b. Consultant acknowledges that the person executing this Agreement has been duly authorized by Consultant to do so on behalf of Consultant.

40. Notices

a. Any notices to Consultant may be delivered personally or by mail addressed to Sciens LLC, 5900 S. Lake Forest Drive Suite 300, McKinney, TX 75070, Attention: Ernest Pages.

b. Any notices to City may be delivered personally or by mail addressed to City of Oxnard, Information Technology, 300 W. Third St., Oxnard, California 93030, Attention: Raja Bamrungpong.

41. Amendment

City and Consultant agree that the terms and conditions of the Agreement may be reviewed or modified at any time. Any modifications to this Agreement, however, shall be effective only when agreed upon to in writing by both the City representative authorized to do so under the City's purchasing policies and Consultant.

42. Entire Agreement

City and Consultant agree that this Agreement constitutes the entire agreement of the parties regarding the subject matter described herein and supersedes all prior communications, agreements, and promises, either oral or written.

CITY OF OXNARD

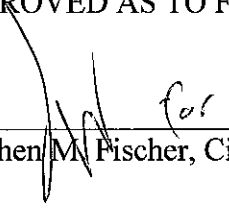
CONSULTANT, SCIENS LLC

Greg Nyhoff, City Manager

Ernest Pages, Partner

APPROVED AS TO FORM:

CONSULTANT, SCIENS LLC

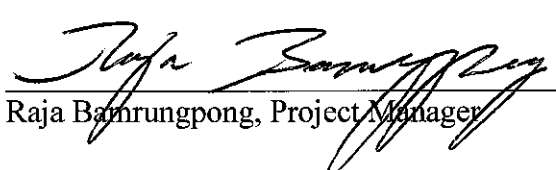


Stephen M. Fischer, City Attorney

Ernest Pages, Partner

APPROVED AS TO CONTENT:

APPROVED AS TO INSURANCE:

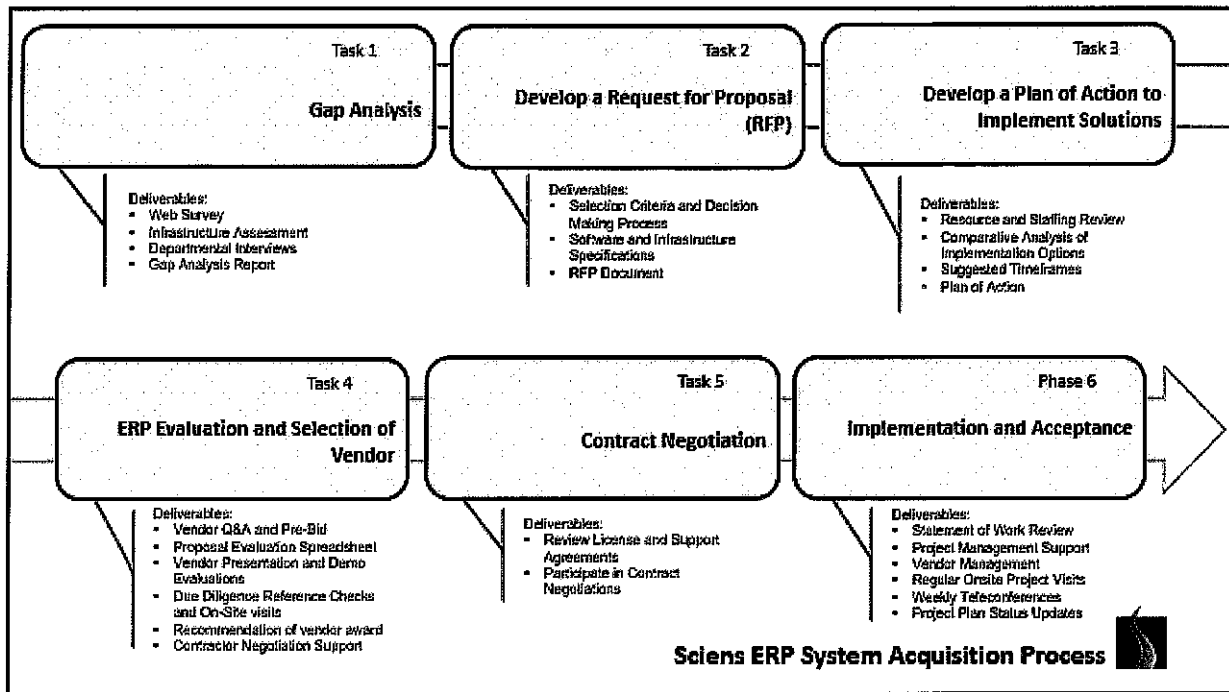


Raja Bamrungpong, Project Manager

Risk Manager

EXHIBIT A

SCOPE OF SERVICES



We work with the City to develop a Needs Assessment and appropriate solution Plan of Action. The Plan of Action provides the City with the phase-in of solution implementation, suggested time frames for implementing the project, and estimated costs for potential replacement options, including equipment training and on-going maintenance. We then develop specifications based on the assessment, followed by development of an RFP for the City to release to prospective vendors.

The Sciens team will then conduct a pre-bid meeting and assist with any written questions, evaluate proposals submitted by vendors, recommend a short list of vendors to be invited for presentations, assist with evaluation of demonstrations, make a final recommendation, and assist the City with contract and statement of work negotiations.

Finally, Sciens has proposed to provide project management implementation support to the City.

Task 1 – Gap Analysis

Sciens begins with full assessment of the City’s current environment and determination of business needs and best practices. In Phase 1 we perform the following tasks:

- **Discovery** – Sciens works with IT and the user departments to obtain relevant background information. Information could include:
 - Current technical and application infrastructure
 - Current ERP and ancillary systems support (interaction with end-user departments)
 - Any existing documented workflows

- o Sample documents used in each key workflow (e.g., reports, forms)
- o Software vendor contact list
- o Other relevant City-provided documents
- Strategic Visioning – Work with Executive Management to identify executive management needs and future system goals.
- Architecture Review Assessment – We meet with the IT Department to understand the strategic technology direction and platform standards. This includes:
 - o A discussion of the computing platform migration plans, financial systems disaster recovery plans, and the effectiveness of existing hardware (workstation and network) in supporting a new software system.
 - o Review of existing department-specific data or data needs that may be incorporated into a Citywide software solution.
 - o The ability of existing stand-alone systems to effectively integrate into a financial management software solution and the necessary components for successful integration.
 - o Identify other relevant system or resource components or issues that may factor into the need to replace or enhance the current systems.
- System Support Assessment – Assess the current support staffing level of effort requirements for the existing ERP as they relate to:
 - o Administration and maintenance of the system configuration (e.g., workflow changes, state mandated reporting changes)
 - o Continual integration with third party vendors.
- Citizen Portal Review – Review backend integration between the financial applications and the website currently used by the City, as well as those available and/or planned by the vendor. We evaluate the effectiveness of online service delivery as it relates to the ability to minimize re-entry by City staff, as well as provide the citizen with streamlined request resolution, payment methods, and business intelligence tools.
- Functional Needs Review – Identify the City's major functional area system requirements based on interviews, and workflow reviews.
 - o Provide a web-based eSurvey collecting user satisfaction and deficiencies of the current system.
 - o Meet with key Department teams consisting of representatives knowledgeable in their portion of each functional process to fully assess the effectiveness of the existing ERP system, as well as identify any discontinuity in workflows.
 - o We review the functional processes as to the level of interaction by the users with the system and the functionality provided by the system to support the business process. We use the interviews and workflow analysis to determine productivity impediments such as duplication of entry, redundant paper requirements, ineffective reports, and level of workflow integration with other processes and departments.
- Gap Analysis Report– Identify the major strengths and weaknesses of the current system based on the following key areas:

- o Strategic: Overall city business direction and the system's ability to support that strategy. (For example: If the City is pursuing a maintenance support strategy rather than a buildout strategy, does the system provide the necessary information to City staff to provide Council with adequate system replacement information?)
- o Process: Ability of the system to support the business operation and workflow (e.g., support for employee and citizen self-service capabilities, simplicity to generate ad-hoc reporting and analysis). Provides analysis of areas where the current software does not fulfil the needs of the users or citizens, or areas where software is sufficient but staff training and education are the constraint.
- o Technology: Adherence of the system architecture to the City's overall technical direction and industry best practices.
- o Support: Level of support required to maintain the system from both IT and end-user departments.
- o Review of immediate application deployment Initiatives vs long term integrated applications
- o Actions required for successful selection and implementation.
- o Estimated cost based on Gap Analysis and comparative analysis of replacing the system completely, partially, or maintaining and upgrading the existing system.

Deliverables

The deliverables for Task 1 are:

- Web Survey
- Infrastructure Assessment
- Departmental interviews
- Gap Analysis Report

Task 2 – Develop a Request for Proposal (RFP)

Sciens assists City staff in developing selection criteria and preparing a comprehensive specifications and request for proposal (RFP) for distribution to prospective vendors for the purchase, installation, and implementation of an ERP software solution. This includes assisting the City in identifying potential vendors and facilitating questions and responses throughout the RFP process. The RFP is issued to the market. Within two weeks of issuance, a bidders' conference is held.

- Develop Selection Criteria and Define Decision Making Process – Sciens will utilize findings from the ERP Needs Assessment to define what solutions best benefit the City and what aspects of potential systems should be prioritized in the RFP and specification development process.
- Functional Specifications Development – Specifications are compiled that include software (functional) specifications grouped by major functional area (i.e., Finance, Purchasing, Human Resources, PZB). In addition, infrastructure specifications (hardware and architecture) are created to describe the City's overall technical requirements (e.g., system architecture, network infrastructure, desired database and compatibility, servers and data storage, system backup and interfaces, security, scalability, reliability/stability, configuration flexibility, centralized management).
- RFP Development – Once the specifications have been approved by the City, response forms are developed. These forms are the only permissible mechanism for vendors to respond to the RFP; they are compiled using locked MS Word and Excel files that force vendors to respond systematically to ease overall evaluation, while permitting them to have freeform fields for explanation and comment. These forms, along with language supplied by Purchasing for the City's acquisition requirements, constitute the RFP. These are compiled for

submission by the City to bid services and direct submission to the top 3-5 industry vendors.

Deliverables

The deliverables for Task 2 are:

- Selection Criteria and Decision Making Prioritization
- Software and Infrastructure Specifications
- Request for Proposal Document

Task 3 – Develop a Plan of Action to Implement Solutions

Sciens develops a comprehensive plan of action to assist with deficiencies identified in the Gap Analysis Report. This plan consists of prioritization, comparative analysis of industry leaders and implementation options (Cloud vs. On-Premise), and suggested timeframes for the project that would ease implementation and coincide with other City projects, availability of staff resources, and annual financial milestones.

Deliverables

The deliverables for Task 3 are:

- Resource and Staffing Review
- Comparative Analysis of Implementation Options
- Suggested Timeframes
- Plan of Action

Task 4 – Evaluation and Selection of Vendor

Sciens assists with vendor/bid management and develops an evaluation spreadsheet to compare the responses from the vendors and determine their conformity to the specifications. Once the evaluation of all proposals is completed, we work with the City to develop a short list of vendors to be invited to present. Based upon performance against the RFP and demonstrations, Sciens makes a final recommendation to the City of what vendor it should choose.

- Vendor Q&A and Bidders' Conference – Within two weeks of the issuance of the RFP, a Bidders' Conference is held at the City. This can be either mandatory or option for the vendors based on the City's requirements. At the conference, the City provides a summary of the RFP and its intent; they also provide an informal, non-binding response to questions submitted during the conference. Subsequent to the bidders' conference, a formal response to all questions submitted prior to and during the bidders' conference are developed by Sciens and posted by the City as an addendum to the RFP.
- Proposals Evaluation – We develop an evaluation spreadsheet that tracks each vendor's performance at each stage of the evaluation process. We utilize the evaluation spreadsheet to track detailed proposal evaluations by each vendor. Finally, we rank each vendor based on their estimated ability to satisfy requirements. Utilizing this data, we recommend to the City 2 vendors that should be included on the short list and invited to provide vendor presentations of their products and capabilities to the City.
- Short Listed Vendor Presentations – We develop scripts for short-listed vendors and scoring tools to be used by City staff participating in the vendor presentations. We attend each of the vendor demonstrations and support the City throughout the presentations. For estimation purposes, we estimated 2 short listed vendors each having 3-day demonstrations. Subsequently, we compile the results of the scoring tool to score each of the vendors into the evaluation spreadsheet.

- Due Diligence – Sciens assists the City through Due Diligence with evaluation forms built into our vendor evaluation spreadsheet. Reference checks and GotoMeeting/Conference Call participation in an on-site examination of an established system in a similar organization are included in this proposal.
- Final Recommendation – Utilizing the results of the proposal evaluation, presentations and other criteria chosen and executed by the City (e.g., reference calls), Sciens completes the evaluation spreadsheet. Based on these results, we recommend one vendor with which the City should enter into final negotiations. The City may choose to issue an Intent to Award at this stage, or to enter into best and final negotiations with 1 or 2 vendors.

Deliverables

The deliverables for Task 4 are:

- Vendor Q&A, Pre-Bid conference, and RFP Addendums
- Proposal Evaluation Spreadsheet
- Vendor Presentations and Demos Evaluation
- Due Diligence and Reference Checks
- Recommendation of vendor award

Task 5 – Contract Negotiations

Once a vendor has been chosen for contract negotiations, Sciens provides assistance to the City to review the vendor's documents, attend meetings and conference calls as needed, and finalize a contract and statement of work that the City finds acceptable. If required, we attend the City Council meeting and assist with the presentation for the selection and award of the chosen vendor.

Deliverables

The deliverables for Task 5 are:

- Vendor Statement of Work Negotiations
- Contract Negotiations

Task 6 – Implementation and Acceptance

Once negotiations are completed, Sciens will assist with the validating the vendor's project plan to identify city resources (both people and material) needed, timelines and dependencies, and key risks to the success of the project. Project areas that will be confirmed include: software and hardware installation, testing, business process reengineering, acceptance, and end user and technical training. In addition, the plan will

Once completed, Sciens will participate in weekly teleconference meetings to review progress against the overall project plan and project management support.

- Project Governance & Planning – Sciens assists the City in defining the project scope, identifying key organization resources and structure of project governance, development of a structured project charter, organizing project management responsibilities, timing the transition and phasing out of the old system, and identifying technology, facilities, staff, and other City resources required by the project. In addition, Sciens will help define the expectations, timeline, and risks.
- Project progress support – Sciens collaborates with the City through all phases of the project, supporting the City project manager. In this, Sciens assists reviewing areas such as: Integration of new systems into the City network and end-user systems, review of business process review documentation, review of with SME's of

their validation of data mapping and conversion testing, review of acceptance testing procedures.

- Acceptance and Post-Implementation – Final acceptance of each module will occur only after the vendor meets the criteria defined in the RFP and Contract Management phases. Following final testing and acceptance, Sciens assists with defining post-implementation activities still required such as ongoing documentation, vendor assistance requirements for initial milestones (first budget closing, first payroll), monitoring issues and errors, archiving documentation and project records, and conducting a post-implementation review within a year from Go-Live.

Deliverables

The deliverables for Task 6 are:

- Project Planning Support
- Weekly Project Teleconferences

EXHIBIT B

SCHEDULE OF SERVICES

ID	Task Name	Q1 17			Q2 17			Q3 17			Q4 17	
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1.	Task 1: Gap Analysis											
2.	Establish Project Management and Review Documents											
3.	Assess City IT's Infrastructure											
4.	Conduct Department Interviews											
5.	Prepare Gap Analysis Report											
6.	Task 2: Develop a RFP											
7.	Develop ERP Software Specifications											
8.	Develop RFP Document:											
9.	Task 3: Develop a Plan of Action to Implement Solutions											
10.	Develop a Plan of Action:											
11.	Task 4: Evaluation and Selection of Vendor											
12.	Manage Vendor Q&A											
13.	Pre-Bid Meeting											
14.	Develop Vendor Evaluation Matrix & Evaluation Templates											
15.	Schedule and Conduct Vendor Demonstrations											
16.	Conduct Due Diligence											
17.	Assist in Selection of Preferred Vendor											
18.	Task 5: Contract Negotiations											
19.	Review License and Support Agreements and Participate in Negotiations											

EXHIBIT C

COMPENSATION RATES

Task	Activity	Hours	Fees	Expenses	Total
1	Gap Analysis				
1a	Establish Project Management and Review City Provided Documents	24	\$3,540	\$-	\$3,540
1b	Assess City's IT Infrastructure, Processes & Conduct Department Interviews	112	\$14,320	\$3,525	\$17,845
1c	Prepare Gap Analysis	88	\$9,280	\$-	\$9,280
2	Develop a Request for Proposal (RFP)				
2a	Develop ERP Software Specifications	52	\$5,620	\$-	\$5,620
2b	Develop RFP Document	60	\$5,700	\$1,850	\$7,550
3	Develop a Plan of Action to Implement Solutions				
3a	Develop a Plan of Action	-	\$5,280	\$-	\$5,280
4	Evaluation and Selection of Vendor				
3a	Manage Vendor Q&A and Pre-Bid	16	\$1,960	\$-	\$1,960
3b	Develop Vendor Evaluation Matrix & Evaluation Templates	64	\$7,240	\$-	\$7,240
3c	Schedule and Conduct Vendor Demonstrations	96	\$11,760	\$4,850	\$16,610
3d	Due Diligence Including Reference Checks and On-Site Examinations	8	\$1,280	\$-	\$1,280
3f	Assist in Selection of Preferred Vendor	24	\$3,240	\$-	\$3,240
5	Contract Negotiations				
4a	Review License and Support Agreements and Participate in Negotiations	40	\$6,400	\$-	\$6,400
TOTAL		584	\$75,620	\$10,225.00	\$85,845

6	Implementation and Acceptance				
Phase	Activity	Hours	Fees	Expenses	Total
Project Management	Overall On-Site Project Planning Review	32	\$4,800	\$1,500	\$5,100
	Weekly Vendor Management Calls	288	\$43,200	\$0	\$30,000
	Four Onsite Project Reviews	64	\$9,600	\$4,800	\$28,800
TOTAL		384	\$57,600	\$6,300	\$63,900

EXHIBIT INS-A

INSURANCE REQUIREMENTS FOR CONSULTANTS
(WITH ERRORS AND OMISSIONS REQUIREMENT)

1. Consultant shall obtain and maintain during the performance of any services under this Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of services hereunder by Consultant, its agents, representatives, employees or subconsultants.

a. Commercial General Liability Insurance, including Contractual Liability, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business automobile liability insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office automobile liability coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Professional liability/errors and omissions insurance appropriate to Consultant's profession to a minimum coverage of \$1,000,000, with neither Consultant nor listed subconsultants having less than \$500,000 individually. The professional liability/errors and omissions insurance must be project specific with at least a one year extended reporting period, or longer upon request.

d. Workers' compensation insurance in compliance with the laws of the State of California, and employer's liability insurance in an amount not less than \$1,000,000 per claimant.

2. Consultant shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-A. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before commencement of services. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be forwarded to the Risk Manager, addressed as follows:

City of Oxnard
Risk Manager
Reference No. _____
300 West Third Street, Suite 302
Oxnard, California 93030

3. Consultant agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Consultant agrees that the commercial general liability and business automobile liability insurance policies shall be endorsed to name City, its City Council, officers, employees, agents and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees, agents and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-A or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/04 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance or self-insurance coverages (**this must be endorsed**). Additionally, the workers' compensation policy shall include a waiver of all rights of subrogation which the insurer may have against the City. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. The insurer shall declare any deductibles or self-insured retentions to and be approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

7. All insurance standards applicable to Consultant shall also be applicable to Consultant's subconsultants. Consultant agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the Risk Manager.

1/17

INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

Certificates of Insurance

The sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. **Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed.** Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. **Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.**

Endorsement Forms

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that the Consultant/insurer use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the sample accord form.

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ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

PRODUCER

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

CODE SUB-CODE

COMPANIES AFFORDING INSURANCE COVERAGE

INSURED

COMPANY
LETTER A

SPECIFY COMPANY NAMES IN THIS SPACE

COMPANY
LETTER B**COVERAGES**

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

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY [x] COMMERCIAL GENERAL LIABILITY [] CLAIMS MADE [x] OCCUR. [x] OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$1,000,000 PRODUCTS COMP/OP AGG. \$1,000,000 PERSONAL & ADV. INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	AUTOMOBILE LIABILITY [x] ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE \$1,000,000 LIMIT BODILY INJURY \$ (Per person) BODILY INJURY \$ (Per accident) PROPERTY DAMAGE \$
A	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	OTHER Errors and omissions insurance or malpractice insurance available for the insured's profession				Minimum coverage \$1,000,000 Each consultant/ & listed sub-consultant \$500,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

CERTIFICATE HOLDER

City of Oxnard
Attn: Risk Manager
Reference No. _____
300 W. Third Street, Suite 302
Oxnard CA 93030

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

AGREEMENT FOR CONSULTING SERVICES (V01/29/15)

Telephone: ()

Date Signed: _____

Rev. 1/17

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**AUTOMOBILE LIABILITY SPECIAL ENDORSEMENT
FOR THE CITY OF OXNARD (the "City")****SUBMIT IN DUPLICATE**

ENDORSEMENT NO. _____

ISSUE DATE (MM/DD/YY) _____

PRODUCER

POLICY INFORMATION:

Insurance Company: _____

Policy No.: _____

Policy Period: (from) _____ (to) _____

LOSS ADJUSTMENT EXPENSE ☐ Included in Limits
☐ In Addition to Limits

Telephone: _____

NAMED INSURED

☐ Deductible ☐ Self-Insured Retention (check which) of \$ _____
with an Aggregate of \$ _____ applies to
coverage. ☐ Per Occurrence ☐ Per Claim (which)**APPLICABILITY.** This insurance pertains to the operations, products and/or tenancy of the named insured under all written agreements and permits in force with the City unless checked here ☐ in which case only the following specific agreements and permits with the City are covered:

CITY AGREEMENTS/PERMITS

TYPE OF INSURANCE

- ☐
- COMMERCIAL AUTO POLICY
-
- ☐
- BUSINESS AUTO POLICY
-
- ☐
- OTHER

OTHER PROVISIONS**LIMIT OF LIABILITY**

\$ _____ per accident, for bodily injury and property damage.

CLAIMS: Underwriter's representative for claims pursuant to this insurance.

Name: _____

Address: _____

Telephone: () _____

In consideration of the premium charged and notwithstanding any inconsistent statement in the policy to which this endorsement is attached or any endorsement now or hereafter attached thereto, insurance company agrees as follows:

1. **INSURED.** The City, its officers, agents, volunteers and employees are included as insureds with regard to liability and defense of suits arising from the operations, products and activities performed by or on behalf of the named insured.**CONTRIBUTION NOT REQUIRED.** As respects: (a) work performed by the named insured for or on behalf of the City; or (b) products sold by the named insured to the City; or (c) premises leased by the named insured from the City, the insurance afforded by this policy shall be primary insurance as respects the City, its officers, agents, employees or volunteers; or stand in an unbroken chain of coverage excess of the named insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the City, its officers, agents, employees or volunteers shall be in excess of this insurance and shall not contribute with it.**SEVERABILITY OF INTEREST.** This insurance applies separately to each insured against whom claim is made or suit is brought except with respect to the company's limits of liability. The inclusion of any person or organization as an insured shall not affect any right which such person or organization would have as a claimant if not so included.**CANCELLATION NOTICE.** With respect to the interests of the City, this insurance shall not be canceled, or materially reduced in coverage or limits except after thirty (30) days prior written notice by receipted delivery has been given to the City.**PROVISIONS REGARDING THE INSURED'S DUTIES.** Any failure to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the City, its officers, agents, employees or volunteers.**SCOPE OF COVERAGE.** This policy, if primary, affords coverage at least as broad as:

Insurance Services Office Automobile Liability Coverage, "occurrence" form CA0001, code ("any auto"); or

If excess, affords coverage which is at least as broad as the primary insurance form referenced in the preceding section (1).

Except as stated above nothing herein shall be held to waive, alter or extend any of the limits, conditions, agreements or exclusions of the policy to which this endorsement is attached.

ENDORSEMENT HOLDER

CITY OF OXNARD

Attn: Risk Manager

Reference No. _____

300 W. Third Street, Suite 302

AUTHORIZED REPRESENTATIVE☐ Broker/Agent☐ Underwriter ☐ _____

Oxnard, CA 93030

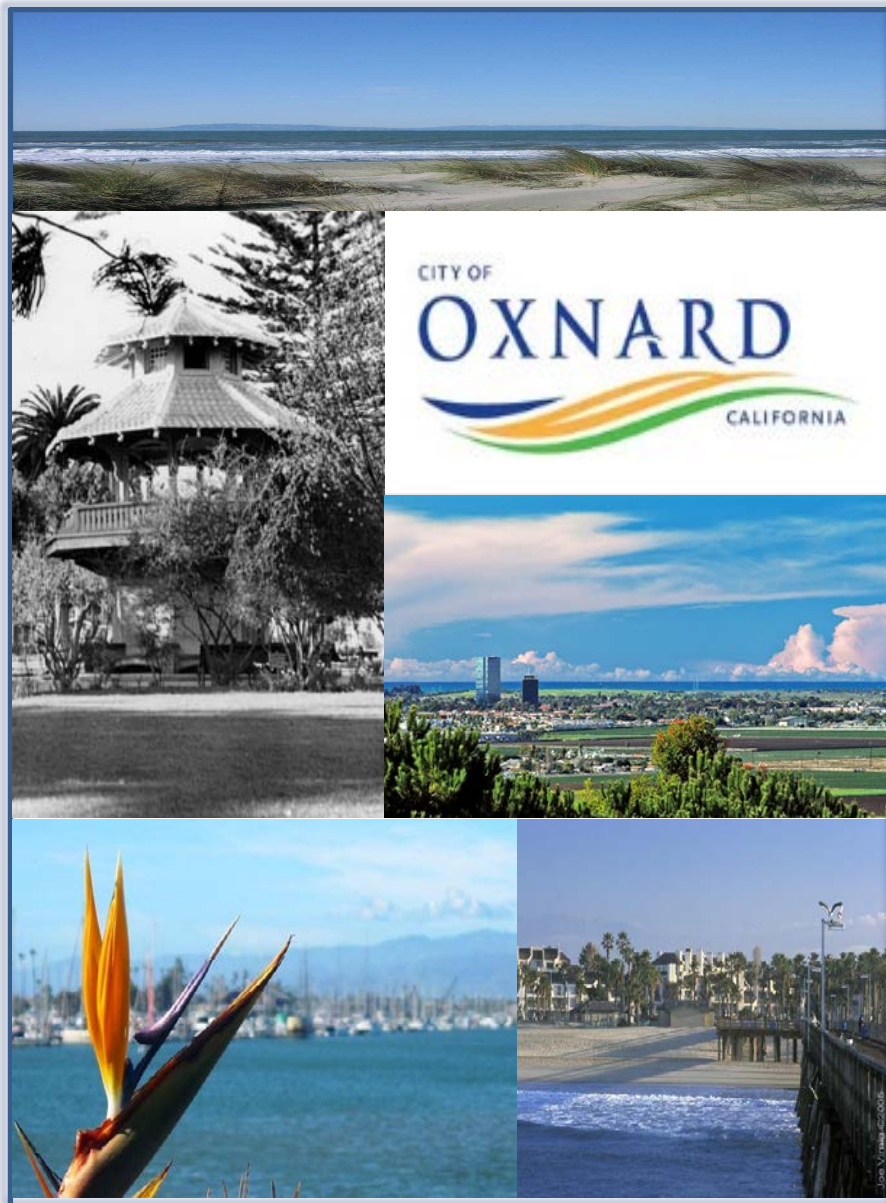
I _____ (print/type name), warrant that I have authority to bind the above-mentioned insurance company and by my signature hereon do so bind this company to this endorsement.

Signature _____
(original signature required)

Telephone: () Date Signed _____

Rev. 1/17

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City of Oxnard

Information Technology Four-Year Master Plan Final Report

October 2015

Prepared by:



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1. Introduction and Overview

1.1 Purpose

This document, entitled Information Technology Four-Year Master Plan (ITMP) was prepared for the City of Oxnard, California (City) by NexLevel Information Technology, Inc. (NexLevel).

1.2 Document Organization and Contents

This report contains the following sections:

- ♦ **Section 1 – Introduction and Overview** provides background information, the scope and objectives of the Information Technology Master Planning effort, the methodology used in the development of the master plan, and the organization and contents of the plan.
- ♦ **Section 2 – Central IT Assessment Summary** provides a high-level overview of Central IT's present technology environment using a strengths, weaknesses, opportunities, and threats (SWOT) model. In addition, it provides an overview of the activities taken in the course of the development of the ITMP, including a summary of Central IT's current compliance with information technology best practices for governance, business technology applications, service delivery, infrastructure, security, and administration.
- ♦ **Section 3 – Project Prioritization and Scheduling** describes the process that was used to develop the plan. It also provides timelines for the current, planned, and requested projects identified by the City's stakeholders, along with a summary of the initial cost for each project by fiscal year and funding source when known.
- ♦ **Section 4 – Conclusion** provides perspectives on technology governance, laying a technology foundation for a

satisfactory return on investment, and technology planning success factors.

- ♦ **Appendix A – Project Detailed Descriptions** contains additional information relevant to this report.
- ♦ **Appendix B – ERP Alternative Analysis Report** contains additional information relevant to this report.

1.3 City of Oxnard Background

The City of Oxnard is located in Ventura County. It has a population of more than 203,000 and is the largest City in the County. It is nestled approximately 60 miles northwest of Los Angeles and 35 miles south of Santa Barbara. The city is defined by open spaces, beaches and coastline, and agricultural areas. Oxnard boasts some of the richest agricultural land in California.

The City has many diverse historic, cultural, performing arts and entertainment venues and activities. Two thriving military bases provide a strong employment base and are a major contributor to the regional economy. Oxnard is also a thriving center of commerce, tourism and industry and Oxnard prides itself on its rich diversity and culture.

It is the mission of the City government to ensure that Oxnard will have clean, safe, prosperous and attractive neighborhoods with open and transparent government.

1.4 Central IT Support Services

Central IT is the responsibility of the City Manager's office. For the past several years, the Deputy City Manager served as the primary executive for the management of the Central IT staff and the support of the City's technology infrastructures and service delivery.

Fifteen percent (15%) of the Deputy City Manager's position was charged to the Central IT budget (Source: City).

In July 2015, the City Manager recommended the establishment of an Information Technology Director position, and recruitment is currently underway to fill the position. In mid-August the City appointed an interim Information Technology Director to oversee information technology matters.

1.5 Scope and Objectives of the ITMP

The primary objective of the Information Technology Master Plan is to provide a roadmap that will help the City effectively close the gap between its current state and future technology needs. As depicted in Figure 1, Technology Gap, user expectations increase over time, while the capability of existing systems tends to actually decrease, thus further widening the gap. Other factors that contribute to the widening of the gap include staff reductions and challenges in the effective allocation of IT resources to support citywide needs. The technology gap leads to what one technology research firm has described as "friction" between the users and the IT organization, and in the absence of effective IT Governance, this friction tends to worsen over time.

The objectives of the ITMP include:

- ◆ Identification of technology improvements and solutions to improve customer service, productivity, public access and transparency.
- ◆ Development of acquisition/support costs associated with proposed technology solutions.
- ◆ Development of a four-year technology master plan that presents projects in a prioritized and phased approach.
- ◆ Review of the City's current Central IT Division structure, along with recommendations for potential improvements.

- ◆ Obtaining comprehensive customer input (internal and external) regarding technology needs and direction.
- ◆ Assessment of the City's current ERP system with subsequent recommendations regarding upgrade/replacement opportunities.
- ◆ Development of technology-related recommendations designed to provide the highest level of IT service delivery possible.

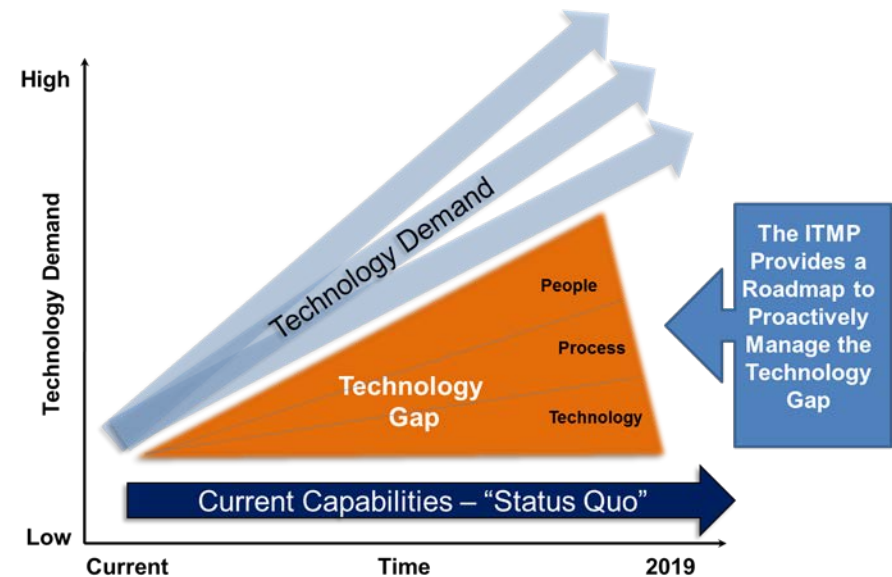


Figure 1 – Technology Gap

1.6 "Listen, Plan, Deliver," Methodology

The methodology used by NexLevel to develop the Information Technology Four-Year Master Plan process is depicted in Figure 2, Strategic Planning Methodology. The methodology is composed of three basic phases:

- ◆ Listen – During which NexLevel worked with the client to conduct a project kickoff meeting, configure and conduct two “Voice of the User Surveys,” conduct interviews with user stakeholders and IT management and staff, and facilitate a community meeting.
- ◆ Plan – During which NexLevel worked with Central IT to perform a detailed assessment of their current use of information technology. This included the completion of an IT Best Practices Self-Assessment. The resulting data is structured to provide realistic and achievable recommendations for the City and the Central IT organization to enable them to obtain greater value for their investment in information technology and realize improvements in the governance of information technology and the delivery of IT services. It should be noted that NexLevel did not conduct a comprehensive assessment of Police IT, Housing IT, or Library IT as a part of this Central IT Assessment.

As a result of the interviews conducted in the Listen phase, a Project List was developed and provided to all City IT groups and department heads for review. The Planning and Prioritization Workshop helped drive consensus in the prioritization of projects and an assigned timeframe for the project’s completion.

- ◆ Deliver – During which NexLevel worked with the client to utilize the results of the Project Prioritization Workshop to develop an Information Technology Master Plan.

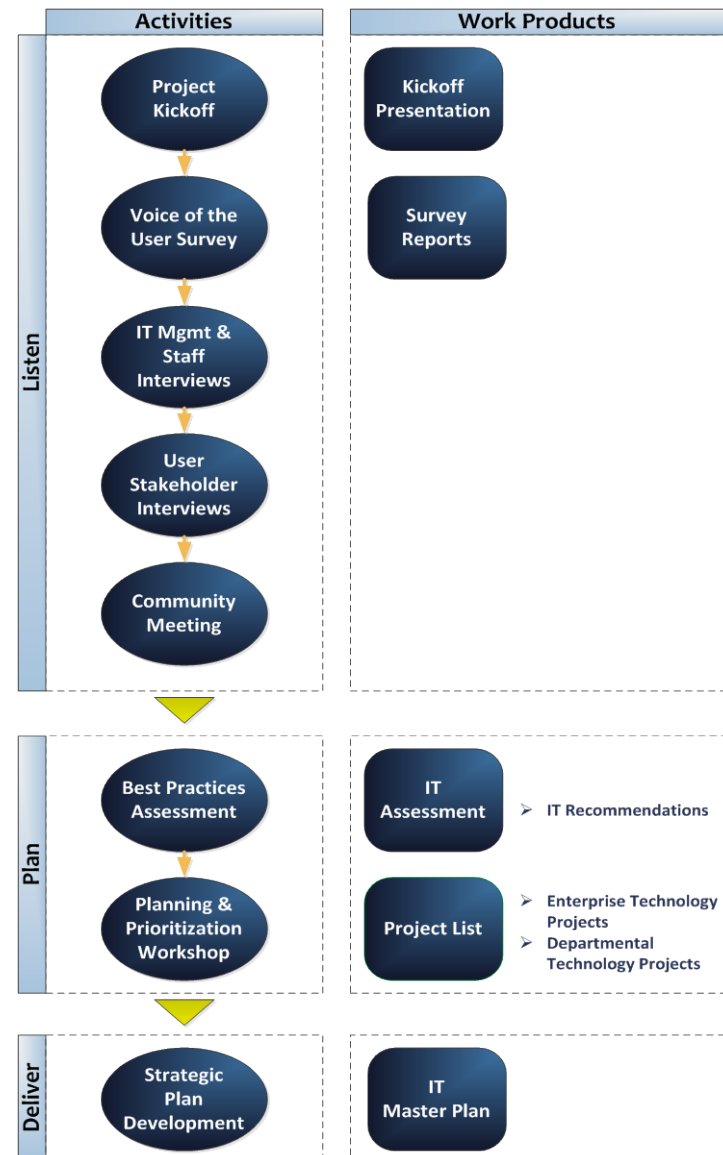


Figure 2 – Strategic Planning Methodology

2. Central IT Assessment Summary

2.1 Summary of Assessment

This section of the report provides a summary and recommendations resulting from the Central IT assessment. The IT Assessment focused on Central IT and how effectively the City is leveraging technology under its direction to attain its stated mission and vision, and evaluates whether the City's technology infrastructure, business technology software applications, security, service delivery, administration and support resources are prepared to meet the City's current and future technology needs.

From a high-level perspective, key findings include:

- ◆ The City currently lacks a common technology vision and direction due to lack of a single point of information technology leadership.
- ◆ The City has not had an Information Technology Director position since 1993. This responsibility was assigned to the Deputy City Manager, and 15% of their total time was charged to technology business. As of mid-August 2015 an interim IT Director has been appointed while a formal recruitment is underway.
- ◆ The City currently has four distinct IT support systems in place, including Central IT, Police IT, Housing IT, and Library IT. The individual IT support groups manage their specific department's technology, resulting in multiple platforms, systems, direction and standards, and periodically inhibiting staff's ability to function seamlessly across these multiple City Departments.
- ◆ Central IT staffing resources have decreased and impacts to service delivery resulted.
- ◆ While technology users expressed satisfaction with the willingness of Central IT to provide support and services, they stated that service could be improved. City departments are aware support resources are limited and have lowered their expectations in recent years.
- ◆ The technology infrastructure and supporting technology equipment is not maintained or replaced on a formal and consistent refreshment cycle.
- ◆ While Central IT has been innovative and has accomplished much with limited resources (human and dollars), this has often been achieved at the expense of conformance to some IT best practices for items such as change management, standardization, application life cycle management, project management, and governance.
- ◆ The City continues to invest in legacy systems that may not meet the department/enterprise needs, and the continued investment in these systems should be assessed.

NexLevel has developed a series of recommendations to remediate the key findings and to provide the City with an improved IT support service framework. NexLevel's recommendations are further detailed in Section 2.8 – Central IT Assessment Recommendations and include the following key items:

- ◆ Implement IT governance
- ◆ Complete an IT organization analysis
- ◆ Plan for IT operational improvements
- ◆ Address infrastructure and hardware modernization
- ◆ Adopt additional IT operational best practices
- ◆ Deliver cybersecurity and mobile device management

- ◆ Complete HTE functional assessment and implement subsequent recommendations, which may include system(s) replacement

2.2 “Voice of the User” Surveys

The original scope of work for the IT Master Plan project called for one Voice of the User Survey, to be utilized to gather input from Central IT customers. Subsequent to Project Kickoff, the City requested that NexLevel add to the scope of work for the project a second Voice of the User Survey for Police IT customers.

Between March 12, 2015 and March 26, 2015, NexLevel conducted an on-line survey of City employees to assess their satisfaction with the support they receive from the Central IT Division. Of the approximately 675 full-time City employees directly supported by Central IT and sent the survey, 362 employees participated, a 52% response rate. On April 17, 2015, a Central IT User Satisfaction Survey report was delivered to the City, outlining the results of the survey.

Between March 23, 2015 and April 9, 2015, NexLevel conducted an on-line survey of the City of Oxnard Police Department employees to assess their satisfaction with the support they receive from the Police IT Division. Of the approximately 378 Police employees supported by Police IT and sent the survey, 142 employees participated, a 40% response rate. On May 7, 2015, a Police IT User Satisfaction Survey report was delivered to Police management, and was subsequently provided to the City Manager’s office on May 15, 2015

2.3 User/Stakeholder Interviews

NexLevel conducted a series of individual and small group interviews to understand Central IT’s service delivery. Sessions

were held with City executives, department heads, managers, and key system users with the objectives of identifying:

- ◆ Barriers to the effective use of information technology
- ◆ Anticipated needs and priorities
- ◆ Areas where existing automation is not meeting the user’s needs
- ◆ Current and planned projects that should be factored into the Information Technology Four-Year Master Plan.

The interviews included:

- ◆ Central IT
- ◆ City Attorney
- ◆ City Clerk
- ◆ City Manager’s Office
- ◆ Deputy City Manager (PIO, Neighborhood Services)
- ◆ Development Services (Planning, Building & Engineering, Traffic Engineering , Operations & Transit Center)
- ◆ Economic Development
- ◆ Finance (Finance, Budget, CIP, General Accounting, Payroll)
- ◆ Fire (Administration, Disaster Preparedness/EOC CUPA)
- ◆ General Services (Streets, Parks & Facilities, Fleet, Utilities)
- ◆ Human Resources
- ◆ Housing and Housing IT
- ◆ Library and Library IT
- ◆ Police (Administration, Code Enforcement, Dispatch, Animal, Police IT)

- ◆ General Services (Solid Waste, Streets, Traffic Services, Waste Water Treatment Plant, Fleet)
- ◆ Recreation, Performing Arts and Convention Center
- ◆ Special Projects (Wi-Fi Task Force, Green Team, etc.)
- ◆ Transportation and General Services (Transportation, Risk Management, Engineering)
- ◆ Treasurer's Office (Utility Billing, Business License)
- ◆ Utilities (CIP, Design and Construction, Water, Wastewater, Environmental Services)

General themes and key issues identified by the user community in the course of the user/stakeholder interviews included:

- ◆ A general appreciation for the efforts and services provided by Central IT given the constraints in which it operates.
- ◆ A conflict between the desire to do more with less and for the City to invest in technologies.
- ◆ Lack of IT leadership, vision and direction with emerging technology.
- ◆ The age and lack of support for some of the business applications in place.
- ◆ The age of desktop computers and local systems.
- ◆ The multiple email systems used within the City and restrictive email retention policies in place.
- ◆ The lack of Wi-Fi and mobility in the field or City locations.
- ◆ Web site support and department desire to support their own pages and content in the future.
- ◆ The future sustainability of the City's current HTE ERP system.

- ◆ Current lack of ease of access to City data for citizens and community.

2.4 Central IT Staff Interviews

NexLevel conducted individual Central IT staff interviews and met with core functional service areas within the Central IT Division. General themes and key issues identified in these interviews included:

- ◆ Central IT staff members are loyal and committed to providing good customer service.
- ◆ Central IT staff has a good understanding of the City's technology environment and they want to do the best possible job in their support of technology within the City.
- ◆ Central IT would benefit from additional network monitoring and capacity planning tools to better manage the infrastructure.
- ◆ There are several legacy business applications at end of life that should be upgraded or replaced with new systems (MP2 - sewer management/maintenance, tree inventory, HTE green screen usage, solid waste management).
- ◆ Lack of funding has prevented staff participation in training and vendor user conferences, impacting IT staff from staying current on systems they support.
- ◆ Lack of user departments taking ownership of data, along with a large increase in requests for data analysis and reporting from user departments.
- ◆ Departments not regularly participating in system upgrade testing and heavy reliance on Central IT.

- ◆ Lack of a succession plan for IT staff. As several Central IT staff near retirement, the City may be impacted by the loss of significant amounts of historical/legacy knowledge that is not documented.
- ◆ Due to a key IT management staff absence over the past year, department support staff has stepped into areas of responsibility they may not have been adequately trained.
- ◆ Many of the City departments have had interim or acting department Directors leaving support staff to drive the technology needs for the departments.
- ◆ Limited resources have impact on the refreshment of desktops.
- ◆ No formal IT Director to provide true IT leadership for future technology direction.

2.5 Community Meeting

In addition to the traditional interview activities that are typically undertaken as a part of the IT assessment process, NexLevel facilitated a community meeting on May 28, 2015 from 6:00 – 7:30 pm. The meeting was designed to gather input from community members regarding the City's IT services. Approximately 15 community members, along with City staff, attended the meeting, with participants breaking into discussion groups and identifying the highest priorities for the community.

The outcome of the community meeting included items such as information dissemination and delivery, the City's current website, and the ability for residents to report issues utilizing mobile devices. Table 1 - Summary of Community Meeting Public Comments provides a summary of all of the items identified during the course of the meeting.

Table 1 – Summary of Community Meeting Public Comments

Discussion Group Comments	
NOTE: Discussion Group Comments are the verbatim comments out of the collective public groups that participated in the Community Meeting.	
1	City website should provide links to other important sites. (Adjacent Cities, County, State, Federal, etc.)
2	Make all documents available in a format residents can cut and paste from. (Example, the 2030 General Plan has some sections that cannot be copied to a Word document.)
3	Provide more mobile phone apps. (GAPS for All – Graffiti Reporting / Tourism and Driving Apps)
4	Increase range of Council Wi-Fi. (To at least the Service Building and the Annex.)
5	Provide Wi-Fi at Wilson Senior Center and South Oxnard Center. (Dead zones, old and slow pc's.)
6	Address slow Internet access in general at City Centers. Need auto-updates as well.
7	Advertise streaming of City Meetings and assure reliable provider. (Council, Planning, etc.)
8	Advertising of on-line resources in general at schools and provide a clearer web presence. (Such as Rec Services)
9	Conduct a Summer Community Resource event.
10	Provide multi-lingual web resources.
11	Conduct more E-Waste events.
12	Implement the use of Body Worn Cameras.
13	Implement e-911 for text and video submissions to Public Safety.
14	CAD to Twitter traffic alerts.
15	Implement something like NextDoor.com to engage and keep neighborhoods informed.
16	Address and update Wi-Fi / Wi-Max.
17	Provide public access to computers and Internet.
18	Google apps.
20	Publish an IT Service Catalog.
21	Look into moving some systems to the Cloud.
22	Measure the results of IT performance.
23	Increased awareness of web functionality. More intuitive navigation to different functions.
24	Social Media campaign for tips / tricks and general awareness.
25	Expand reach to Spanish speaking users.
26	More available Wi-Fi around City and at City facilities.
27	Reach out through the schools to raise awareness in the youth of City offerings.
28	Provide Kiosks to enable City services digitally at multiple locations and across several languages.
29	Provide City of Oxnard official news board. (Digital scroller.) Raise awareness of meetings.
30	Offer Newsletter / Push Notifications (RFS feeds) to Citizens. Sign up and customize the feed(s) you want to receive.
31	Crowdsourcing app to identify City problem areas.
32	Access to resources to help citizens learn English and multilingual crowdsourcing applications.

2.6 Best Practices Assessment

Best Practices Conformance and Maturity Level Model

NexLevel has found that Figure 3, Levels of Conformance to Best Practices, provides a useful graphic to depict the relative capabilities of IT service organizations. The model is based on five levels of maturity ranging from “Frontier” (where the IT organization is largely unstructured) to progressively higher levels striving for the “Value” state (where the organization is very structured and consistently follows best practices in all areas). Each level of maturity is associated with a degree of compliance with best practices.

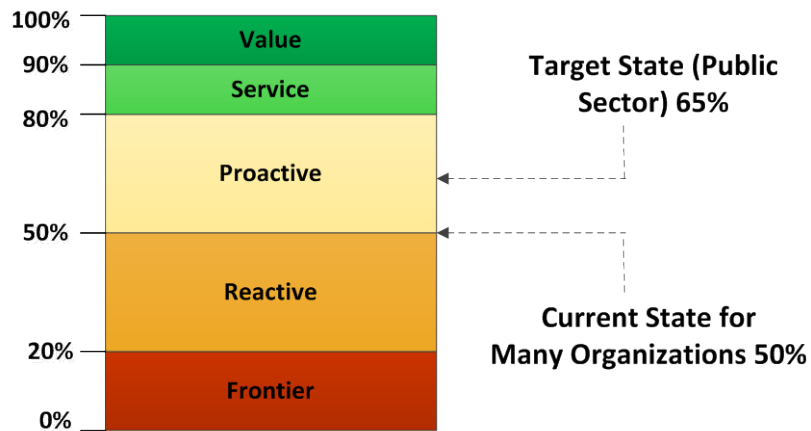


Figure 3 - Levels of Conformance to Best Practices

IT organizations at the Frontier level typically have fewer than 20% of their processes in compliance with best practices. This level of maturity is characteristic of new and/or re-organized IT organizations. The degree of compliance increases as organizations adopt well-defined and repeatable processes. In this model, 50% compliance with best practices is a key metric. Organizations with less than 50% compliance are generally reactive in responding to

user needs, while those with better than 50% compliance are generally proactive and are better able to anticipate user needs.

The Service level falls between 81 to 90% compliance with best practices. IT organizations at this level of compliance generally excel across all of the best practice dimensions and provide an optimum balance between total cost of ownership and return on investment.

The highest level of performance (Value) is generally applicable only to private sector firms that use technology as a competitive differentiator or as a profit center; although public sector organizations find that some components of the Value level are useful.

A number of factors can affect an IT organization's ability to adopt best practices. For example, IT organizations that have been under-funded or that are in transition from hosted service delivery models to hybrid or sourced service (outside assistance) delivery models, typically find themselves at the reactive level of the model. NexLevel has observed that many organizations achieve approximately 40% to 60% compliance with best practices resulting in their having some of the characteristics of both the reactive and proactive levels of the model. NexLevel recommends that organizations work to achieve at least 50% compliance with best practices, with 65% being a reasonable target.

Compliance with Best Practices

Based on NexLevel's experience, we have observed that many IT organizations, particularly those that have been under-funded, are struggling to adopt new technologies while supporting their existing base, and organizations that are in transition from decentralized service models to centralized or hybrid service models find themselves in a reactive state (less than 50% compliance with best practices). Organizations that have highly decentralized IT service models similarly find it difficult to achieve a consistent level of

conformance with best practices. Consequently, the current state of best practice compliance for many IT organizations is approximately 35% (the middle of the reactive level), while NexLevel recommends that IT organizations work to achieve at least 50% compliance with best practices, with 65% being the desired target.

The benefits to improving the degree of compliance with best practices include:

- ◆ Greater ability/agility to meet increased user needs for support and to meet increased public expectations for access to information and services.
- ◆ Deriving greater value (in areas such as increased effectiveness in the delivery of services to the user community for investments in technology - this is measured as a higher return on investment (ROI).
- ◆ Greater ability to sustain, if not further improve on, the level of IT service provided to the user community.

Caveat Regarding Best Practices

A word of caution about best practices is appropriate. An IT organization need not meet or exceed every best practice in order to provide excellent customer service; however, a higher degree of conformity to best practices generally enables an IT organization to sustain service delivery levels over time and to successfully cope with external and internal factors that have the potential to disrupt its ability to deliver services. The best practices are heavily weighted towards the development and use of formalized procedures and supporting documentation since these provide the basis for sustaining and improving services and service levels. If we were to compare two similar IT organizations, providing the same services and service levels, and with the same degree of user satisfaction, the organization that has more formalized processes and documentation will have a higher degree of compliance.

Compliance with Best Practices

NexLevel uses a comprehensive list of best practices that are categorized into six separate dimensions to evaluate the organization's compliance with best practices. The six dimensions include:

- ◆ Technology Governance – Practices related to the leadership and reporting structure of the IT organization, degree of management overview, and the consistent tracking of the delivery of technology services.
- ◆ Service Delivery – Practices related to coordinating the processes involved in providing customer support including training, help desk, and service delivery management, and the establishment of service level agreements (SLAs) and tracking of conformance with them.
- ◆ Business Technology Applications – Practices related to the management and support of the application information systems supporting business operations.
- ◆ Infrastructure – Practices related to acquisition, utilization, and maintenance of the technology equipment, operating systems, support software, and communications network services that are used.
- ◆ Security – Practices related to the effective use of policies and standards, user conduct, software tools (filtering, monitoring, etc.), and audits to validate that material and software resources are used only for their intended purposes.
- ◆ Administration – Practices related to the management of technology in terms of budgets, maintenance agreements, software licenses, and the development and maintenance of current and accurate documentation on all technology activities.

As part of the assessment, Central IT management and supporting staff was asked to complete activities including providing IT technical documentation, participating in assessment interviews, and completing NexLevel's IT Self-Assessment Questionnaire. The information gathering also included NexLevel's first-hand observations of Central IT staff, including IT service delivery processes and procedures. The IT Self-Assessment consisted of 183 data points, each of which required a determination as to whether the City was in compliance with the best practice, not in compliance, or in partial compliance.

The Central IT Self-Assessment Questionnaire response results are summarized and provided in Table 2, Central IT Self-Assessment Compliance with Best Practices below for each of the six dimensions:

Oxnard Best Practice Dimension	Items	Does Not Conform	Minimally Conforms	Fully Conforms	Percent Compliant	Maturity Level
Technology Governance	25	9	11	5	33%	Reactive
Service Delivery	34	15	12	7	32%	Reactive
Business Technology Applications	21	8	10	3	25%	Reactive
Infrastructure	45	15	21	9	34%	Reactive
Security	25	6	15	4	36%	Reactive
Administration	33	15	17	1	20%	Reactive
Total	183	68	86	29	30%	Reactive

Table 2 – Central IT Self-Assessment Compliance with Best Practices

These results were then taken into account along with the information developed through the interviews and the Central IT user survey to provide a holistic picture of the Central IT's compliance with best practices as depicted in Figure 4, Central IT Compliance with Best Practices:

- ◆ Each of the rings represents a level in the best practice conformance model, with the outer most (red) ring representing the Frontier level of organizational maturity (the lowest level of conformity with best practices) and the core of the diagram representing the Service and Value levels (the highest degree of conformity with best practices).
- ◆ The hexagon is segmented into two halves. The upper half of the hexagon is composed of the best practice dimensions that involve participants other than IT, such as executive management; while the lower half of the hexagon is composed of the best practice categories where the IT support groups are the principal parties involved in the delivery of the services.
- ◆ The results of the IT Self-Assessment have been plotted for each of the best practice dimensions within the rings (the gray target points) and then connected them together to depict where the City is from an overall perspective.
- ◆ The red dotted line represents Central IT's average compliance with best practices, which is 30%.

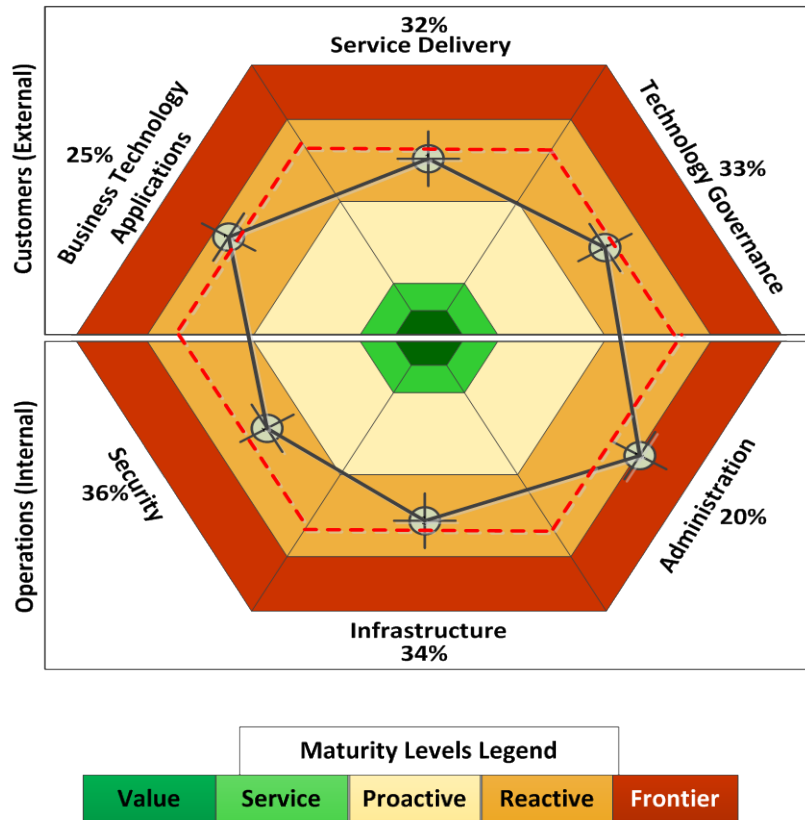


Figure 4 – Central IT Compliance with Best Practices

NexLevel's assessment of Central IT's degree of compliance with best practices is based on the following considerations:

- ◆ **Technology Governance:** The best practices assessment found that Central IT is approximately **33%** compliant with best practices in this dimension, and this is in the mid-tier of the reactive level in the maturity model. A key factor in this determination was that the City as a whole does not presently have an effective Technology Governance structure. Historically, a Governance Committee was

formed and comprised of delegated department support staff as members. Instead of department heads participating to provide the typical technology oversight and planning, the committee became a steering committee for researching potential departmental projects. The meetings diminished over time and the committee no longer meets. Other factors include the absence of key supporting elements for effective technology governance including an application portfolio, project management and reporting, standards, policies and procedures, and formal processes for communicating with the City's user community.

- ◆ **Service Delivery:** The best practices assessment found that Central IT is approximately **32%** compliant with best practices, and this is in the mid-tier of the reactive level in the maturity model. Key factors in this determination include number of current IT resources available, on-going training, the absence of service-level agreements and escalation procedures, and the absence of formal, well defined, change management procedures.
- ◆ **Business Technology Applications:** Central IT is approximately **25%** compliant with best practices in this dimension, and this is in the lower tier of the reactive level in the maturity model. The key factor in this determination is that Central IT is minimally compliant with best practices in application support, standards, and application effectiveness. Although the City makes use of commercial-off-the-shelf applications, the City does not have formal processes for regular evaluation of departmental systems and how they are meeting the needs of the users. Lack of funding impacts staff's ability to attend training or vendor user conferences to stay current on software releases. There are no formal release management procedures followed to assure user testing and acceptance takes place in a test environment prior to applying upgrades to the

production environment. Several current systems are at end of life or are no longer functioning, causing staff to revert to manual means to complete their day to day operations.

- ◆ **Infrastructure:** The best practices assessment found that Central IT is approximately 34% compliant with best practices in this dimension, and this is in the mid-tier of the reactive level within the maturity model. It indicates that Central IT is handling the traditional responsibilities of managing the infrastructure and provides a foundation for the City to build on. The cautionary items identified in the assessment for this dimension include the need to formalize planning to support the lifecycle and replacement of servers, routers, and network equipment. Focus should be on improving the speed of the network, addressing end of life operating systems, and providing adequate backup power to the primary data center.
- ◆ **Security:** The best practices assessment found that Central IT is approximately **36%** compliant with best practices in this dimension, and this is in the mid-tier of the reactive level in the maturity model. This is the strongest ranking dimension for the IT Assessment. Areas of concern include the need to routinely conduct network perimeter testing to identify network vulnerabilities posed by cyber security threats, addressing firewall equipment nearing end of life, improving citywide awareness of the steps that employees should take to safeguard City information and assets, and adopting a more formal approach to the management of mobile devices.
- ◆ **Administration:** The best practices assessment found that Central IT is approximately **20%** compliant with best practices in this dimension, and this is in the lower tier of the reactive level in the maturity model. In general, the findings in this dimension mirror other findings discussed above including an over-reliance on informal and ad-hoc procedures, particularly with regard to a professional development plan for Central IT staff, planning for staff succession in the event that key

employees leave the City, lack of formal policies and procedures being documented and adopted, and absence of a clear sense of technology leadership, vision, and direction.

Gap Analysis

The Gap Analysis, depicted in Figure 5, illustrates the difference between NexLevel's assessment of Central IT's current level of compliance with best practices and the recommended target maturity state, using the maturity level model as a scale.

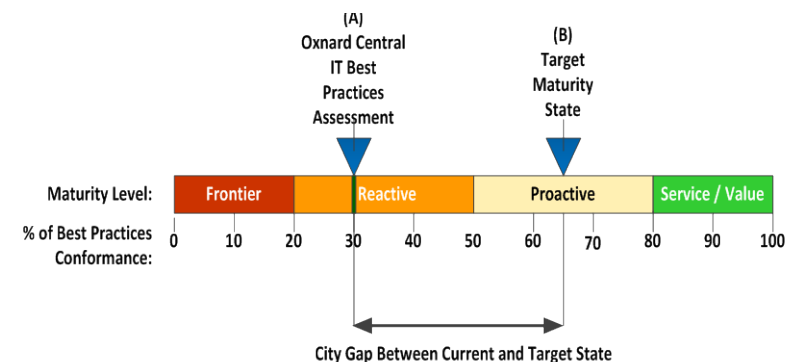


Figure 5 – Gap Analysis

NexLevel has plotted two points on this scale:

- (A) Oxnard Central IT Best Practices Assessment: Coincides with the average score of 30% for the six target dimensions in Figure 4;
- (B) Target Maturity State: Represents NexLevel's recommended level of best practices compliance of 65% for Central IT.

Typically, NexLevel recommends that organizations seek to achieve at least 50% to 65% compliance with IT best practices, based on its experience that organizations with higher levels of best practice compliance:

- ◆ Realize higher returns on their investment in technology (ROI);
- ◆ Are better able to sustain service delivery levels;
- ◆ Are better able to respond to new requirements and public expectations.

The recommendations identified in Table 3 on Page 21 represent best practice goals and provide direction for Central IT and the City.

2.7 SWOT Analysis

The Strengths, Weaknesses, Opportunities, and Threats (SWOT) diagram provided in Figure 6, SWOT Analysis provides a high-level summary of the assessment. This diagram provides a summary of the factors involved in the effective delivery of Central IT services. In this model, the strengths and weaknesses represent service delivery enablers and inhibitors for IT (the upper sections of the chart) and the information technology opportunities and threats facing the City as a whole (the lower portion of the chart).

	Positive	Negative
Internal	Strengths	Weaknesses
	➤ Central IT staff has technical competence ➤ Willingness and “can do” attitude ➤ Strong customer-service orientation ➤ Strong GIS services ➤ Long-term employees have strong understanding of City systems ➤ Several departments have taken strong lead in support of technology	➤ Legacy business applications are dated and need to be upgraded or replaced ➤ Limited City funding ➤ Service levels not formalized ➤ Limited conformance to IT best practices ➤ Inconsistent management of technology projects ➤ Lack of IT staff and user training ➤ No citywide technology standardization for software and hardware
External	Opportunities	Threats
	➤ Replace HTE functionality with best breed COTS (Commercial-off-the Shelf) systems ➤ Establish IT leadership ➤ Alternative sourcing of some IT services ➤ Improve business and operational processes ➤ Integration of disparate applications ➤ Mobile technology ➤ Community engagement and e-commerce	➤ Budget constraints ➤ Cybersecurity vulnerabilities ➤ Disaster and business technology continuity ➤ Resistance to change ➤ Absence of IT governance ➤ No single point of technology vision, leadership and direction ➤ No replacement funding mechanism

Figure 6 – SWOT Analysis

Looking at the City in this framework, NexLevel found that the City has both significant strengths and opportunities; however, it must act to remediate the weaknesses and the threats in order to meet its objectives:

- ◆ **Strengths:** Overall Central IT has worked hard to provide technology services in support of the City’s software and infrastructure investments and its delivery of IT services. Central IT staff is committed, has personnel with solid technical skills, a willingness to support the City’s technology infrastructure and day-to-day operations (although the latter has come at the expense of agility to respond to newer requirements), and all Central IT staff

have a positive attitude in response to meeting service requests. Staff in the Parks and Recreation, Fleet Services and Environmental Services areas have taken strong leadership in support of their technology.

- ◆ **Weaknesses:** While Central IT has been competent, it has done so in an ad-hoc manner without the adoption of the formal standards and processes that provides the foundation for the effective delivery of IT services. Several legacy business applications, (Hanson, MP2 - sewer asset management/maintenance, solid waste management) are dated, and several functional areas need to be updated and/or replaced in order to take advantage of improvements in features and continue to meet department needs citywide. The HTE system is up-to-date, but this application is not based on current technology available, Lack of consistent funding impacts Central IT staff and end-users from attending conferences and training. City-wide IT standards are not in place to provide uniformity in selected systems, take advantage of volume pricing and shared IT support knowledge. Technology project implementations do not follow a consistent or formal project methodology. No formal service levels are in place to gauge delivery of services.
- ◆ **Opportunities:** The City has a number of opportunities and is in a position to become innovative in its use of technology, improve business processes throughout the organization, integrate disparate computer systems, and expand the use of computer mobility for improved job performance in the field. The City's assessment of its current ERP solution, its approach to addressing those functional areas not meeting the City's needs, and its willingness to look at alternative methods to deliver services in the future, will better serve the staff and users.

- ◆ **Threats:** The threats to the City's use of technology include on-going budget constraints, the potential increase in vulnerability to cyber-attacks as a result of the City's greater use of mobile and web technologies, and the lack of continuity of IT support for City operations during emergency situations with lack of a business continuity plan. Future technology initiatives must be embraced by user departments and supported by IT staff in order to be successful. User departments look to IT for direction, planning and leadership, and this is currently lacking. Most critical is the lack of IT Governance to provide oversight and to assure IT initiatives follow the strategic and business goals of the City.

2.8 ERP Analysis

A component of NexLevel's project with the City included reviewing the City's current Sungard (HTE) system to develop recommendations regarding maintaining the current system, upgrading to the vendor's latest solution, or replacing the current system with a new ERP solution. This section provides a summary of the "ERP Alternative Analysis Report". The entire report is included as Appendix B to this ITMP report.

The HTE system has been in place since 1989 and has provided a robust and comprehensive solution that has served the City for many years. However, the system is now becoming obsolete, and many agencies relying on HTE are replacing it with new ERP systems that take advantage of current technologies to streamline processes, create better access to information, increase productivity, and improve decision making.

Since being implemented, HTE was purchased by SunGard, which continues to provide maintenance and support; however, ongoing investments into research and development appear to be minimal and the solution does not appear to be marketed any longer.

Rather, SunGard's new preferred solution offering is called ONESolution.

The HTE system supports many daily City business processes for several departments (e.g. Community Development, Finance, Treasury, and Police). More specifically, the HTE system supports the following functions:

- ◆ Financial Reporting/General Ledger
- ◆ Payroll
- ◆ Accounts Payable
- ◆ Accounts Receivable
- ◆ Purchasing
- ◆ Cashiering
- ◆ Building Permits
- ◆ Business Tax
- ◆ Code Enforcement
- ◆ IVR (Interactive Voice Response)
- ◆ Land Management
- ◆ Planning and Zoning
- ◆ Utility Billing

The HTE system has electronic interfaces with the following systems: Electronic Document Imaging System, Hansen, Socrata, GIS, CAFR, Assetworks, Realquest, Chameleon, AMR, CUPA, and other systems.

In addition, SunGard provides the City a Disaster Recovery "hot site" located in Florida.

The City's Central IT organization is responsible for maintaining the HTE system and interfacing with SunGard for ongoing maintenance and support. In addition, the Central IT organization has developed and supports several solutions that provide additional information to staff. The primary support of the system comes from a system administrator within the Central IT organization. This resource has

significant HTE system knowledge and is a key person in maintaining the system and supporting the users. Unfortunately, when that person is absent, the quality of service is adversely impacted.

Key findings resulting from this analysis include:

- ◆ The City needs to upgrade or replace its existing SunGard system for both functional and technical reasons. From a functional standpoint, the City is not receiving significant benefits for its continuing investment in this technology, while from a technical standpoint the underlying AS/400 technology is nearly obsolete and the application is considered by many to be nearing the end of the product life cycle. As a result, it neither meets the City's current needs nor will be able to support future requirements.
- ◆ The City is undergoing significant organizational, policy, and process changes. The implementation of a new ERP system is capable of not only supporting, but driving best practice adoption to provide a number of key benefits, including streamlined operations, improved internal controls, and enhanced access to timely decision information. As a result, the City will need to embark on a focused and carefully planned approach to effectively manage these significant organizational and cultural changes.

At a high level the following are concerns:

- ◆ Most staff continues to use the "green-screens" interface that is similar to DOS, though an enhanced user interface experience is offered, most staff stay within the older version.
- ◆ HTE offers an enhancement, NaviLine, which is a web-based interface that provides a more intuitive user interface. Unfortunately, staff indicates that NaviLine does not provide the same functionality as the green-screen version.

- ◆ The age of the system makes it difficult to use. In particular, the lack of configurability in the user interface and the need to develop and apply custom modifications to the software reduce its usability and agility.
- ◆ The system is based on IBM AS/400 technology which is now more than three decades old, and the current hardware is due for replacement (eight years old).
- ◆ The application is nearing end-of-life support by the vendor.
- ◆ The existing system does not provide functionality to support analytics or the creation of dashboards for the City's managers and executives, leaving them with only paper reports, various online queries, and ad-hoc databases to manage operations and performance. User need to engage Central IT to extract data and/or setup reports.
- ◆ The application is not as "open" as newer software suites, thus restricting the City's ability to integrate key productivity tools.
- ◆ The City users are supplementing the functionality provided by the application through the use of spreadsheets and ad-hoc databases.
- ◆ The HTE system lacks a robust security and audit solution that adequately supports data security, separation of roles and responsibilities, and audit logging.
- ◆ Testing of the current system by end-users is limited and increases the risk when change is introduced. Central IT is responsible for installing updates, which are periodically installed directly into the production system.
- ◆ Staff reported that the HTE system is not effective or efficient in supporting the business tax function.

- ◆ Staff reported that the HTE system does not provide a solution to track developer deposits and/or meet future eService functionality desired by Development Services.

In addition to the above issues, the HTE system lacks features and functionality to adequately support the following:

- ◆ Reporting
- ◆ Project Accounting
- ◆ Chart of Accounts (COA)
- ◆ Position Control
- ◆ Workflow
- ◆ Time and Attendance Reporting
- ◆ Human Resources
- ◆ Budget
- ◆ Security and Audit Trail
- ◆ CAFR
- ◆ Grant Management
- ◆ Developer
- ◆ Business Tax
- ◆ Training and Documentation

The attached analysis report provides extensive details of what NexLevel believes are the City's three alternatives:

- A. Continue As-Is
- B. Upgrade the Existing System
- C. Replace the Existing System

NexLevel believes the City will see significant value in replacing the HTE system with an industry-recognized, proven ERP system. For this reason, Alternative A is an option only if the City does not have the staff and financial resources to take on an ERP replacement project. Alternative A should be viewed as a stop gap solution, as it will not allow the City to address current needs and issues.

While Alternative B is a viable option, the level of effort, cost, and risk of this option approaches what would be expected if the City pursues Alternative C. It is for this reason that NexLevel recommends that the City pursue Alternative C. Alternative C provides the City the ability to take a measured and deliberate approach to procuring and selecting a long-term solution (potentially 15+ years). With Alternative C, the current vendor (SunGard) could still propose their flagship product, ONESolution, and the City could fairly evaluate the costs and benefits of that solution with other solutions available in the market.

Procuring and implementing a new ERP system, while time consuming and expensive, should be viewed as a 15+ year commitment that will impact virtually every department. It involves identifying and entering into a long-term partnership with a vendor that is committed to continuous improvement and innovation.

If the City selects to pursue Alternative B or C, it may still wish to explore short-term improvements in the current ERP system via training and enhanced reporting. The timeline to implement Alternative B and C would be 24 – 36 months. In the meantime, a greater understanding of the system design, reports, and application solutions will allow the City to get more value out of the existing system and reduce staff frustration.

2.9 IT Staffing

A component of NexLevel's project with the City included a high-level review of the IT support services being provided by Central IT, Police, Housing and Library Departments. The intent of this review was to identify opportunities for improved efficiencies and coordination between IT support organizations, along with potential opportunities for IT service delivery consolidation. NexLevel has delivered the results of this review to the City in the form of a Memorandum entitled IT Support Services Memorandum.

Subsequent to the completion of NexLevel's IT support services review and delivery of the resulting Memorandum, the City Manager recommended, and the City Council approved, the establishment of an Information Technology Director position. The July 21, 2015 Report to City Council requesting approval of the IT Director position stated, "The Management Partners report found that compared to its peer cities, Oxnard was below average in the number of I.T. employees and expenditures for a city its size."

As discussed in the IT Support Services Memorandum, the City currently has four distinct IT groups supporting the technology needs of the organization, as follows: Central IT; Police IT; Library IT; and Housing IT. The total number of budgeted positions across these four IT groups is 27, but the actual number of current employees is 21.

Based on a study conducted by NexLevel in 2013, the average percentage of full-time employees (FTEs) supporting information technology is 2.6%, with a range of 1.9% to 3.4%. Using the City's current payroll data, there are 1,043 full time equivalent (FTE) employees and 550 Limited Benefit Employees (LBE), for a total of 1,593 total staff currently employed at the City. Utilizing this number as the basis to calculate the number of IT staff needed to support the total employee base, the City should have between 30 and 54 information technology FTE positions, with an average of 42. As discussed previously, the City presently has an IT staff of 21 employees supporting information technology across the four IT

groups, which supports the Management Partners report which found that compared to its peer cities, Oxnard was below average in the number of I.T. employees and expenditures for a city its size.

NexLevel recommends that the City complete the recruitment of an IT Director and task the individual appointed to the position with conducting an IT organization analysis, as more fully described in Recommendation 2 on Page 21 of this report.

2.10 Central IT Assessment Recommendations

The recommendations provided in this report were developed by NexLevel based on our experience in working with local government agencies. Our goal was to identify activities that have high value, some of which can be accomplished with existing resources, while others will require augmentation of City resources. By necessity, these recommendations are highly pragmatic and conditioned by real-world considerations. NexLevel understands that it is much easier to prescribe change than to implement it, and that no public or private sector organization has sufficient resources to safeguard against all possible risks.

Consequently, NexLevel's approach is to help our clients maximize the use of resources to feasibly reduce the most common and probable obstacles faced by IT organizations.

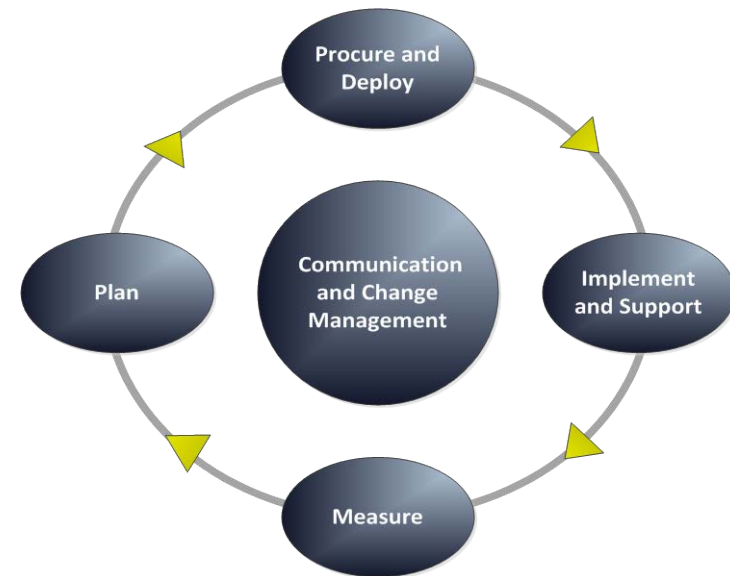


Figure 7 – Process for Implementation of Recommendations

As depicted in Figure 7, Process for Implementation of Recommendations, NexLevel believes that communication with all internal and external stakeholders is central to the effective delivery of technology services. All other factors being equal, IT organizations that foster communication and collaboration perform better than those that do not. Planning and measurement also play key roles: planning provides the baseline for performance; and measurement provides vital feedback to improve future planning, procurement, and implementation. This commitment to continuous improvement enables IT organizations to progress to higher levels of maturity and performance.

The successful implementation of organizational procedural change must take into account behavioral and organizational culture factors as well. Change, even change that is ultimately beneficial, is subject to resistance and skepticism. Ultimately, the changes that prevail are those that:

- ◆ Have strong executive sponsorship.
- ◆ Have immediate and tangible benefits and are “owned” by management and staff.
- ◆ Become anchored in the culture of the organization (what might be called the “new normal”).

Specific recommendations to enable the City to close the gap between its present level of best practices conformance and the target state are discussed in further detail in the Central IT Assessment report, which was provided to the City previously.

NexLevel has outlined seven major recommendations and provided specific operational recommended actions within each recommendation. These recommendations are intended to help the City improve Central IT service delivery and to prepare the IT organization as a whole to be better able to meet the technology

advances it will be faced with in the future. Table 3, Strategic Recommendations, presents the summarized recommendations and the actions needed to implement them

The major recommendations have been further assigned an action ranking based on the following definitions:

- ◆ **Immediate** - Recommended Action to take place within:
○ **3 to 6 months**
- ◆ **Short-Term** - Recommended Action to take place within:
○ **6 to 18 months**
- ◆ **Mid-Term** - Recommended Action to take place within:
○ **18 to 36 months**
- ◆ **Long-Term** - Recommended Action to take place within:
○ **36 to 48 months**

RECOMMENDATION 1	Implement IT governance (Immediate)
Recommended Actions	1. Establish a Technology Steering Committee (TSC) with senior level department executives as members 2. Complete a formal TSC Charter that defines the committee scope, membership, chairman role, roles and objectives, duties, meeting frequency, decision process, etc. 3. The TSC will define technology sub-committees (permanent and temporary as needed) 4. The City Manager's Office should schedule and conduct regular (minimum quarterly) meetings of the TSC
RECOMMENDATION 2	Complete an IT organizational analysis (Immediate)
Recommended Actions	1. Create and fill an Information Technology Director position 2. Consolidate silo IT service groups 3. Conduct a citywide IT organizational assessment 4. Consider alternative methods for meeting service delivery 5. Develop and implement succession plans for IT staff 6. Implement a professional development plan for IT staff 7. Identify training opportunities for staff and end-users
RECOMMENDATION 3	Plan for IT operational improvements (Short-Term)
Recommended Actions	1. Consider opportunities for cloud computing 2. Central IT should work with City management/PIO to develop a strategy for eGovernment and Community Outreach and future web site design/management 3. Complete Disaster Recovery Plans and Business Continuity Plans for information technology 4. The City should consider leveraging its current fiber infrastructure and resources, including shared resources available through agreements with other public agencies, in order to position itself to become a "Fiber City" 5. Prepare a fiber strategy to address network speed issues at the remote locations 6. Prepare a Wi-Fi plan to address the remote locations, field operations staff and mobile office requirements 7. Include Public Wi-Fi considerations when looking at other City facilities and buildings 8. Identify and implement network monitoring and capacity planning tools to help manage and forecast future IT needs

Table 3 – Strategic Recommendations

Recommended Actions	9. Adopt enhanced backup and recovery processes, including periodic testing 10. Allocate the time to create the necessary tactical plans for technology operation, including a technical blueprint that documents the existing and planned information technology city-wide architecture
RECOMMENDATION 4	Address infrastructure and hardware modernization (Immediate)
Recommended Actions	1. Adopt a formal refreshment policy for desktops and servers with confirmed recurring funding source 2. Continue to implement server virtualization technology when physical servers are due to be replaced 3. Consider utilizing the generator outside the Service Center as a power source for extended emergency operations in the Central IT data center 4. Complete the immediate replacement of end-of-life equipment and look at best practice replacements; including core applications servers, end of life switch equipment, older firewall equipment, and non-supported WIN2003 servers 5. Complete the rollout of 300 replacement desktops and consider external assistance
RECOMMENDATION 5	Adopt IT additional operational best practices (Immediate)
Recommended Actions	1. Identify and adopt citywide Technology Standards Plan 2. Create and manage an Application Portfolio 3. Establish Vendor Management procedures 4. Establish and manage SLA's (Service Level Agreements) 5. Implement more formal Help Desk procedures 6. Adopt a formal Project Management Methodology 7. Adopt and implement Change Management 8. Adopt and require departments to participate in formal Acceptance Testing Plans 9. Implement a Quality Management Plan 10. Review current policies and procedures and update where needed
RECOMMENDATION 6	Deliver cybersecurity and mobile device management (Mid-Term)
Recommended Actions	1. Contract with an independent, certified, firm to conduct an external network vulnerability and penetration test to identify security gaps and identify areas for improvement 2. Develop a security plan to remediate the identified vulnerabilities and to provide a continuing approach to security management including periodic threat assessments and the development of plans to detect and respond to security breaches

Table 3 – Strategic Recommendations (continued)

Recommended Actions	3. Adopt a City-wide security policy which requires annual review and acknowledgment by all employees 4. Develop a plan for continuing vulnerability assessments on an every two-year basis 5. Implement data encryption on City hardware vulnerable to being lost or stolen, including laptop computers and other mobile devices 6. Educate users, especially those using mobile devices, regarding security risks, safe networking practices, and their responsibility to protect City information and assets 7. Adopt rules for the use of mobile devices and ensure that all staff members using them receive periodic security training and adopt a proactive approach to mobile device management 8. Work with City departments to determine areas where mobile applications for staff and the public will provide efficiencies and save time
RECOMMENDATION 7	Complete HTE functional assessment and implement subsequent recommendations, which may include system(s) replacement (Immediate)
Recommended Actions	1. NexLevel has provided to the City a separate document titled “ERP Alternatives Analysis Report” that provides detailed information regarding the current ERP system along with recommended alternatives. The “ERP Alternatives Analysis Report” is attached as Appendix B.

Table 3 – Strategic Recommendations (end)

3. Information Technology Master Plan

3.1 Introduction

Change is a constant concern for public sector executives who must often respond to increased public expectations and new mandates with limited resources and information technology environments that may not be agile. Without a strategic plan to manage and respond to change, organizations tend to become reactive rather than proactive and, as a result, obtain reduced benefits for their investments in information technology. Strategic planning enables organizations to find a balance between immediate, short-term, mid-term and long-term needs. It follows that the process for the development of a strategic plan needs to take the same considerations into account.

3.2 Technology Strategic Direction

This Information Technology Four-Year Master Plan (ITMP) sets forth a roadmap for the City of Oxnard that identifies current technology projects and, to the extent possible, future technology needs identified through collaborative efforts by department management and stakeholders. The plan lays out the strategy and steps to meet those needs and to make City IT resources more effective in delivering high quality services to internal and external customers. The plan is based on the premise that the City will continue to support information technology services and tools that reflect a focus on excellence, repeatability, standardization and innovation.

NexLevel recommends the City continuously review evolving technology trends and carefully consider their use throughout the information technology planning process. Successful

implementation can enable the City to improve its ability to deliver Central IT and overall IT services and provides more value (i.e., quality and productivity) from existing staff resources and external service providers.

3.3 ITMP Development

NexLevel is committed to the concept that information technology needs and priorities should be aligned with business needs and priorities. While there are a number of means to accomplishing this alignment, the most effective is to integrate business planning and technology planning within a common framework, and this is the basis for the project prioritization workshop where technology priorities are set by the organization's business stakeholders.

Figure 8, Planning and Prioritization Process, depicts the methodology that was used in the development of the project plan schedule that is the core of the Information Technology Four-Year Master Plan.

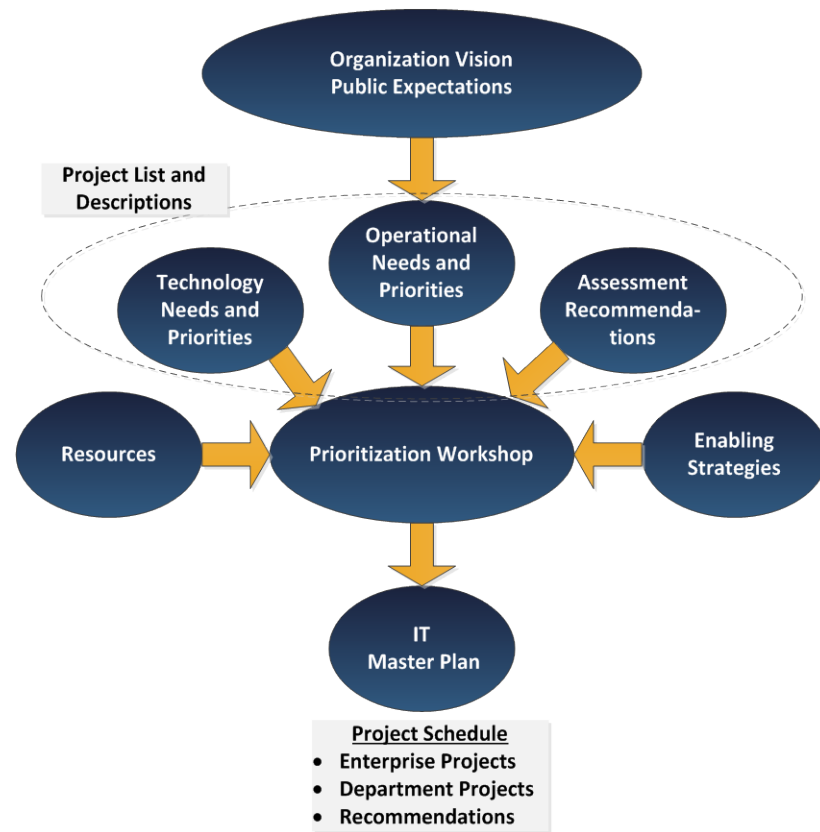


Figure 8 – Planning and Prioritization Process

The inputs to the prioritization process in developing the ITMP included:

- ◆ The organization's vision (business direction and priorities) and public expectations.
- ◆ Available resources. Although staff resources most commonly come to mind (and indeed, staff resource availability is often a critical limiting component in

planning technology projects); project funding, and particularly the ability to provide stable funding for information technology over the course of the ITMP, is similarly critical.

- ◆ The technology and operational needs and priorities that were identified by the City's users/stakeholders, IT and management.
- ◆ The identified gaps/recommendations defined through the assessment process.
- ◆ Enabling technology strategies and trends such as the integration of operational and technology planning, resource management, user-centric service delivery, and strategic sourcing, that can facilitate the achievement of the City's priorities.
- ◆ The prioritization workshop collaborative forum to collectively determine projects priorities.

3.4 Oxnard Project List

The Oxnard technology projects/initiatives identified throughout the planning and business assessment processes are provided below in Table 4, Oxnard Project List, which provides summary information for each proposed project including:

- ◆ The project status (IP – In-Process or N – New)
- ◆ The project's title and the department owner/project sponsor
- ◆ The relative level of effort (high, medium, or low)
- ◆ The estimated range of cost (low to high) in thousands of dollars
- ◆ The potential funding source if known
- ◆ The departments that would be impacted by the project

Note: The project list included here in the ITMP has gone through a series of vetting processes. All projects identified during the requirements gathering phase were documented and assigned a character letter and number to show if a project was considered IP – In-Process or N – New.

Numbering may be non-sequential or missing due to Project Prioritization Workshop activities. Projects were removed, combined or may have moved from IP to N or N to IP as well during these activities.

The list provided here represents the final projects list. Further details regarding the project Description, the project Benefits, and the Post Workshop Outcome activities (provides information on what projects were removed, combined, moved, etc.) are included as Appendix A of this document.

Table 4 – Oxnard Projects List

Status (IP = In-Process / N = New)	Project Titles (Numbering may be non-sequential or missing due to Project Prioritization Workshop activities. Projects were removed, combined or may have moved from IP to N or N to IP.)	Department Owner / Project Sponsor	Level of Effort (H - High, M - Med, L - Low)	Total Cost to Implement - Low Range (in thousands)	Total Cost to Implement - High Range (in thousands)	Pontential Funding Source	Impacted Departments
IP1	Public Works Integrated Master Plan Project	Utilities / Water	H	\$ 7,000	\$ 10,000	Operations	All
IP2	GIS Upgrade ESRI Version	City Manager's Office / Central IT	L	\$ 10	\$ 25	Internal Funds	All
IP3	Citywide Video Surveillance/Access Security	Police / Police IT	H	\$ 300	\$ 350	TBD	All
IP4	Technology Hardware Replacements and Future Funding	City Manager's Office / All IT	M	\$ 75	\$ 100	CIP Project	All
IP5	Housing Infrastructure Upgrades	Housing	M	\$ 50	\$ 75	TBD	Housing
IP7	Mobile Data Computers (MDCs) for Police Vehicles	Police / Police IT	M	\$ 650	\$ 700	Measure O	Police
IP8	Upgrade Current 9-1-1 to Next Generation 9-1-1	Police	H	\$ 150	\$ 200	Measure O	Police / Public
IP9	New Fire Station (IT Requirements)	Fire / Central IT / Police IT	M	\$ 100	\$ 150	Measure O	Fire / Police
IP10	New World Systems CAD/RMS v. 11 Upgrade	Police / Police IT	M	\$ 25	\$ 50	Measure O	Fire / Police
IP11	OnSSI Video Management Replacement	Police / Police IT	M	\$ 150	\$ 175	Cops Grant	Police
IP12	Recycled Water Billing	City Treasurer / Utilities/ Finance	M	\$ 25	\$ 50	Internal Funds	Treasurer / Utilities / Finance
IP14	Storage Network Upgrade - Police	Police / Police IT	M	\$ 50	\$ 75	Cops Grant	Fire / Police
IP15	Sturgis Network Video Recording (NVR) System Replacement	Police / Police IT	H	\$ 25	\$ 50	Cops Grant	Police
IP16	Valve Management and Maintenance System	Utilities / Water	M	\$ 75	\$ 100	TBD	Utilities / Water
IP18	Wide Area Network / Fiber Connection Upgrades	City Manager's Office / Central IT / Police IT	H	\$ 300	\$ 350	CIP Project	All
IP19	Facilities Work Order System - GPS Phones	General Services	M	\$ 25	\$ 50	Internal Funds	General Services / IT
IP20	Intelligent Transportation System (I.T.S.) Software Upgrades	Development Services	M	\$ 225	\$ 250	TBD	Development Services / Others

Table 4 – Oxnard Projects List (continued)

Status (IP = In-Process / N = New)	Project Titles (Numbering may be non-sequential or missing due to Project Prioritization Workshop activities. Projects were removed, combined or may have moved from IP to N or N to IP.)	Department Owner / Project Sponsor	Level of Effort (H - High, M - Med, L - Low)	Total Cost to Implement - Low Range (in thousands)	Total Cost to Implement - High Range (in thousands)	Pontential Funding Source	Impacted Departments
IP21	Credit Card Processing (Remote Locations)	Police / Finance / Development Services	L	\$ 10	\$ 15	Internal Funds	Finance / Other Depts.
IP22	Mobile Connectivity for Housing Inspectors	Housing	M	\$ 50	\$ 75	TBD	Housing
IP23	PACC Technology Upgrades	City Manager's Office / PACC	M	\$ 50	\$ 75	CIP/Internal Funds	PACC / Public
IP24	Utility Billing Enhancements	City Treasurer	M	\$ 75	\$ 100	Internal Funds	City Treasurer / Finance / Public
IP25	Video Surveillance at Environmental Resources Remote Sites	Utilities / Environmental Services	L	\$ 50	\$ 75	Internal Funds	Environmental Services
Total In Process Projects				\$ 9,520	\$ 13,165		
N1	Agenda Management Software	City Manager's Office	H	\$ 75	\$ 100	Internal Funding	All
N2	AssetWorks for Fleet PIER	General Services / Fleet	M	\$ 50	\$ 75	TBD	Fleet / Finance
N3	Automated Materials Handling for Library	Library	M	\$ 250	\$ 400	TBD	Library / Patrons
N4	Automated Meter Reading for Water	Utilities / Water	H	\$ 200	\$ 300	TBD	Utilities / Water / Central IT / Public
N5	Backflow Inspections for Water	Utilities / Water	M	\$ 50	\$ 75	TBD	Water
N6	Body Cameras and Supporting Infrastructure	Police	H	\$ 300	\$ 400	Cops Grant/ TBD	Police
N7	Business Tax System	City Treasurer	H	\$ 100	\$ 125	TBD	City Treasurer / Finance / Public
N8	Chameleon Animal Safety PIER	Police / Animal Safety	M	\$ 75	\$ 100	TBD	Animal Safety / Dispatch
N9	City Website Redesign/Replacement	City Manager's Office / Public Information Office	H	\$ 150	\$ 200	CIP/Internal Funds	All / Public
N10	Hansen CMMS (Customer Maintenance Management System) Review	Utilities / General Services and Others	H	\$ 750	\$ 1,250	TBD	Utilities, General Services and Others
N11	Compuweigh Billing Integration with H.T.E.	Utilities / Environmental Resources	M	\$ -	\$ 25	TBD	Environmental Resources / Finance
N12	Contract and Insurance Certificate Management	Finance / Purchasing	L	\$ 75	\$ 100	TBD	All

Table 4 – Oxnard Projects List (continued)

Status (IP = In-Process / N = New)	Project Titles (Numbering may be non-sequential or missing due to Project Prioritization Workshop activities. Projects were removed, combined or may have moved from IP to N or N to IP.)	Department Owner / Project Sponsor	Level of Effort (H - High, M - Med, L - Low)	Total Cost to Implement - Low Range (in thousands)	Total Cost to Implement - High Range (in thousands)	Pontential Funding Source	Impacted Departments
N14	Customer Relationship Management (CRM)	City Manager's Office / Communication and Public Information Office	M	\$ 75	\$ 100	Internal Funds	All / Public
N15	Cube Traffic System Upgrade	Development Services / Traffic Engineering & Operations	L	\$ 5	\$ 15	Operational	Traffic Engineering
N16	Document Management for Housing	Housing	M	\$ 75	\$ 100	TBD	Housing
N17	Documentum Post Implementation Evaluation Review (PIER) and Expansion	City Clerk	M	\$ 100	\$ 150	TBD	All
N18	EOC (Emergency Op Center) / Public Safety Satellite Connectivity	Police / Police IT	M	\$ 75	\$ 100	TBD	All
N19	Enterprise Recourse Planning (ERP) System Assessment	Finance / Purchasing	H	\$ 100	\$ 150	TBD	All
N21	Facility Maintenance System	General Services / Parks and Facilities	M	\$ 100	\$ 150	Internal Funding	Parks and Facilities
N22	Facility Park Rentals	General Services/Parks and Facilities	M	\$ 25	\$ 50	TBD	Parks and Facilities / Public
N23	Front Counter Kiosks for Police Department	Police / Police IT	L	\$ 5	\$ 10	TBD	All
N24	Grant Compliance Management	Finance / Purchasing	L	\$ 25	\$ 50	TBD	Housing / Finance / Police
N25	Green Team Projects	Development Services / Green Team	M	\$ 75	\$ 100	TBD	All
N26	GroupWise Email Evaluation, Email Archive Requirements and Consolidation	City Manager's Office / Central IT and Others	H	\$ 50	\$ 75	Internal Funding	All
N27	Human Resource Application	Human Resources	H	\$ 100	\$ 150	TBD	All
N28	IT Infrastructure Upgrades for Central IT	City Manager's Office / Central IT	H	\$ 150	\$ 200	CIP Project	All
N29	IT Infrastructure Upgrades for Police IT	Police / Police IT	M	\$ 150	\$ 200	TBD	All
N30	Internal Affairs Software	Police	M	\$ 50	\$ 75	TBD	Police
N31	Intranet Redesign/Replacement	City Manager's Office / Communication and Public	H	\$ 50	\$ 75	CIP/Internal Funds	All

Table 4 – Oxnard Projects List (continued)

Status (IP = In-Process / N = New)	Project Titles (Numbering may be non-sequential or missing due to Project Prioritization Workshop activities. Projects were removed, combined or may have moved from IP to N or N to IP.)	Department Owner / Project Sponsor	Level of Effort (H - High, M - Med, L - Low)	Total Cost to Implement - Low Range (in thousands)	Total Cost to Implement - High Range (in thousands)	Pontential Funding Source	Impacted Departments
N32	Land Management and Permitting System	Development Services / Planning	H	\$ 750	\$ 1,000	TBD	Development Services / Planning
N33	Library & HR Meeting Room A/V Equipment	Library / Human Resources	L	\$ -	\$ 25	Internal Funding	Library / All
N34	Library Self Checkout	Library	M	\$ 75	\$ 100	TBD	Library / Public
N35	License Plate Recognition	Police	M	\$ 75	\$ 100	TBD	Police
N36	Establish a Makerspace at the Library	Library	L	\$ 50	\$ 75	TBD	Library / Public
N37	Recreation Membership Management	Recreation and Community Services	L	\$ -	\$ 25	TBD	Recreation and Community Services / Seniors
N40	PC / Laptop Replacements for Police IT	Police / Police IT	H	\$ 50	\$ 75	TBD	Police
N42	Public Permit Search	Development Services / Planning	L	\$ 10	\$ 25	TBD	Development Services / Planning / Public
N43	Implement Tools for Public Communications	City Manager's Office / Communication and Public Information Office	L	\$ 25	\$ 50	TBD	All
N44	Radio Infrastructure Assessment and Support	Police / Fire	M	\$ 100	\$ 150	TBD	Police / Fire / Others
N45	Radio Frequency ID (RFID) for Library Materials	Library	M	\$ 75	\$ 100	TBD	Library / Public
N46	SCADA Upgrade for Water	Utilities / Water	H	\$ 300	\$ 350	CIP Project	Water
N47	Scheduling Application for Police	Police	M	\$ 50	\$ 100	TBD	Police / Utilities
N48	Solid Waste Management System	Utilities / Environmental Resources	M	\$ 100	\$ 125	TBD	Environmental Resources
N50	Citywide Time and Attendance System	Finance	H	\$ 50	\$ 100	TBD	All

Table 4 – Oxnard Projects List (continued)

Status (IP = In-Process / N = New)	Project Titles (Numbering may be non-sequential or missing due to Project Prioritization Workshop activities. Projects were removed, combined or may have moved from IP to N or N to IP.)	Department Owner / Project Sponsor	Level of Effort (H - High, M - Med, L - Low)	Total Cost to Implement - Low Range (in thousands)	Total Cost to Implement - High Range (in thousands)	Pontential Funding Source	Impacted Departments
N51	Traffic Accident/Incident Data	Development Services/Traffic Engineering & Operations	L	\$ 25	\$ 50	TBD	Traffic Engineering
N52	Tree Management System	General Services / Parks and Facilities	L	\$ 50	\$ 75	TBD	Parks and Facilities / Public
N55	Video Conferencing at Library	Library	L	\$ 25	\$ 50	TBD	Library / All
N56	Virtualization & Storage Area Network (SAN)	City Manager's Office / Central IT	M	\$ 75	\$ 100	CIP Project	Central IT / All
N57	Waste Vehicle GPS / Dash Camera Enhancements	Utilities / Environmental Resources	L	\$ 50	\$ 75	TBD	Environmental Resources
N58	Waste Vehicle Routing System	Utilities / Environmental Resources	M	\$ 75	\$ 100	TBD	Environmental Resources
N59	Downtown Wi-Fi Pilot Project	City Manager's Office / Central IT	H	\$ 25	\$ 50	TBD	Central IT / All
N60	Sewer Asset Management and Maintenance System	Utilities	M	\$ 50	\$ 75	TBD	Utilities
Total New Projects				\$ 5,520	\$ 8,100		
Total In-Process Projects				\$ 9,515	\$ 13,160		
Total In-Process and New Projects				\$ 15,035	\$ 21,260		

3.5 Project Prioritization Workshop

The Project Prioritization workshop was conducted on July 8, 2015 with all City departments represented at the 3 hour session. The agenda included briefing the participants on the methodology to be used and the “ground rules” for the workshop including:

- ◆ That the participants were all working from a common framework.
- ◆ That each participant would have the opportunity to voice their opinions, and that the group would openly consider each other’s concerns and suggestions.
- ◆ That the participants would actively support the group's decisions.
- ◆ That the participants were prepared and committed to working together.

In addition, the workshop activities included confirming participants understanding of the projects identified in the project list and that they would have the opportunity to add any missing projects during the course of the workshop

The prioritization process of the projects was guided by a number of key factors including:

- ◆ Need/business value.
- ◆ Dependencies on other projects.
- ◆ Availability of the resources needed to complete the project.
- ◆ Projects identified as Enterprise projects: High-priority IT initiatives that were identified by City stakeholders and that benefit the operation of the City as a whole.
- ◆ Establishing the high-level timeline using NexLevel’s “Bluewall” methodology and the collaborative development

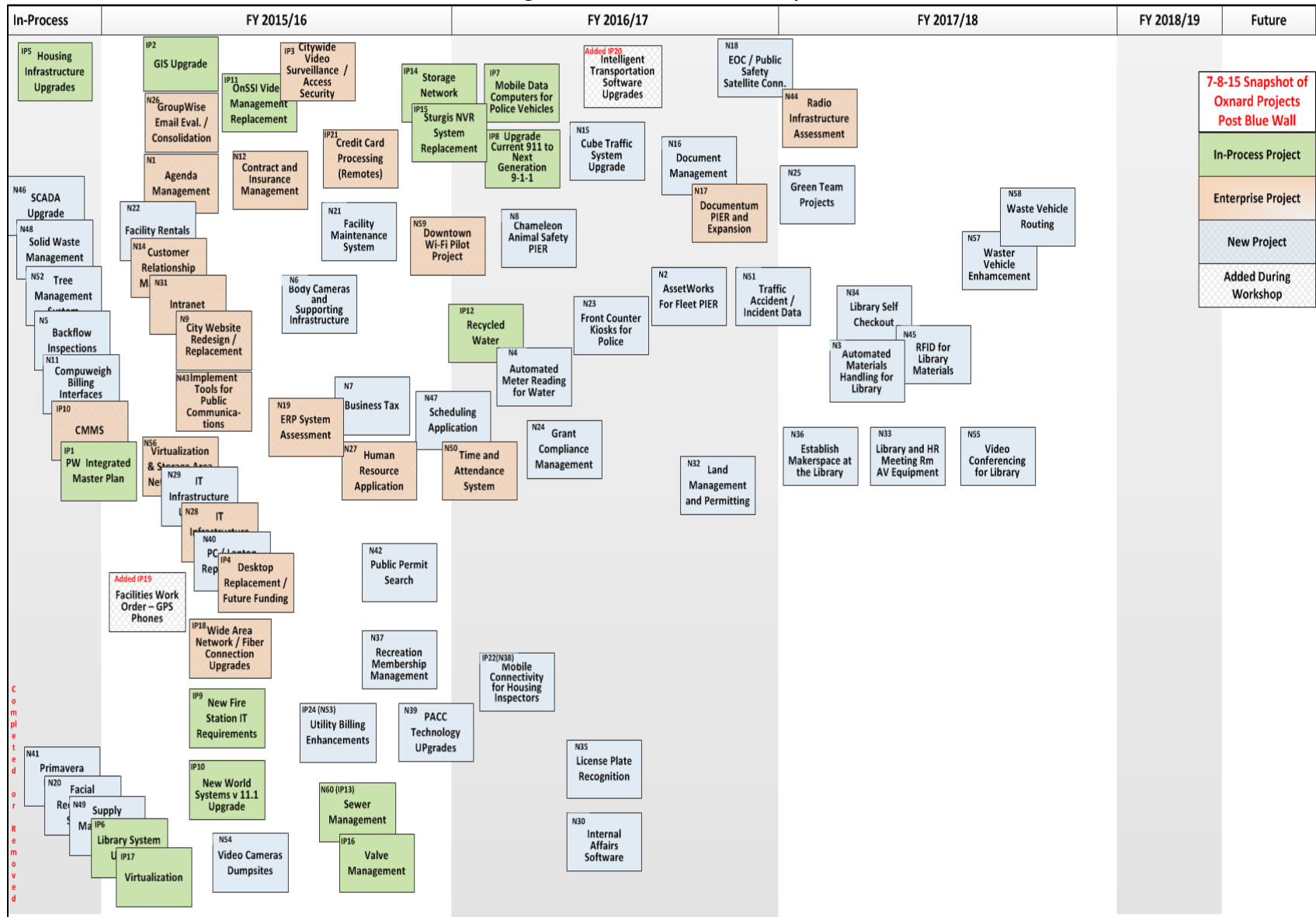
of the project timeline on a project-by-project basis to the satisfaction and agreement of all participants.

- ◆ Reviewing the next steps.

Figure 9, Oxnard “Bluewall” Snapshot, depicts the results of the workshop based on initial input from participants during the “Bluewall” activities on July 8th. Projects were plotted by the participants along a timeline that depicted “In-Process” projects, those projects identified to take place within specific fiscal years (FY 2015/2016 to FY 2018/2019,) and projects that could not be placed in a timeframe by the participants, which were scheduled for “Future.”

Please note that during the prioritization workshop participants identified projects that could be consolidated, and these are identified within the following graphics. Please refer to the project detailed descriptions in Appendix A for Post Workshop Outcome information and full details of combined projects, removed projects and projects that moved from In-Process to New or New to In-Process.

Figure 9 – Oxnard “Bluewall” Snapshot



3.6 ITMP Roadmap

The resulting strategic information technology master plan project timeline is detailed below in the following figures and tables:

Figure 10, Projects by Fiscal Year, represents the City's projects prioritization based on the fiscal year the projects are slated to start. Organized by:

- ◆ By fiscal year order
- ◆ Within fiscal year projects were ordered first by projects that were identified to be Enterprise (Peach color)
- ◆ Then by In-Process projects (Green color)
- ◆ And last by New projects (Blue color)

Table 5, Project Schedule for Enterprise and Department Projects, for each project the schedule shows:

- ◆ The name of the project
- ◆ The estimated duration of the project in months
 - Inclusive of Project Planning, Project Work and Project PIER (Post Implementation Evaluation Review)
 - Symbols are used in the timeline for each project to identify the above activities
- ◆ The timeline includes Fiscal Year 2015/16, Fiscal Year 2016/2017, Fiscal Year 2017/2018, Fiscal Year 2018/2019 and Future for those projects that would be scheduled beyond FY 2018/2019 or whose start date could not be determined by the participants at this time

Figure 10 – Projects by Fiscal Year

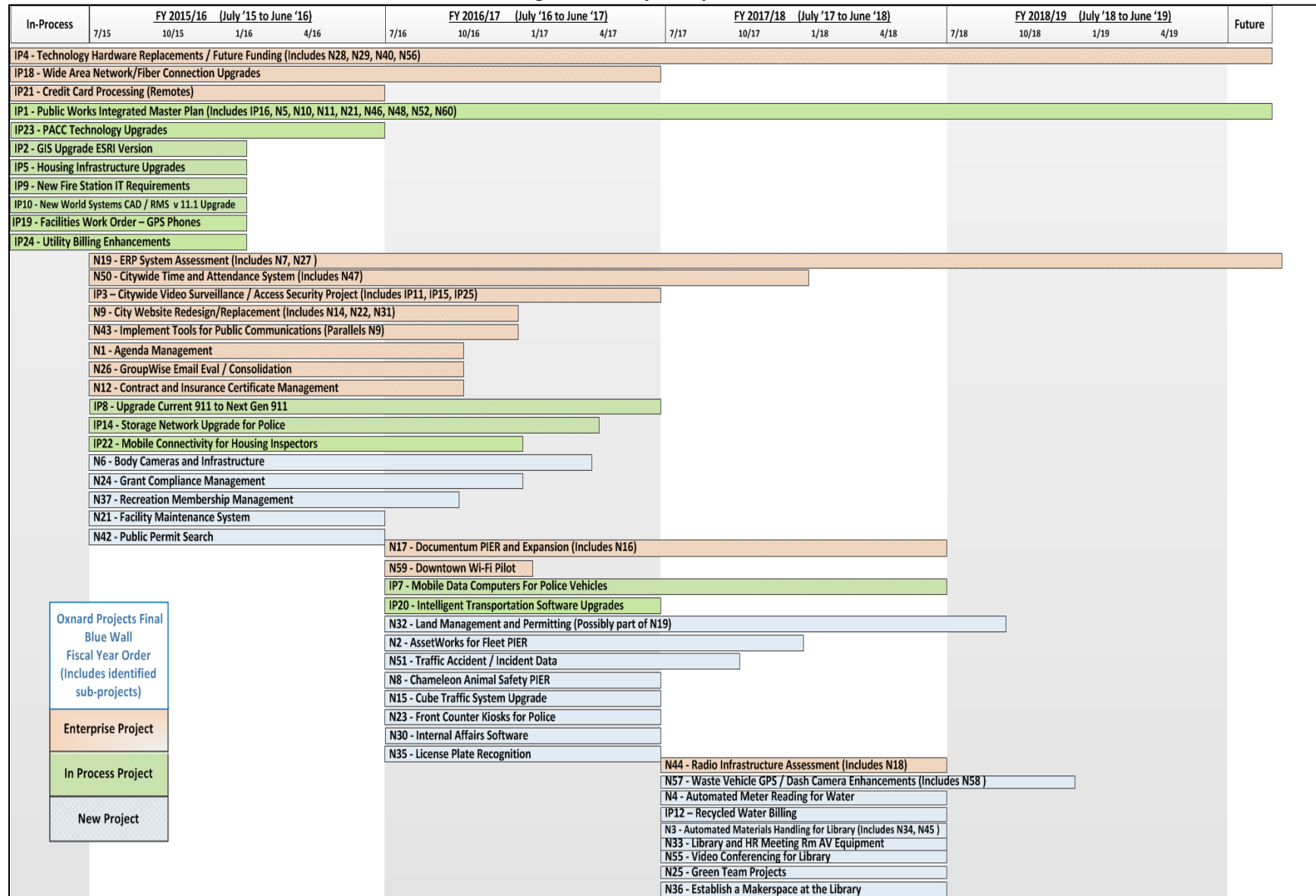


Table 5 – Project Schedule for Enterprise and Department Projects

IP = In-Process / N = New	LEGEND: ♦ Project Planning ■ Project Work ○ Post Implementation Evaluation Review ■																					
	The projects identified as starting in a Fiscal Year in Figure 10 have been further broken down by Project Planning, Project Work and Post Implementation Evaluation Review phases.																					
		FY 14/15				FY 2015/16				FY 2016/17				FY 2017/18				FY 2018/19				Future
	Project Names (Includes Projects #'s that were identified as part of a primary project)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	
IP4	Technology Hardware Replacements and Future Funding (Includes N28, N29, N40, N56)																					
IP18	Wide Area Network / Fiber Connection Upgrades																					
IP21	Credit Card Processing (Remote Locations)																					
IP1	Public Works Integrated Master Plan Project (Includes IP16, N5, N11, N21, N46, N48, N60)																					
IP23	PACC Technology Upgrades																					
IP2	GIS Upgrade ESRI Version																					
IP5	Housing Infrastructure Upgrades																					
IP9	New Fire Station (IT Requirements)																					
IP10	New World CAD / RMS Systems v. 11 Upgrade																					
IP19	Facilities Work Order System - GPS Phones																					
IP24	Utility Billing Enhancements																					
N19	Enterprise Resource Planning (ERP) System Assessment (Includes N7, N27, possibly N32)																					
N50	Citywide Time and Attendance System (Includes N47)																					
IP3	Citywide Video Surveillance/Access Security (Includes IP11, IP15, IP25)																					
N9	City Website Redesign / Replacement (Includes N14, N22, N31)																					
N43	Implement Tools for Public Communications (Parallels N9)																					
N1	Agenda Management Software																					
N26	GroupWise Email Evaluation, Email Archive Requirements/Consolidation																					
N12	Contract and Insurance Certificate Management																					
IP8	Upgrade Current 9-1-1 to Next Generation 9-1-1																					
IP14	Storage Network Upgrade - Police																					
IP22	Mobile Connectivity for Housing Inspectors																					

Table 5 – Project Schedule for Enterprise and Department Projects (Continued)

P = In Progress / N = New	LEGEND: Project Planning Project Work Post Implementation Evaluation Review																										
	The projects identified as starting in a Fiscal Year in Figure 10 have been further broken down by Project Planning, Project Work and Post Implementation Evaluation Review phases.																										
		FY 14/15	FY 2015/16					FY 2016/17					FY 2017/18					FY 2018/19					Future				
	Project Names (Includes Projects #'s that were identified as part of a primary project)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4									
	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J	J A S	O N D	J F M	A M J										
N6	Body Cameras and Supporting Infrastructure																										
N24	Grant Compliance Management																										
N37	Recreation Membership Management																										
N21	Facility Maintenance System																										
N42	Public Permit Search																										
N17	Documentum (PIER) and Expansion (Includes N16)																										
N59	Downtown Wi-Fi Pilot Project																										
IP7	Mobile Data Computers (MDCs) for Police Vehicles																										
IP20	Intelligent Transportation System (I.T.S.) Software Upgrades																										
N32	Land Management and Permitting System (Possibly part of N19)																										
N2	AssetWorks for Fleet PIER																										
N51	Traffic Accident / Incident Data																										
N8	Chameleon Animal Safety PIER																										
N15	Cube Traffic System Upgrade																										
N23	Front Counter Kiosks for Police Department																										
N30	Internal Affairs Software																										
N35	License Plate Recognition																										
N44	Radio Infrastructure Assessment and Support (Includes N18)																										
N57	Waste Vehicle GPS / Dash Camera Enhancements (Includes N58)																										
N4	Automated Meter Reading for Water																										
N3	Automated Materials Handling for Library (Includes N34, N45)																										
IP12	Recycled Water Billing																										
N33	Library & HR Meeting Room A / V Equipment																										
N55	Video Conferencing at Library																										
N25	Green Team Projects																										
N36	Establish a Makerspace at the Library																										

4. Conclusion

In closing, it is appropriate to comment on the nature of information technology and the establishment of a foundation for the effective use of business application systems. Figure 11, Technology Expenditures and Return on Investment – presented on the following page, depicts the relationships between the components of an organization's information technology infrastructure, the organizations cumulative total cost of ownership (TCO) for information technology, and the return on investment (ROI) for those expenditures.

The implementation of any end-user business application (and the ability for an organization to realize its benefits) is dependent on the successful implementation and support of all of the supporting components of the information technology infrastructure. This includes the shared infrastructure (including servers, storage devices, and network capabilities), user infrastructure such as desktop computers and other enabling technologies. The ROI is proportional to the total cost of ownership.

Weaknesses in any of these supporting components can significantly impede the effectiveness of a business application by reducing availability, performance, and reliability. Faced with an application that is slow or not available due to infrastructure issues, users often resort to the use of ad-hoc databases and spreadsheets. These "shadow IT" applications defeat the basic reasons for implementing an integrated business suite in the first place and further reduce the organization's ROI while introducing significant security and data consistency issues.

Therefore, it is important for the City to look at its overall technology environment at a high (strategic) level and ensure that the foundation for all applications remains solid. The IT Master Plan

is a valuable tool to ensure technology is procured, implemented, and managed in a cost-effective approach that maximizes the benefits to the City and its customers.

The ITMP is a result of a comprehensive, planning effort that provided the opportunity for management and staff to review, discuss, and integrate their technology needs into a common framework. It provides a common understanding of the City's technology priorities and serves as a tool to provide an overall pictures of what is to be accomplished and why.

While the creation of the Information Technology Four-Year Master Plan represents the culmination of one step in the planning process, it marks the beginning of another step – one through which City leaders must work together to create an environment that supports the plan. Central IT and the other IT service groups must now work in concert with City management, leaders, and staff as they begin a journey to create an organizational sense of purpose that goes much deeper than any vision statement, mission statement, or plan can communicate.

Support of the ITMP will need to come in terms of priorities, funding, policies and practices. Successful implementation may mean making compromises, and it will mean exercising patience, taking an organization-wide perspective, and maintaining a continued focus on revising the plan as events take place. And finally, it will take cooperation, communication and flexibility to adapt to changing needs, technologies and resources.

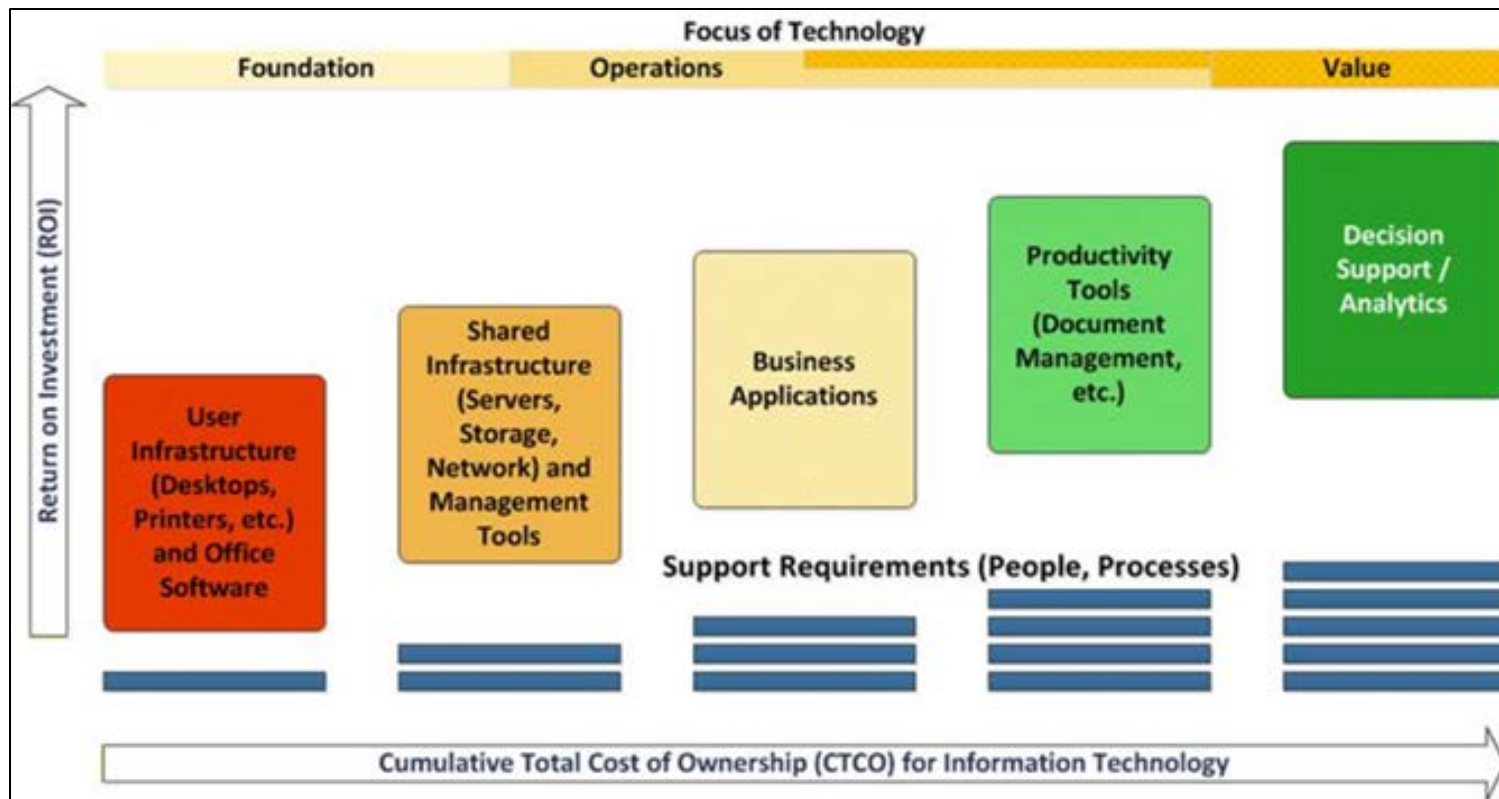


Figure 11- Technology Expenditures and Return on Investment

5. Appendix A – Project Detailed Descriptions

City of Oxnard - In-Process Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
IP1	Public Works Integrated Master Plan <i>Department Owner - Water / Wastewater</i> <i>Status: In-Process</i>	Description: The City is just completing the Public Works Integrated Master Plan project. The driving force besides updating the General Plan was to look at the current CMMS (Computer Maintenance Management System) in place at the City. The new plan will provide direction to address the City needs and to help streamline work flow, improve cost-effectiveness, and improve performance of Public Works functions. The resulting plan is expected to identify and recommend areas for technology improvements to better meet the service needs of the City, including Capitol Improvement Planning system, Modeling and Simulation (water, wastewater, storm water, and pavement condition), Project Management/Construction Management system, and a document management system with GIS interface. The first phase will focus on CMMS and will be followed by possible additional modules that could take advantage and leverage the same system for Tree Management, Solid Waste Management, etc. Benefits: Improvements to processes through technology systems, integrated solutions and automated workflows. Post Workshop Outcome: The following In-Process Projects were identified during the Prioritization Workshop as possible components of the Public Works Integrated Master Plan project: N4 - Automated Meter Reading for Water, N5 - Backflow Inspections, N10 - Hansen CMMS (may include N21 - Facility Maintenance System, N60 - Sewer Management System and IP16 Valve Management), N46 - SCADA Upgrade, N48 - Solid Waste Management System, N11 - Compuweigh Billing Interfaces, and N52 - Tree Management System.
IP2	GIS Upgrade ESRI Version <i>Department Owner - City Manager's Office / Central IT</i> <i>Status: In-Process</i>	Description: This project is to complete the GIS (Geographic Information System) upgrade to the current ESRI version (10.3.1 server). Migration includes moving from ArcGIS 10.0 SQL2008 to ArcGIS 10.3.1 SQL2012 databases along with a web based application interface for users. The ESRI upgrade also includes migrating python scripts that perform nightlight updates of HTE data that is mapped and displayed in the GIS and also supports the New World CAD / RMS. Benefits: Resolves limited number of licenses issue; dated technology will be replaced with current versions.
IP3	Citywide Video Surveillance / Access Security <i>Department Owner - Police IT</i> <i>Status: In-Process</i>	Description: This project is to review facility access (need to move to one single facility access control system), update and replace video cameras throughout the City, add video storage and other security initiatives. The project was initiated and then placed on hold due to limited funding. In addition, viewing of video from the Security Operations Center (SOC) of the Oxnard Transit Center (OTC) is at risk due to hardware failures on the Oxnard Transit Center Network Video Recording. Benefits: Increased security and safety for public facilities. Post Workshop Outcome: During the prioritization workshop IP11 - OnSSI Video Management Replacement, IP15 - Sturgis NVR System Replacement, and IP25 (was N54) - Video Cameras (Dumpsites) were identified to be part of the citywide security project. The City renamed the project Citywide Video Surveillance / Access Security.

City of Oxnard - In-Process Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
IP4	Technology Hardware Replacements and Future Funding Department Owner - City Manager's Office / All IT Status: In-Process	Description: This project is to complete the rollout of refreshment PC's currently underway within Central IT and to reestablish the replacement policies for all City desktops and future annual funding for PC replacements. This should be an on-going annual budget line for all (City, Fire, Housing and Library) future desktop refreshments, infrastructure enhancements, and other ongoing technology hardware needs. Benefits: Reduction in equipment down time; improve user productivity; migration of operating software to current versions; eliminate the existing obsolete Microsoft operating system (XP) security risk. Ensure that City infrastructure continues to support City technology requirements. Post Workshop Outcome: During the prioritization workshop, the following projects were identified to be part of the over-all City approach to address current and future replacement and funding for city-wide desktops, infrastructure, servers, storage and peripheral hardware needs: N28 & 29 - IT Infrastructure Upgrades, N40 - PC / Laptop Replacements, N56 - Virtualization & Storage Area Network (SAN).
IP5	Housing Infrastructure Upgrades Department Owner - Housing Status: In-Process	Description: Infrastructure upgrades are underway including server virtualization, operating system upgrades and firewall upgrades. This project is to complete the identified upgrades. Benefits: Maintaining core infrastructure results in efficiency and security. Post Workshop Outcome: This project is underway and is expected to be completed by December 2015. Future infrastructure upgrades should fall under IP4 - Technology Hardware Replacements and Future Funding.
IP6	Library System Upgrade Department Owner - Library Status: In-Process	Post Workshop Outcome: This project was removed during Prioritization Workshop by the department.
IP7	Mobile Data Computers (MDCs) for Police Vehicles Department Owner - Police IT Status: In-Process	Description: The current fleet of Police MDC's is over 4 years old. This effort includes replacing approximately 150 aging Police and Fire Mobile Data Computers. This project is to replace the identified equipment with new mobile data computers (MDCs) and move 80 Police MDCs to front vehicle mounts. Benefits: Replaces old equipment with current technology. Post Workshop Outcome: This project though noted as In-Process prior to the workshop was assigned a December 2016 start time.
IP8	Upgrade Current 9-1-1 to Next Generation 9-1-1 Department Owner - Police Status: In-Process	Description: Next Generation 9-1-1 (NG9-1-1) is an initiative to improve public emergency communications services and is intended to replace the existing 9-1-1 system. NG9-1-1 will enable the public to transmit text, images, video and data to 9-1-1 call centers. This project is to complete the remaining project items, including software upgrades to New World Systems to support NG9-1-1 features as the Federal Government completes and rolls out the standards. The data will be stored on storage devices within the Public Safety network that is accessible to the New World Systems servers and 911 phone system. Benefits: Enhanced public safety.

City of Oxnard - In-Process Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
IP9	New Fire Station (IT Requirements) Department Owner - Fire / Central IT / Police IT Status: In-Process	Description: A new City Fire station is under construction. This project is to identify and implement the necessary technology to address the information technology requirements (i.e. voice and data lines, fire station alerting system, computers and printers). Benefits: Provision of technology tools for new fire facility.
IP10	New World Systems CAD/RMS v. 11 Upgrade Department Owner - Police IT Status: In-Process	Description: This upgrade is required for continued GIS compatibility with the City ESRI software. The recent City GIS changes require the next iteration of New World Systems CAD / RMS / MDC software. This project is to complete the software upgrade. Benefits: Required for continued GIS compatibility.
IP11	OnSSI Video Management Replacement Department Owner - Police Status: In-Process	Description: The OnSSI Video system requires replacement at the City Police Headquarters. This project is to replace existing OnSSI video management system within a Milestone Video Management Solution to integrate with Security Operations Center, Oxnard Transit Center and others. Benefits: Provides advanced equipment. Post Workshop Outcome: During the Prioritization Workshop project IP11 - OnSSI Video Management Replacement was identified to be part of IP3 - that was renamed Citywide Video Surveillance / Access Security Project.
IP12	Recycled Water Billing Department Owner - City Treasurer / Utilities / Finance Status: In-Process	Description: A new City program will offer recycled water. This project is to complete the necessary data billing processes and technology needed to successfully implement this new program. Benefits: Potable water conservation for the community; tools to manage the consumption billing. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be included as part of N4 - Automated Meter Reading project and then subsequently separated.
IP13	Sewer Asset Management and Maintenance System Department Owner - Utilities Status: New	Post Workshop Outcome: During the Prioritization Workshop project IP13 - was changed from an In-Process project to a New project. See N60 - Sewer Asset Management and Maintenance System.
IP14	Storage Network Upgrade - Police Department Owner - Police Status: In-Process	Description: The Police storage network requires upgrading and associated training to support. This project is to upgrade the storage network to 10Gb with Juniper equipment, cabling, necessary labor, future maintenance and training for support staff. Benefits: Address current and future data storage requirements. Post Workshop Outcome: Future infrastructure upgrades should fall under IP4 - Technology Hardware Replacements and Future Funding.

City of Oxnard - In-Process Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
IP15	Sturgis Network Video Recording (NVR) System Replacement Department Owner - Police Status: In-Process	Description: The Sturgis NVR (Network Video Recorders) system has not been running all video feeds for several years. This project is to address the thirteen of the thirty-four video feeds that have been down at Sturgis with a replacement system. Benefits: Replaces non-functioning network video recording. Post Workshop Outcome: After Prioritization Workshop project IP15 - Sturgis NVR (Network Video Recorders) System Replacement was identified to be part of IP3 - that was renamed Citywide Video Surveillance / Access Security Project.
IP16	Valve Management and Maintenance System Department Owner - Utilities / Water Status: In-Process	Description: The City is working with a consultant to complete a Valve Management program. This project is to complete the recommended solution and address the future use of field laptops to capture valve maintenance and GPS (Geographic Positioning System) coordinates to associate all data with GIS. Benefits: Implementation of these enhancements will improve efficiency for field staff and overall valve management. Post Workshop Outcome: During the Prioritization Workshop this project was associated with N10 - CMMS.
IP17	Virtualization Department Owner - Police / Police IT Status: In-Process	Post Workshop Outcome: This project was removed during Prioritization Workshop by the department.
IP18	Wide Area Network / Fiber Connection Upgrades Department Owner - City Manager's Office / Central IT / Police Status: In-Process	Description: The Traffic division installed fiber cabling throughout the City for traffic signal management. Additional fiber strands were installed to provide high-speed access to add City / Police / Fire facilities to the wide area network. This project will upgrade wide area network connectivity to the locations that currently have slower network speeds. Phase 1 includes Wastewater and the Performing Arts Convention Center, and will be followed by Phase 2 to complete additional Fire locations and City facilities. Benefits: Increased staff productivity through access to internal systems.
IP19	Facilities Work Order System - GPS Phones Department Owner - General Services Status: In-Process	Description: The assignment of work orders for maintenance of City facilities, parks, etc. is currently manual. This project is to complete the in-house system that will provide work order assignment via City assigned GPS phones. The system provides mobile access to the work orders and staff will be able to capture pre and post work pictures of work via mobile phones. Benefits: Increased staff productivity and management of completed activities. Post Workshop Outcome: This project was added during the Prioritization Workshop as In-Process.
IP20	Intelligent Transportation System (I.T.S.) Software Upgrades Department Owner - Development Services Status: In-Process	Description: The City completed the initial 8 million dollar project to install the fiber infrastructure for the City. This project is to provide the remaining \$250,000 funding to complete connectivity and to enable use of the system as planned to meet the department needs. Benefits: Will provide full utilization of installed network. Post Workshop Outcome: Added as an In-Process Project to be completed during Prioritization Workshop.

City of Oxnard - In-Process Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
IP21	Credit Card Processing (Remote Locations) Department Owner - Finance Status: In-Process	Description: Currently all credit card transactions are centrally processed for the City. This project is to consider accepting credit card payments at remote city locations. The initial request was for the Police front counter, but additional City needs and locations should be considered. Benefits: Staff and public efficiencies and time savings. Post Workshop Outcome: This project was previously labeled N13 - Credit Card Processing and moved to an In-Process, IP21 during Prioritization Workshop.
IP22	Mobile Connectivity for Housing Inspectors Department Owner - Housing Status: In-Process	Description: Housing uses the Yardi System to manage 772 housing units under the City's responsibility. This project is to provide mobile access to allow the housing inspectors to create and close work orders remotely. Benefits: Increase staff efficiency. Post Workshop Outcome: Project was previously labeled N38 and was moved to an In-Process project during the Prioritization Workshop and is now IP22 - Mobile Connectivity for Housing Inspectors.
IP23	PACC Technology Upgrades Department Owner - City Manager's Office / Performing Arts and Convention Center Status: In-Process	Description: This project is to upgrade the technology that supports the Performing Arts Community Center (PACC). The software is used to schedule banquet rooms, theater events, print tickets, etc. The hardware is obsolete and cannot support the software application updates. There is no acceptable Wi-Fi signal in the facility and customers expect Wi-Fi to be available when they rent the banquet and meeting rooms. Benefits: Upgrade technology to support PACC activities and provide expected rental amenities. Post Workshop Outcome: Project was previously labeled N39 and was moved during the Prioritization Workshop to an In-Process project and labeled IP23.
IP24	Utility Billing Enhancements Department Owner - City Treasurer Status: In-Process	Description: The HTE system is used to support customer utility billing processes and management. Desired enhancements include paperless billing, monthly electronic auto-pay, the ability to email bills and to provide payment kiosks. Phase 1 of the project is to complete the upgrade to Click2Gov component. Benefits: Improve billing efficiency and payment processing. Post Workshop Outcome: Project was previously labeled N53 and was moved during the Prioritization Workshop to an In-Process project and labeled IP24.
IP25	Video Surveillance at Environmental Resources Remote Sites Department Owner - Utilities / Environmental Services Status: In-Process	Description: The City routinely has to clean up common dump areas that are not authorized by the City. This project is to continue to provide the necessary equipment to post cameras at identified locations to capture the parties who are dumping illegally. Benefits: Assist in preventing illegal dumping and provide a means to identify and prosecute guilty parties. Post Workshop Outcome: Project was previously labeled N54 and was moved during the Prioritization Workshop to an In-Process project and labeled IP25. Additionally, IP25 - Video Cameras (Dumpsites) was renamed as Video Surveillance at Environmental Resources Remote Sites and identified to be part of IP3 - that was renamed Citywide Video Surveillance / Access Security Project.

City of Oxnard - New Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
N1	Agenda Management Software <i>Department Owner - City Manager's Office</i> <i>Status: New</i>	Description: A cost saving measure and in-house method was developed to support the creation of staff reports for the City Council agenda. The process is supported using restricted access to shared folders and manual file transfer to simulate an automated workflow. This project would identify a commercial-off-the-shelf (COTS) system to provide electronic report creation, automated workflow review, electronic approval processing and automated generation of the City agendas. Benefits: Reduce department staff time required to support agenda creation; ensures consistency in managing creation and approvals of agenda items.
N2	AssetWorks for Fleet PIER <i>Department Owner - General Services / Fleet</i> <i>Status: New</i>	Description: The AssetWorks fleet management software successfully tracks the maintenance and repair of the City's fleet of vehicles (Fire, Police, Public Works, Facilities Maintenance). The system has a custom interface with the on-site NAPA parts vendor. The 25 plus laptops originally purchased by the department and used by the mechanics are at end of life. This project would conduct a PIER (post implementation evaluation review) of the application's additional features, possible enterprise interfaces and would include an evaluation of the AssetWorks hosted (cloud) solution. In addition, the laptops should be added to the future refreshment cycle. It is expected that a software upgrade and new servers will be needed. Benefits: Ensure the system is being leveraged to its capacity; refresh hardware; evaluate the in-house and hosted models to determine the better solution for the City.
N3	Automated Materials Handling for Library <i>Department Owner - Library</i> <i>Status: New</i>	Description: Automated Materials Handling (AMH) technology reduces the amount of time required to re-shelve library materials. Each item in the collection has an RFID (Radio Frequency ID) tag and automated sorters replace manual sorting. Benefits: Efficiency; reduced staff hours required to re-shelve materials allowing staff to be reallocated to other activities; materials available to patrons faster; lower risk of repetitive motion injury. Post Workshop Outcome: During the Prioritization Workshop the following projects were identified as subsets of this project: N34 - Library Self Checkout, and N45 - Radio Frequency ID (RFID) for Materials Handling projects.
N4	Automated Meter Reading for Water <i>Department Owner - Utilities / Water</i> <i>Status: New</i>	Description: The current automated meter reading (AMR) system is failing and approximately 10,000 re-reads are required each year. This project is to identify the options available and determine how the City will proceed with replacing the aging AMR meter reading system with consideration of the capital costs, installation requirements and technical requirements. Benefits: Roadmap to upgrade the current meter reading solution. Automates the collection of water usage electronically, provides early detection of unusual water usage and provides the customer ability to see usage. Post Workshop Outcome: During the prioritization workshop this project was identified to include IP12 - Recycled Water project. N4 - Automated Meter Reading for Water was further identified to be part of IP1 - Public Works Integrated Master Plan.
N5	Backflow Inspections for Water <i>Department Owner - Utilities / Water</i> <i>Status: New</i>	Description: To support backflow inspections and fees, a method was developed using the Hansen CMMS and HTE utility billing systems. In addition, an Access database is used for inspection scheduling. This project would procure a COTS (commercial-off-the-shelf) system to support backflow inspections and fee collection within a single solution. Benefits: Increased efficiency by reducing the processes required to support backflow inspection activity. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be part of IP1 - Public Works Integrated Master Plan Project outcome recommendations.

City of Oxnard - New Projects		
(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)		
N6	Body Cameras and Supporting Infrastructure Upgrades Department Owner - Police Status: New	Description: This project would implement Police officer body-worn cameras to capture and support evidence and increase both public and officer safety. The project scope may include network infrastructure upgrades to support storage of the additional audio / visual recordings and on-going maintenance. Benefits: Increased transparency, expedite resolution of citizen complaints or lawsuits and improve evidence for arrest and prosecution.
N7	Business Tax System Department Owner - City Treasurer Status: New	Description: The HTE business tax functionality is used as the basis for processing applications and renewals, but the application is inflexible and requires extensive manipulation and workarounds in order to meet processing requirements. This project would begin with an analysis of the City business tax structure and recommendation and follow with a formal procurement to identify a COTS (commercial-off-the-shelf) system that will better meet the needs of the City. Desired enhancements include a web interface to provide customers with the convenience of online applications, payment processing and electronic renewals. Benefits: Efficiency for the customers and staff. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be included in N19 - ERP System Assessment. May result in a system to support this functional area or remain part of current / future ERP system.
N8	Chameleon Animal Safety PIER Department Owner - Police / Animal Safety Status: New	Description: Animal Services uses the Chameleon system to support animal licensing and enforcement activity. This project would complete a PIER (post implementation evaluation review) of the system and identify additional features and functionality available. Desired system enhancements include automated electronic renewals and online payments, hand-held ticketing and the ability for staff to accept payments remotely. Benefits: Enhanced customer service and Police staff efficiency.
N9	City Website Redesign/Replacement Department Owner - City Manager's Office / Public Information Office Status: New	Description: During interviews, many departments mentioned that the current City website is not easily updated due to staff reductions. The departments have no means to edit or add to the their department pages within the customized, in-house managed website. This project will analyze the long term strategy for the City website to move to a COTS (commercial-off-the-shelf) solution, providing departments the ability to edit and update their pages without assistance. The analysis should result in direction on standardization to www.oxnard.org, address future e-commerce requirements, determine if the website support should move back to IT and the potential need for a dedicated support resource. During evaluation of a future COTS solution, consideration should include consolidation to a single COTS system, include a CRM, and provide the City with an Intranet tool. The Inter-department Public Communications Team (out of the City Manager's office) will run in parallel to set policies and procedures for city wide Public Communications. Benefits: A COTS system will allow departments the ability to maintain their own pages and provide the City an opportunity to update the website. Post Workshop Outcome: During the Prioritization Workshop the following projects were identified to be included in this project: N14 - Customer Relationship Management (CRM), and N22 - Facility Rentals, N31 - Intranet. The N43 - Public Communications project is currently starting and will run parallel.

City of Oxnard - New Projects		
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N10	Hansen CMMS (Computer Maintenance Management System) Review <i>Department Owner - Utilities / General Services and Others</i> <i>Status: New</i>	Description: The Hansen CMMS (Computer Maintenance Management System) application supports work order management for potholes and sidewalks. The application is an older version of Hansen. Other maintenance management system needs include streets, parks, medians, facilities, playgrounds and graffiti. Integration with GIS is required and integration with the ERP/HR/Payroll system is desired. This project would begin with an assessment of the CMMS needs, followed by a determination if the current Hansen system is a viable solution. If it is determined that the Hansen application cannot meet the City's needs, the project would continue with a CMMS system procurement to meet all City department needs. (Note: This will work in tandem with the activities and results of the in progress Carollo project.) Benefits: Increased efficiency and ability to track and manage asset activities, resource scheduling, preventive maintenance work orders, capital planning/budgeting, reporting, field / mobile access, inventory management and timekeeping. Post Workshop Outcome: During the Prioritization Workshop this project was identified as part of expected recommendations based on IP1 - Public Works Integrated Master Plan Project. N10 - Hansen CMMS may include IP16 - Valve Management and Maintenance System, N5 - Backflow Inspections, N21 - Facility Maintenance System, N60 - Sewer Management System, and N52 - Tree Management System.
N11	Compuweigh Billing Integration with HTE <i>Department Owner - Utilities / Environmental Resources</i> <i>Status: New</i>	Description: The City now manages the Del Norte Waste Facility. This project is to review the manual billing processes to determine if the HTE system can support billing activity. Integration with the Facility's point of sale system to Treasury to replace manual reconciliation is desired. Benefits: Increased efficiency through automation to eliminate manual billing processes. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be part of IP1 - Carollo Engineers Project.
N12	Contract and Insurance Certificate Management <i>Department Owner - Finance / Purchasing</i> <i>Status: New</i>	Description: Contract expiration is currently tracked using a custom Access database. This project is to establish the systems and procedures to manage and track the expiration of contracts and certificates of insurance. The Documentum document management system may provide a limited solution. Integration with the purchasing module in the ERP system would further support procurement best practices, i.e. a purchase order could not be issued if an approved contract was not on file. Benefits: Consistent contract and insurance certificate management.
N14	Customer Relationship Management (CRM) <i>Department Owner - City Manager's Office / Communication and Public Information Office</i> <i>Status: New</i>	Description: The City currently is using an in-house developed system to "Report a Problem" on the City's website. The City Manager's office oversees the system and directs the reported problems to the responsible department(s). This project is to identify a citywide CRM (Customer Relationship Management) solution that would manage the activity. Integration between the CRM application and the work order systems used by departments would eliminate duplication of effort. Benefits: Centralized and standard system to manage and respond to reported issues. Post Workshop Outcome: Identified during the Prioritization Workshop to be a part of project N9 - City Website Review. CRM solutions typically are part of new web content systems.

City of Oxnard - New Projects		
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N15	Cube Traffic System Upgrade <i>Department Owner - Development Services / Traffic Engineering & Operations</i> <i>Status: New</i>	Description: The Cube system is used by Traffic Engineering for travel forecasting. The application is a stand-alone system that uses real traffic data to support "what- if's" for future traffic needs and CIP projects. The current version runs on the obsolete Microsoft XP operating system. This project is to update or replace the system to allow integration with data from the Southern California Association of Governments (SCAG) and Caltrans. Benefits: Continued access to analytical data to assist with future transportation planning.
N16	Document Management for Housing <i>Department Owner - Housing</i> <i>Status: New</i>	Description: The Housing Department does not have a document management system. All department documents are paper and managed manually. This project is digitize historic paper files, identify a COTS (commercial-off-the-shelf) system to manage the electronic files and to identify ways to eliminate paper files where possible and use electronic forms. Benefits: Simpler access to documents; reduction or elimination of need for paper file management. Post Workshop Outcome: During the Prioritization Workshop this project was suggested for consolidation with N17 - Documentum PIER and Expansion project.
N17	Documentum Post Implementation Evaluation Review (PIER) and Expansion <i>Department Owner - City Clerk</i> <i>Status: New</i>	Description: The Documentum records management system maintains electronic versions of vital City records. The system is not fully implemented for use by all of the departments and is not being leveraged to its full capabilities. Many departments maintain paper records and would benefit from digitizing their documents. This project is to additionally leverage the current system to provide all departments access to the centralized electronic repository for records management, retrieval , retention, management and future access of public records via the web. Benefits: Leverage current City system for all departments and the opportunity to provide public access via the web to public documents. Post Workshop Outcome: During the Prioritization Workshop project N16 - Document Management for Housing was identified to be reviewed within this assessment project. Need to determine if City's current Documentum system is capable of meeting the needs of Housing and interfacing to Yardi.
N18	EOC (Emergency Op Center) / Public Safety Satellite Connectivity <i>Department Owner - Police / Police IT / Fire</i> <i>Status: New</i>	Description: The City currently has established Emergency Operations Centers. This project is for the City to consider backup satellite solutions for the EOC sites and Police / Fire HQs. Implementation of satellite connectivity provides additional disaster preparedness in the event that a disaster event results in consequences such as fiber cuts and cell tower failures. Benefits: Provides an additional layer of protection in the event of a disaster resulting in loss of Internet connectivity. Post Workshop Outcome: During the Prioritization Workshop project N44 - Radio Infrastructure Assessment and Support was grouped with this project based on possible project oversight by Fire EOC staff.

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N19	Enterprise Resource Planning (ERP) System Assessment <i>Department Owner - Finance / Purchasing</i> <i>Status: New</i>	Description: The City first implemented the HTE financial applications (accounts receivable, accounts payable, payroll, purchasing, general ledger, cashiering and utility billing) in 1989. Limitations of the HTE system include lack of support for CIP projects or fixed assets and limited self-reporting abilities. This project would entail a formal assessment and possible procurement of functional area solutions. The project recommends assessment services, possible software, hardware, additional interfaces, training, data conversion, project management and business process improvements. Benefits: Implementation of current technology and opportunity to address current system limitations. Post Workshop Outcome: The following projects were identified during the Prioritization Workshop to be part of this ERP Assessment: N7 - Business Tax System, and N27 - Human Resource Application.
N20	Facial Recognition <i>Department Owner - Police / Police IT</i> <i>Status: New</i>	Post Workshop Outcome: This project was removed during Prioritization Workshop by the department.
N21	Facility Maintenance System <i>Department Owner - General Services / Parks and Facilities</i> <i>Status: New</i>	Description: The work order system used for facility and park maintenance failed in October 2014 and because of the age of the system, it could not be restored. The system generated preventive maintenance work orders and tracked activity. This has had an impact on the level of support staff can provide. This project would obtain a work order management system to support maintenance and operations activities for City facilities. The replacement system should include a mobile interface so field staff could receive work assignments, update the status of assigned work orders while working in the field and perform other work while in the field. Benefits: Ability to track repair history and preventive maintenance activity. Post Workshop Outcome: Possibly part of future N10 - CMMS (which is part of IP1), however the division has resorted to a manual process due to failed hardware and software. This should be looked at as an immediate need for correction.
N22	Facility Park Rentals <i>Department Owner - General Services / Parks and Facilities</i> <i>Status: New</i>	Description: City facilities are available for rent to the public. This project is to provide the public with information about the facilities (i.e. locations, amenities, rental rates) and the requirements (i.e. insurance, rules, application) on the City's website. Benefits: Provides the public with facility rental information on the website; reduce the amount of staff time required to answer inquiries from the public. Post Workshop Outcome: Identified during Prioritization Workshop to be part of project N9 - City Website Review.
N23	Front Counter Kiosks for Police and Dev Services <i>Department Owner - Police / Development Services</i> <i>Status: New</i>	Description: Currently all front counter activities require Police and / or Development Services staff involvement. This project is to implement self-service front counter kiosks for the public to use to retrieve reports, pay fines / fees, print traffic collision documents, etc. for Police dealings without waiting in line for assistance. Front counter kiosks may greatly assist Development Services, Licensing, and Utility Billing areas in the service center depending on features available. Recommend considering other customer service departments in this project for viability assessment. Benefits: Provides self-service, saving staff and public time.

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N24	Grant Compliance Management Department Owner - Finance / Purchasing Status: New	Description: Each department is responsible for the regulatory requirements, administrative reporting and project tracking of grants they have obtained. This project is to obtain a software application to provide tools to assist with compliance for all grant-related reporting activities. Benefits: Automation of grant management activity through the end of the term of the grant funds.
N25	Green Team Projects Department Owner - Development Services / Green Team Status: New	Description: The Green Team was created to work on state directives for energy and drought conservation and all items related to this effort. This project is to identify the projects in place (Utility Management System, Greenhouse Gas, etc.) and the software technology requirements to collect and maintain the data in the future using advanced GIS capabilities and geodesign concepts. Will help model Oxnard corridor project. Benefits: Assures resources and technology can support these efforts at end of the term of the grant.
N26	GroupWise Email Evaluation, Email Archive Requirements and Consolidation Department Owner - City Manager's Office / Central IT and Others Status: New	Description: The GroupWise email and calendaring system is used by City departments with the exception of Housing and Police. The users report issues with email communications and calendaring when interacting with those using Microsoft Exchange. This project would determine if GroupWise remains a viable solution or if the email and calendaring needs would be better served with a different solution. In addition, an email archive solution is needed to efficiently store, manage and discover information. The evaluation should consider the advantages and disadvantages of cloud-based systems and a possible common approach for all City departments. Benefits: Standardization of email programs within the City; reduce required storage and required management.
N27	Human Resource Application Department Owners - Human Resources Status: New	Description: The City does not have a Human Resources application, which would manage a variety of information, including electronic personnel action forms, automated performance reviews, job history, certification and training requirements oversight, on-line training, etc. There is no automation or electronic workflow for approval routing or web-based employee self-service. This project is to procure a Human Resources application for implementation to meet the needs of departments and HR support staff. Benefits: Convenience and operational efficiency; automate administrative functions required to support human capital management. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be included in N19 - ERP System Assessment.
N28	IT Infrastructure Upgrades for Central IT Department Owners - City Manager's Office / Central IT Status: New	Description: Several key network infrastructure components are nearing end of life or require newer technology. This project is to procure and replace the core switches and firewall equipment (Cisco 4500 / 4510 and Cisco ASA 5520). In addition, the City internet connection is slow and an upgrade from 20 mb/sec to 300 mb/sec is desired. The internet upgrade requires changing vendors, new IP addresses and firewall configuration changes. Benefits: Maintain network reliability and improve network speed. Post Workshop Outcome: During the Prioritization Workshop several hardware and infrastructure projects were combined within IP4 - renamed Technology Hardware Replacement and Future Funding project. Projects now grouped include N28 & N29 - IT Infrastructure Upgrades, N40 - PC / Laptop Replacements, and N56 -Virtualization & Storage Area Network (SAN).

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N29	IT Infrastructure Upgrades for Police IT Department Owners - Police IT Status: New	Description: Replacement of all critical public safety technology infrastructure should be considered as it reaches end of life. Specifically, aging network infrastructure will need to be updated and replaced proactively in the future. This project is to identify and allocate funding for future requirements. Benefits: Continue to maintain a robust and reliable public safety network infrastructure. Post Workshop Outcome: During the Prioritization Workshop several hardware and infrastructure projects were combined with IP4 - renamed Technology Hardware Replacement and Future Funding. Projects now grouped include N28 & N29 - IT Infrastructure Upgrades, N40 - PC / Laptop Replacements, and N56 -Virtualization & Storage Area Network (SAN).
N30	Internal Affairs Software Department Owner - Police Status: New	Description: The Police Department currently utilizes Excel spreadsheets to track internal affairs activity and record-keeping. This project would procure a COTS (commercial-off-the-shelf) solution to replace the current Excel spreadsheets. Benefits: Automated tool to support centralized information.
N31	Intranet Redesign / Replacement Department Owner - City Manager's Office / Communication and Public Information Office Status: New	Description: The current City Intranet is not accessible via the web for Police, Housing or the Library staff. (This is not an impact to Central IT supported staff within the main City network.) A citywide intranet would provide a tool for sharing information. This project is to implement a citywide intranet for all departments to utilize to share information. Benefits: Improve internal communication; centralize forms. Post Workshop Outcome: The N31 - Intranet project was identified during the Prioritization Workshop to be combined within project N9 - City Website Review.
N32	Land Management and Permitting System Department Owner - Development Services / Planning - Building Status: New	Description: The HTE system is used to manage development activity. The system does not provide the features and functionality needed to effectively support the activities associated with the development process, reporting on performance measures, and customer accessibility to information. The solution needs to support as close to real time financials as possible if stand alone system. This project would procure a new permitting application with the most current technology including automated workflow and public on-line services. Benefits: Staff efficiency, improved service to the community via customer portals for status tracking and inquiry. Will provide support of project N42 - Public Permit Searching Post Workshop Outcome: Project N32 - Land Management and Permitting System was identified as a stand alone project though currently functions are part of the City HTE ERP system. As part of project N18 - ERP System Assessment Land Management and Permitting requirements will drive if this remains part of the larger ERP or is best of breed solution stand alone project.

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N33	Library & HR Meeting Room A / V Equipment <i>Department Owner - Library / Human Resources</i> <i>Status: New</i>	Description: The audio / visual equipment at the Library and Human Resources (HR) meeting rooms (projector, sound system, TV, etc.) are in need of upgrades or replacement. Benefits: Improved audio / visual equipment for the internal meeting room and increased level of service for the community renting the Library and HR meeting rooms.
N34	Library Self Checkout <i>Department Owner - Library</i> <i>Status: New</i>	Description: The Main Library does not have patron self checkout units and the self-checkout equipment at the South Oxnard branch is in need of replacement. This project would install self checkout units at the Main Library and refresh the equipment at the South Oxnard Branch. Benefits: Allow patrons to check out materials without assistance from staff; allow staff to focus on other duties. Post Workshop Outcome: During the Prioritization Workshop this project and N45 - Radio Frequency ID (RFID) for Materials Handling were identified as subsets of N3 - Automated Materials Software.
N35	License Plate Recognition <i>Department Owner - Police</i> <i>Status: New</i>	Description: This project would upgrade the current LPR (License Plate Recognition) system, which is at end of life. Benefits: Implement advanced law enforcement tool to identify stolen vehicles, lost plates and vehicles with more than five parking citations.
N36	Establish a Makerspace at the Library <i>Department Owner - Library</i> <i>Status: New</i>	Description: Makerspace is an area in libraries that offers patrons an opportunity to create content through various resources such as computers, 3-D printers, audio and visual services and arts and crafts materials. This project would determine the tools, technology and materials to establish a Makerspace and builds on the Makerspace Grant awarded to Calabasas and Ventura County Libraries. Benefits: Encourage hands-on learning by providing design and activities to teach and empower patrons.
N37	Recreation Membership Management <i>Department Owner - Recreation and Community Services</i> <i>Status: New</i>	Description: The senior center provides numerous free events and daily activities for the senior community. This project would identify a technology solution to record event participation through a membership and tracking system. Benefits: Provides analytical data and reports to better serve the senior population.
N38	Mobile Connectivity for Housing Inspectors <i>Department Owner - Housing</i> <i>Status: In-Process</i>	Post Workshop Outcome: Project was previously labeled N38 and was moved to an In-Process project during the Prioritization Workshop and is now IP22 - Mobile Connectivity for Housing Inspectors.

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N39	PACC Technology Upgrades <i>Department Owner - City Manager's Office / Performing Arts and Convention Center</i> <i>Status: In-Process</i>	Post Workshop Outcome: Project was previously labeled N39 and was moved during the Prioritization Workshop to an In-Process project and labeled IP23.
N40	PC / Laptop Replacements for Police IT <i>Department Owner - Police IT</i> <i>Status: New</i>	Description: Numerous Police personal computers (PCs) are end of life and cannot be upgraded to newest operating systems required to function with newer public safety systems. Traditional PCs and Zero / Thin clients with virtual PC solutions can be deployed for many of these locations. This project is to upgrade and replace the end of life equipment and maintain an annually funded refreshment schedule in the future. Benefits: Provides current equipment to Police staff. Post Workshop Outcome: During the Prioritization Workshop several hardware and infrastructure projects were combined with IP4 - renamed Technology Hardware Replacement and Future Funding.
N41	Primavera <i>Department Owner - General Services</i> <i>Status: New</i>	Post Workshop Outcome: This project was removed during Prioritization Workshop by the department.
N42	Public Permit Search <i>Department Owner - Development Services</i> <i>Status: New</i>	Description: The City has an ordinance that requires buyers be provided with complete permit history on properties they are purchasing. This project would provide the public with the ability to research permit history and to look up current status of building permits. Future goals include customers accessing property data (zoning, planning permits, code cases, and building permits) on the City's website via a future Land Management System or via a public GIS layer with associated public permit data. Benefits: Reduction in calls to the City and the amount of staff support required to provide permit history; provide access to the information 24/7.
N43	Implement Tools for Public Communications <i>Department Owner - City Manager's Office / Communication and Public Information Office</i> <i>Status: New</i>	Description: Providing transparency and open communications with the public is a primary goal of the City. This project is to identify tools to better communicate with the City residents including methods for general discussion, distribution of information and data based on area, topic, specific requests and mass distributions (i.e. Next-door, Constant Contact, Socrata, etc.). Benefits: Provide the City an avenue for consistent and continued communications with the City residents. Post Workshop Outcome: During the Prioritization Workshop this project was identified to run in parallel with N9 - City Website Review. The newly formed Inter-department Public Communications Team (out of the City Manager's office) will take a lead role in this project and the future City Website.

City of Oxnard - New Projects

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N44	Radio Infrastructure Assessment and Support <i>Department Owner - Police / Fire Status: New</i>	Description: The City's radio infrastructure is aging and consists of separately managed segments. Support is not centralized, meaning each department (i.e. fire, police, utilities, public works) maintains separate systems and radios. The Police department has been using a radio console system installed in 1999, running on XP, and which will no longer be supported in 2018. The Fire department uses equipment from the mid-1980's and there are no parts to continue to support the system. This project would entail an assessment of the citywide radio system(s) to identify needed enhancements of the shared frequency channel, address current dead spots, and identify equipment replacement requirements. This project would create centralized radio support, with consideration of obtaining a maintenance agreement and determining a road map for future upgrades. Benefits: Reduce the duplication of effort with radio support through centralization; establish a roadmap for future radio infrastructure improvements. Post Workshop Outcome: During the Prioritization Workshop project N18 - EOC / Public Safety Satellite Connectivity was grouped with this project based on possible project oversight by Fire EOC staff.
N45	Radio Frequency ID (RFID) for Library Materials <i>Department Owner - Library Status: New</i>	Description: RFID chips are newer technology replacing traditional barcode systems for library materials check-in /check-out. RFID allows materials to be checked-in / checked-out more quickly because the book doesn't need to be opened to read the bar code. RFID is also a security mechanism; an alarm will sound if materials are carried through the exit that are not checked out. RFID is required in order to implement automated materials handling (AMH). Benefits: Staff efficiency, inventory security. Post Workshop Outcome: During the Prioritization Workshop this project and N34 - Library Self checkout were identified as subsets / components of N3 - Automated Materials Software at the Library.
N46	SCADA Upgrade for Water <i>Department Owner - Utilities / Water Status: New</i>	Description: The SCADA system at the Water Plant was first implemented in 2002. The SCADA system and the Microsoft operating system (XP) are at end of life. SCADA is currently supported by ProUsys. This project is to conduct a tactical SCADA Assessment and prepare a future SCADA Master Plan that addresses the current and future needs for the SCADA network infrastructure, hardware, system configuration, physical and system security and remote access. This would include an upgrade for the Water Plant SCADA to Rockwell SE, which is the application that supports SCADA at the Wastewater Plant. Benefits: Address the long-term support and leveraging of the SCADA system to provide enhanced ability to manage facility operations and capture data for reporting. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be part of IP1 - Public Works Integrated Master Plan Project recommendations.
N47	Scheduling Application for Police <i>Department Owner - Police / Utilities Status: New</i>	Description: The Police Department currently uses various systems to complete staff scheduling. This project is to implement a commercial-off-the-shelf (COTS) scheduling and time-keeping system. Integration with payroll time reporting is desired. Benefits: Operation efficiency with automated scheduling of staff. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be considered when project N50 - Time and Attendance System begins.

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N48	Solid Waste Management System <i>Department Owner - Utilities / Environmental Resources</i> <i>Status: New</i>	Description: The City provides waste services for approximately 40,000 residential and 23,000 commercial accounts. The Solid Waste Management System (SWMS) used by Environmental Resources was purchased several years ago and the vendor has since gone out of business. The City maintains the database but does not have source code for the application. This project would replace the SWMS system. In the future, there is interest in implementing an RFID (radio frequency ID) system on the waste containers to assist with inventory management. Benefits: Implement current technology to manage the City Solid Waste program and improve oversight. Post Workshop Outcome: During the Prioritization Workshop this project was identified as a component / recommendation of the IP1 - Public Works Integrated Master Plan Project.
N50	City Wide Time and Attendance System <i>Department Owner - Finance</i> <i>Status: New</i>	Description: Currently, staff report hours worked on paper timesheets and the hours are then entered into the payroll system by the department timekeeper. This project would procure an electronic time reporting system. A web based system would allow for employees to enter hours worked, electronically route the timesheet to management for approval, then upload / interface the information to payroll for paycheck issuance. The system should also support vacation request approvals. Benefits: Eliminate manual entry and tracking of hours worked to generate payroll; increase efficiency and accuracy. Post Workshop Outcome: During the Prioritization Workshop project N47 - Scheduling Application was identified as a component of a citywide Time and Attendance system.
N51	Traffic Accident/ Incident Data <i>Department Owner - Development Services / Traffic Engineering & Operations / Police</i> <i>Status: New</i>	Description: Collision and traffic incident data collected by the Police Department is used by Traffic Engineering for analysis and to obtain data for grant applications. Previously, Traffic Engineering could access the Police Department's database. The Police Department obtained a different system and Traffic Engineering is no longer able to access the system. This project is to identify how Traffic Engineering can access the Police Department's collision database (currently Crossroads) to analyze the data. Benefits: Access to collision data for analysis and review to support accident prevention and to apply for grants.
N52	Tree Management System <i>Department Owner - General Services / Parks and Facilities</i> <i>Status: New</i>	Description: The City's tree inventory is contained in an Access database and provides limited information. A tree inventory application would support tree trimming preventive maintenance, health, presence or absence of insects or diseases, photos, work orders, etc. The tree inventory application should interface with GIS to allow the inventory to be displayed and analyzed spatially. Benefits: Tree management tool to promote efficiency. Post Workshop Outcome: During the Prioritization Workshop this project was identified to be part of IP1 - Public Works Integrated Master Plan Project recommendations.
N53	Utility Billing Enhancements <i>Department Owner - City Treasurer</i> <i>Status: In-Process</i>	Post Workshop Outcome: Project was previously labeled N53 and was moved during the Prioritization Workshop to an In-Process project and labeled IP24.

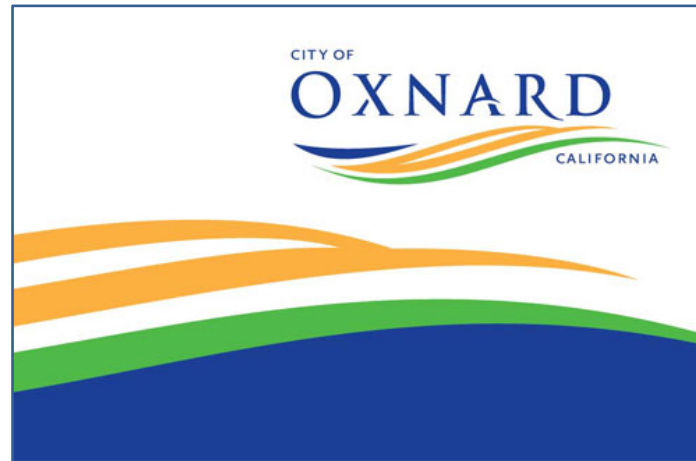
City of Oxnard - New Projects		
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N54	Video Cameras (Dumpsites) <i>Department Owner - Utilities / Environmental Services</i> <i>Status: New</i>	Post Workshop Outcome: This project was combined with IP3 - Citywide Video Surveillance / Access Security project during the Prioritization Workshop .
N55	Video Conferencing at Library <i>Department Owner - Library</i> <i>Status: New</i>	Description: Video conferencing provides live transmission of audio and video to allow participants in multiple locations to communicate with each other. The Southern California Library Cooperative may install equipment in the Oxnard Library, and it will need to be supported by Library IT. Benefits: Provide video conferencing capability to the community.
N56	Virtualization & Storage Area Network (SAN) <i>Department Owner - City Manager's Office / Central IT</i> <i>Status: New</i>	Description: Central IT has been working to migrate physical servers to virtual servers in the VMware environment. The project(s) requires funding for a storage area network (SAN), VMWare licensing and consulting services to complete the implementation. Benefits: Addresses the issue of replacing 20 physical servers with the Microsoft Windows Server 2003 operating system that is at end of life; the SAN provides additional data storage and simplifies management tasks. Post Workshop Outcome: During the Prioritization Workshop several hardware and infrastructure projects were combined with IP4 - renamed Technology Hardware Replacement and Future Funding.
N57	Waste Vehicle GPS / Dash Camera Enhancements <i>Department Owner - Utilities / Environmental Resources</i> <i>Status: New</i>	Description: The City operates approximately 57 waste vehicles for refuse collection within the City. This project is to install GPS devices and dash cameras to the City waste vehicles to capture slip and fall claims, accidents, etc. Benefits: Automated vehicle locating and reporting of vehicle travel data. The cameras would capture incidents and activity. Post Workshop Outcome: During the Prioritization Workshop this project was linked to N58 - Waste Vehicle Routing project.
N58	Waste Vehicle Routing System <i>Department Owner - Utilities / Environmental Resources</i> <i>Status: New</i>	Description: The City's larger bin refuse pick-ups are based on a set schedule and not on need. This project is to identify a commercial-off-the-shelf (COTS) solution that would help evaluate scheduling based on customer need (fullness of bin) versus a set schedule. Systems are available that capture bin weight using a weighting chip (RFID) and fullness minimums to generate a pickup request. Daily routes are then coordinated through the system. Benefits: Effective pickup and routing of waste vehicles based on need. Post Workshop Outcome: During the Prioritization Workshop this project was linked to N57 - Waste Vehicle Enhancements project.

City of Oxnard - New Projects

(Post Workshop Outcome information provides a narrative if a project(s) are to be part of another project, have moved from IP to New or vice versa or been removed as a project.)

N59	Downtown Wi-Fi Pilot Project <i>Department Owner - City Manager's Office / Central IT</i> <i>Status: New</i>	Description: This project would be a first step toward providing the community with Wi-Fi access. The project would establish a pilot area for deployment (Downtown / City Hall) of a single Wi-Fi hotspot controller which, if successful, could then be expanded incrementally across multiple locations. Benefits: Support residents, the business community and school districts. Expanded Wi-Fi access for the City staff, public, business, visitors and vendors.
N60	Sewer Asset Management and Maintenance System <i>Department Owner - Utilities</i> <i>Status: - New</i>	Description: The City uses the MP2 system for Sewer Asset Management and maintenance schedules. The system is running on old equipment and an outdated version of the software. This project is to determine whether to pursue a replacement solution or an upgrade of the current software version. (MP2 was purchased by Infor and is now part of a larger CMMS solution.) Benefits: Current technology will better assist the department in sewer management. Post Workshop Outcome: During the Prioritization Workshop, IP13 - Sewer Asset Management was identified to include IP16 - Valve Management and was moved from an In-Process Project to a New Project status and project name changed to N60 - Sewer Asset Management and Maintenance system. Subsequently the projects were separated.

6. Appendix B – ERP Alternative Analysis Report



Information Technology 4-Year Master Plan Project

ERP Alternatives Analysis Report



Prepared by:

July 2015

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City of Oxnard – ERP Alternatives Analysis Report

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NexLevel was tasked with reviewing the City's current Sungard (HTE) system to develop recommendations regarding maintaining the current system, upgrading to the vendor's latest solution, or replacing the current system with a new ERP solution. This report presents the outcome of NexLevel's efforts on this assignment.

City of Oxnard – ERP Alternatives Analysis Report

◆ 1 – Introduction

Introduction

This report, entitled ERP Alternatives Analysis Report, was developed for the City of Oxnard (City) by NexLevel Information Technology, Inc., (NexLevel) as a component of the four-year Information Technology Master Plan (ITMP) project. To complete this report, NexLevel conducted a series of focused interviews with City staff to evaluate the effectiveness of the City's current ERP system (HTE). The purpose of these interview sessions was to gather specific information about the HTE system, to identify potential alternatives for the City to consider, and to recommend which alternative the City should pursue.

This report provides the City with information regarding:

- ◆ The characteristics of ERP (Enterprise Resource Planning) solutions, including the relationship between technology investments and benefits in ERP projects, ERP product offerings, the typical application architecture of ERP applications, considerations regarding “Best in Breed” vs. single solution strategies, the shift in commercial off-the-shelf (COTS) products from customization to configuration, and the emergence of “cloud-based” ERP solutions.
- ◆ An analysis of the overall situation, including an evaluation of the current strengths, weaknesses, opportunities, and threats related to the existing HTE system.
- ◆ The potential alternatives available to the City to address current needs, and recommendations for next steps.

Although the City will face considerable challenges in upgrading or replacing its current SunGard (HTE) system, the continued evolution of the products in the public-sector ERP market and associated service offerings provide considerable opportunities.

- ◆ Critical success factors in the implementation of ERP solutions, particularly with regard to the definition, rationalization, and prioritization of business requirements and the procurement and selection of an ERP solution.
- ◆ The challenges facing the City in the replacement of its HTE system, and the City's readiness to face these challenges, including: organizational change management, long-term project management, and ensuring the continuing success of the ERP solution.

Synopsis

The City implemented the HTE system in 1989. The current HTE system supports daily business processes in the Community Development, Finance, Treasury, and Police Departments. The HTE system provided a robust and comprehensive solution that has served the City for many years. However, the system is now becoming obsolete, and many agencies relying on HTE are replacing it with new ERP systems that take advantage of current technologies to streamline processes, create better access to information, increase productivity, and improve decision making.

City of Oxnard – ERP Alternatives Analysis Report

Since being implemented, HTE was purchased by SunGard, which continues to provide maintenance and support; however, ongoing investments into research and development appear to be minimal and the solution does not appear to be marketed any longer. Rather, SunGard's new preferred solution offering is called ONESolution.

Key findings resulting from this analysis include:

- ◆ The City needs to upgrade or replace its existing SunGard system for both functional and technical reasons. From a functional standpoint, the City is not receiving significant benefits for its continuing investment in this technology, while from a technical standpoint the underlying AS/400 technology is nearly obsolete and the application is considered by many to be nearing the end of the product life cycle. As a result, it neither meets the City's current needs nor will be able to support future requirements.
- ◆ The City is undergoing significant organizational, policy, and process changes. The implementation of a new ERP system is capable of not only supporting, but driving best practice adoption to provide a number of key benefits, including streamlined operations, improved internal controls, and enhanced access to timely decision information. As a result, the City will need to embark on a focused and carefully planned approach to effectively manage these significant organizational and cultural changes.
- ◆ NexLevel's analysis and findings are consistent with those identified in the Management Partner's "Oxnard Strategic Plan: Phase 1 – Corporate Support, Accountability and Value Systems" as it relates to the City's ERP. The implementation

of a new ERP system is capable of supporting the "Building Blocks of Good Government."

Despite the findings, a number of factors are working in the City's favor including:

- ◆ The number of product offerings in the ERP market and the scope of functionality they provide for public-sector entities have increased, providing the City with a variety of alternatives to consider. A new ERP would bring features and functionality out of the box to support critical areas such as budgeting, position control, cost tracking and controls.
- ◆ Modern ERP systems include, or integrate with, enterprise content management/document management (ECM/EDM) functionality. This would allow the City to aggressively move towards a paperless environment that uses electronic workflow technologies to improve internal controls, policy enforcement, and processing cycles. The range of productivity tools provided "out of the box" has increased, including workflow management tools, tools to create interfaces with other business applications, tools to extract and load data from existing business applications, and reporting tools that support "paperless" standard and ad-hoc queries, including "dashboards" to manage organizational performance.
- ◆ Modern ERP systems now adapt to user requirements through "configuration" rather than "customization." This evolution has reduced the risks and costs associated with the implementation and long-term support of ERP solutions.

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NexLevel's report outlines the following three potential alternatives:

- ◆ Alternative A - Continue As-Is
- ◆ Alternative B - Upgrade the Existing System
- ◆ Alternative C - Replace the Existing System

We discuss the merits of each alternative, but ultimately recommend that the City pursue Alternative C, Replace the Existing System. It should be noted that the City should only pursue Alternative C if it is a top priority City-wide project, has the necessary funding, and there is an acknowledgement to ensuring the necessary staff will be committed to the project and its implementation. The implementation of a new ERP system requires the City to commit significant staff (both department and technical) time over the entire lifespan of the project, from the development of the ERP roadmap through requirements definition and process re-engineering, procurement, configuration, training, testing, acceptance, and post-implementation activities.

City of Oxnard – ERP Alternatives Analysis Report

◆ 2 – ERP Overview

It is important that the City have a common and comprehensive understanding of today's ERP systems, as this provides the foundation for the ERP Alternatives Analysis Report. The recommendations made in this report are based on current ERP system capabilities and evolving trends.

Technology Investment and Benefits

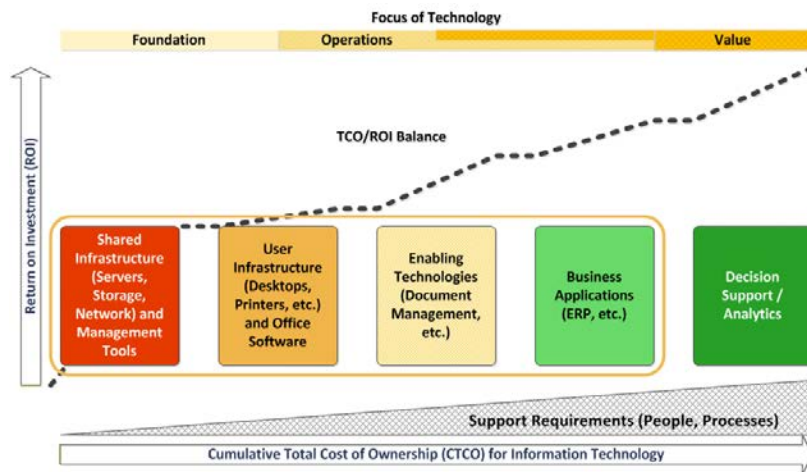


Figure 1 – Technology Expenditures and Return on Investment

Figure 1, Technology Expenditures and Return on Investment, depicts the relationship between the components of an organization's information technology infrastructure, the organizations cumulative total cost of ownership (TCO) for information technology, and its return on investment (ROI) for those expenditures. In today's world, the implementation of an ERP software suite (and the ability for an organization to realize its benefits) is dependent on the successful implementation and

support of all of the supporting components of the information technology infrastructure including the shared infrastructure (servers, storage devices, etc.), user infrastructure (desktops, etc.), and enabling technologies.

Weaknesses in any of these supporting components can significantly impede the effectiveness of a business application by reducing availability, performance, and reliability. Faced with business applications that have cumbersome or non-intuitive user interfaces, applications that are slow or not available when needed, users often resort to the use of ad-hoc databases and spreadsheets. These "shadow IT" applications reduce the effectiveness of the business applications, further reducing the organization's ROI and introducing significant security and data consistency issues.

Thus organizations need to consider the cost for implementing and supporting an ERP system in more holistic terms, looking at the total cost of ownership for not only the ERP system, but all ancillary systems (i.e. document management, GIS, etc.) and integration points (i.e. permitting & planning systems, billing systems, scheduling and reservation systems, cashiering, etc.). Attaining the full value out a modern ERP system is only achieved when the application works in concert with other City technology and business/operational systems.

ERP Product Offerings

ERP software is typically provided as commercial-off-the-shelf (COTS) software. Only those organizations with significant financial and technology resources can develop and support their own ERP software suite, and even these organizations are challenged to keep pace with the rapid development and evolution of COTS ERP offerings. The scope, functionality, complexity, and cost of ERP

City of Oxnard – ERP Alternatives Analysis Report

products are a function of the intended user organizations and are generally classified by “tiers” as follows:

- ◆ Tier 1 products are generally focused on the business requirements of very large enterprises, often with multiple locations, cost centers, and lines of business, with revenues of approximately \$1 billion¹ and a large number of users. From the standpoint of systems architecture, Tier 1 systems provide greater opportunity for the use of third-party and custom software to provide extended functionality. Tier 1 solutions are not specifically developed for government, but have been adapted to the needs of local government, although often with higher support and maintenance costs. The primary vendors in this tier are SAP, Oracle and Baan.
- ◆ Tier 2 products account for the majority of ERP implementations in the public sector. The solutions are generally focused on the business requirements of the “mid-market,” a wide swath of organizations with annual revenues ranging from \$50 million to less than \$1 billion. Tier 2 includes products that have been developed specifically for government. Firms providing solutions to California municipalities include: Harris Computer Corporation (solutions include GEMS, Innoprise, Cayenta, and Select), New World Systems Logo.NET, Springbrook, SunGard HTE (ONESolution), MS Dynamics, JD Edwards, Tyler Technologies (solutions include MUNIS, Incode, and EDEN), Caselle Inc., and Infor (Lawson).
- ◆ Tier 3 products are generally focused on the business requirements of smaller enterprises with revenues of less

than \$50 million and fewer than 50 users. Examples include QuickBooks and Sage 50, formerly known as Peachtree.

The tiers are not absolute and there is generally some overlap between them, the difficulty being that while a mid-sized enterprise could procure and implement a Tier 1 solution, they may find that their ROI is limited by the costs to implement and the long-term support the ERP software suite. Broadly, Tier 1 products are more suitable for organizations that need significant customization of the ERP suite to support their business needs, and have dedicated teams (including user SMEs and IT personnel) and/or contracts with system integrators to implement and support their ERP projects, while Tier 2 products are more suitable for organizations that are able to use the product “out of the box” and rely on the vendor for support.

¹ Top 10 Enterprise Resource Planning (ERP) Vendors, CompareBusinessProducts.com, 2014

City of Oxnard – ERP Alternatives Analysis Report

ERP Application Architecture

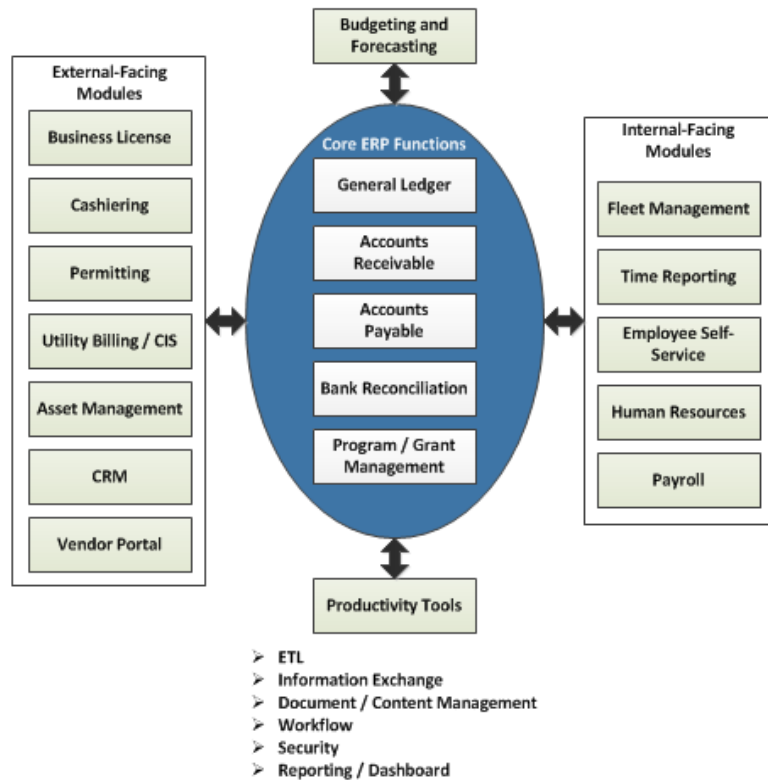


Figure 2 – ERP Public Sector Application Architecture

Figure 2, ERP Public Sector Application Architecture, provides a logical view of the organization of the modules in a “typical” ERP software suite. This diagram does not include features of the technical architecture such as the database management system or the user interface. The “Core ERP Functions” are shown in the middle of the diagram since these comprise the financial “heart” of the system, including the modules that provide support for General

Ledger, A/R, A/P, Bank Reconciliation, and Program/Grant Management functions. Please note that while Budgeting can be included within the core, some organizations prefer to utilize a third-party or custom-developed budgeting module that is a closer fit for their requirements.

ERP software suites typically include productivity features including:

- ◆ **Workflow** – Supports the automation of processes (including both document-driven and data-driven events) including the ability to distribute work among multiple staff members, generate alerts, manage work queues, and to re-direct work as needed.
- ◆ **Enterprise Content Management/Document Management (ECM/EDM)** – Supports a paperless environment, allowing agencies to use workflow technologies to improve internal controls, policy enforcement, and processing cycles.
- ◆ **Dashboards** – Provides information to system users as well as providing information to executives and unit managers regarding the performance of their business units to support performance management, resource allocation and re-allocation. An additional advantage of a dashboard is that it allows executives and managers the ability to see information without having to navigate through the system.
- ◆ **Information Exchange** – Supports the exchange of information with other information systems based on pre-defined triggers. A major advantage provided by current technology is the ability to “API-enable” an input or update screen so that information entered manually or received automatically is subject to the same editing and verification.

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- ◆ ETL (Extract/Transform/Load) – Tools that provide the ability to migrate information from legacy applications to the ERP suite.
- ◆ Ad-hoc Queries and Reporting – Supports the generation of queries without the need for third-party reporting packages.
- ◆ Role-based Security – Supports the tailoring of user’s access to ensure that the staff members have access to only that information and those functions that are needed to perform their work functions.

A significant proportion of an organization’s return on investment (ROI) for its investment in ERP software is related to the effective use of these productivity tools. For example, some organizations independently procure an ECM/EDM solution (which may include workflow functionality) and then integrate it with the ERP system. Alternatively, since ECM/EDM functionality has been largely commoditized/standardized, some ERP vendors provide “plug ins” to facilitate the integration of industry-leading solutions with their products. Thus, fully utilizing the productivity tools provided with an ERP solution is a key factor to maximizing return on investment.

Other modules available with ERP software suites include customer-facing modules (such as business license, permitting, etc.) and internal-facing modules (such as employee self-service and time reporting). These modules may or may not be licensed with the core of the system depending on how the ERP vendor “bundles” their software suite, and this often encourages organizations to pursue a “best in breed” strategy (see below) and procure a mix of different modules from different software providers.

“Best in Breed” vs. Single Solution

ERP solutions provide a wide-range of functionality, and some of the modules are better designed and architected than others. As a result, one vendor may have a more capable A/R module while another vendor may have a more capable Permitting or Utility Billing module. “Best in Breed” refers to the process of licensing individual modules from ERP solution providers. The viability of the resulting hybrid ERP system depends on the compatibility of the technical architectures of the respective modules, the degree to which they support information exchange, and the ability of the user organization to initially integrate the modules and maintain that integration through successive new release and revision cycles. Although it is possible to achieve the best possible requirements fit for each business unit by assembling such a system, the costs to establish and maintain the hybrid environment are considerable, and this generally limits the approach to user organizations having substantial IT resources.

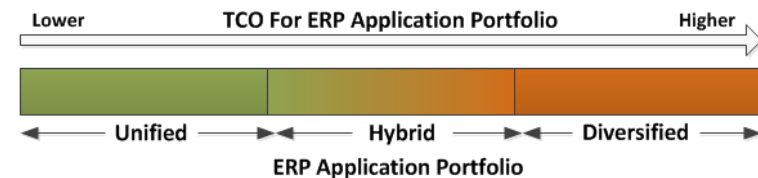


Figure 3 – Typical TCO as a Function of the Diversity of an Organization’s ERP Application Portfolio

Figure 3, Typical TCO as a Function of the Diversity of an Organization’s ERP Application Portfolio, illustrates the relationship between Total Cost to Own and the complexity of the ERP Application Portfolio. Other factors being equal, complexity has a significant impact on TCO. The maintenance of interfaces between multiple applications is a daunting challenge, as software patches

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and new versions can have an impact on the information stored in the applications and the complexity of exchanging information with other applications.

In the balance between TCO and ROI:

- ◆ Hybrid and diversified ERP portfolios provide the opportunity to realize higher ROI (through a better fit for the organization's business processes) at the expense of increased TCO; however, a hybrid solution mitigates one of the main benefits of a single solution; that being, the ability to have a solution with a similar look and feel across the user organization (thus lowering training and support costs)
- ◆ Unified solutions have a lower TCO. Those organizations that can effectively adapt their business processes to the functionality provided by the ERP solution have the opportunity to realize both lower TCO and higher ROI, while other organizations realize lower benefits.

Shift from Customization to Configuration

One of the more difficult challenges facing organizations in the implementation of ERP solutions has been the fit between the functionality provided by the software (which is typically based on market needs and best practices) and the organization's existing business processes. In the past, organizations were faced with the choice of either managing the organizational change resulting from the need to modify long-established business processes (whether they added value or not), or having the vendor modify the software for them.

Having the vendor modify the software (typically a "custom" modification to the ERP solution) can be problematic for both the

user organization and the vendor. User organizations are faced with the prospect of incurring additional costs in the future to re-apply the modifications when installing new system releases, or alternatively, foregoing new releases and either paying for additional support from the vendor or running an unsupported version of the product. Vendors found themselves challenged to provide support for clients whose software performed differently than other installed sites, and it is typically not feasible for vendor product planners and managers to accommodate custom modifications in the design of new releases.

The solution to this problem, for both the vendor and user organizations, has been the move to system configuration. Once confined to simple table entries that enabled users to change the names of screen fields, configuration options have evolved to the point that organizations can modify the layout of input and update screens, field level edits, create standard and ad-hoc queries, and other functions to their needs. Two caveats apply: (1) configuration adds a degree of complexity for the user organization since it then becomes responsible for the management of changes to the configuration including the re-application of the configurations following system upgrades; and (2) not all ERP solutions are equally configurable.

Software-as-a-Service

Software-as-a-Service (SaaS), the delivery of system functionality from a remote location through the internet, has become an increasingly appealing choice for both user organizations and vendors across all ERP solution tiers. User organizations find that SaaS enables them to obtain leading-edge ERP solutions without having to perform expensive infrastructure refreshments, while ERP solution providers find that support is much easier to provide to the

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extent that some ERP solutions are provided only as SaaS. An additional benefit for many organizations is that using SaaS simplifies their disaster recovery and business continuity planning since they can quickly resume operations from a facility that is connected to the internet.

Compared to the costs for the on-premises hosting of ERP solutions, SaaS offers the potential to:

- ◆ Lower initial costs (approximately 30% to 50% of an on-premises solution) since the solutions are typically priced on a subscription basis (thus eliminating perpetual license fees), and the user organization does not have to incur hardware acquisition and installation costs. “Pay as you go,” options permit user organizations to scale based on actual needs.
- ◆ Lower recurring costs by reducing solution support requirements, as well as the need for the user organization to maintain on-premises hardware and systems software or to perform system administration tasks.
- ◆ Lower cost and complexity related to the development and maintenance of business continuity and disaster recovery planning.
- ◆ Reduced timeframe required for implementation.

The potential disadvantages include:

- ◆ Reliance on connections to the Internet to access the solution and organization information (although this risk can be reduced by a so-called “private cloud” where although the ERP solution is still browser-based, the

connection to the remote facility is provided by a direct link rather than through the Internet).

- ◆ Reliance on the performance of the solution provider, although this risk can be partially mitigated through the development of a Service Level Agreement (SLA).
- ◆ Less control over when version upgrades and new releases are installed. One option to lessen this risk is to procure a “single-tenant” where the user organization is the sole user of an instance of the ERP solution versus a “multi-tenant” solution where the user organization shares the software with other organizations (but the data is stored separately). Typically, due to the reduced economies of scale for the software host, single-tenant solutions are more expensive.
- ◆ Concerns regarding the security of information and the security of the locations used to host the solution. In some cases, this may be off-shore, and this is not always preferable for some user organizations.
- ◆ Additional complexities in implementing and maintaining interfaces and integration with systems that are hosted at the organization’s site or other hosted providers.
- ◆ The complexity and cost related to maintaining information exchanges between the “cloud hosted” ERP solution and business applications hosted on City premises.
- ◆ Additional costs for processor use and network bandwidth incurred for running queries, etc., although these can also be mitigated by keeping a reporting database on-premises.

User organizations that choose on-premises hosting of their ERP solution are motivated to do so if:

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- ◆ They already have a substantial investment in on-premises hardware or software and need to leverage that investment.
- ◆ They have skilled and capable on-site resources to support the application.
- ◆ They need to ensure connectivity with legacy systems.
- ◆ They need to comply with regulatory or other requirements that would make SaaS difficult to justify.

The fundamental decisions that most organizations need to make in evaluating whether SaaS is a viable solution for them are:

- ◆ Do they wish to minimize the large, initial capital and resources costs associated with an on-premises installation at the expense of potentially paying more for the solution over its lifetime?
- ◆ Are they prepared to accept less flexibility in adapting the solution to meet their specific needs in order to reduce the risk and complexity of the implementation and operation of the ERP solution?

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◆ 3 – Situational Analysis

The HTE system was implemented in Oxnard in 1989. Since then, the HTE system was purchased by SunGard, which continues to provide maintenance and support functions under contract. The long-term viability of HTE is questionable, as it does not appear that SunGard is continuing to evolve the HTE solution or actively proposing it to new clients. As further evidence of the questionable long-term viability, SunGard is actively encouraging current HTE clients to migrate to the latest SunGard offering, ONESolution.

The HTE system supports many daily City business processes for several departments (e.g. Community Development, Finance, Treasury, and Police). More specifically, the HTE system supports the following functions:

- ◆ Financial Reporting/General Ledger
- ◆ Payroll
- ◆ Accounts Payable
- ◆ Accounts Receivable
- ◆ Purchasing
- ◆ Cashiering
- ◆ Building Permits
- ◆ Business Tax
- ◆ Code Enforcement
- ◆ IVR (Interactive Voice Response)
- ◆ Planning and Zoning
- ◆ Utility Billing

The HTE system has electronic interfaces with the following systems: Electronic Document Imaging System, Hansen, Socrata, GIS, CAFR, Assetworks, Realquest, Chameleon, AMR, CUPA, and other systems.

In addition, SunGard provides the City a Disaster Recovery “hot site” located in Florida.

The City’s Central IT organization is responsible for maintaining the HTE system and interfacing with SunGard for ongoing maintenance and support. In addition, the Central IT organization has developed and supports several solutions that provide additional information to staff. The primary support of the system comes from a system administrator within the Central IT organization. This resource has significant HTE system knowledge and is a key person in maintaining the system and supporting the users. Unfortunately, when that person is absent, the quality of service is adversely impacted.

In Figure 4 on the following page, NexLevel presents an Application Effectiveness diagram to help the City assess where it is today and what strategies or alternatives is available going forward. The diagram plots three points, as outlined below.

- ◆ The first point identifies the current HTE system in two areas:
 - Technological capabilities – how do the HTE system’s features and functionality compare to the capabilities offered in modern ERP systems?
 - User effectiveness - how well are users taking advantage of the current system capabilities?
- ◆ The second point identifies where NexLevel believe the HTE system could move to if it were upgraded to the current release, users were trained further, and processes were modified to more fully leverage the system.
- ◆ The third point is where a modern ERP system would be if fully implemented and City business processes were

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designed to take full advantage of the system – a fully optimized implementation.

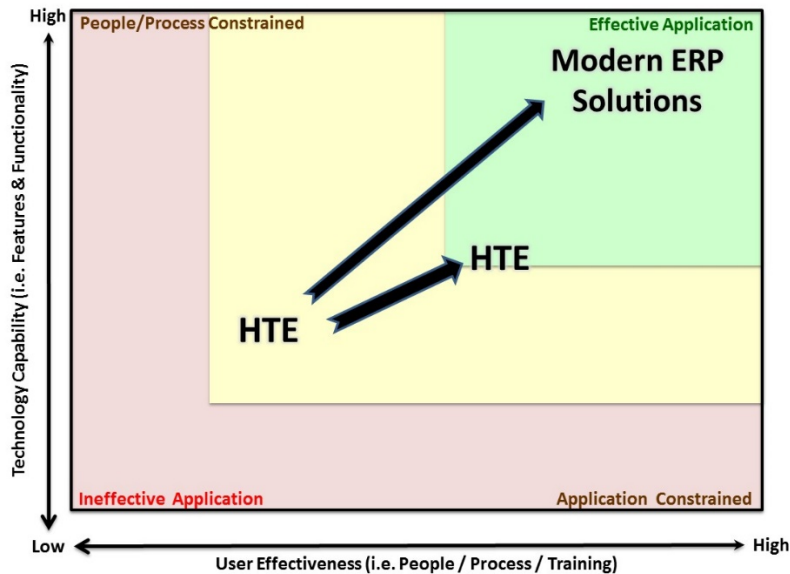


Figure 4 – Application Effectiveness

As depicted in Figure 4, compared with a modern ERP system, NexLevel views the HTE system as an application which is almost ineffective. It is constrained both in terms of technological capabilities and user effectiveness. If the HTE system were upgraded to the current release and more fully leveraged, we believe it could be a marginally effective application. However, even if the HTE system was fully leveraged, it still does not provide the full value that a modern ERP system is capable of providing.

Our placement of the HTE system on the Application Effectiveness diagram is based on interviews with staff, knowledge of other systems, and related municipal finance experience and includes

factors such as technical capability of the application, its usability, the supporting technology infrastructure, functional support, and how the system was implemented. A highly capable system that is implemented in a way that causes more work and/or does not meet the business process requirements leads to user frustration, users working outside of the system, and inconsistent business processes.

Figure 5 provides another method to evaluate the City's HTE system. This figure illustrates a typical product lifecycle for complex business applications such as the HTE system.

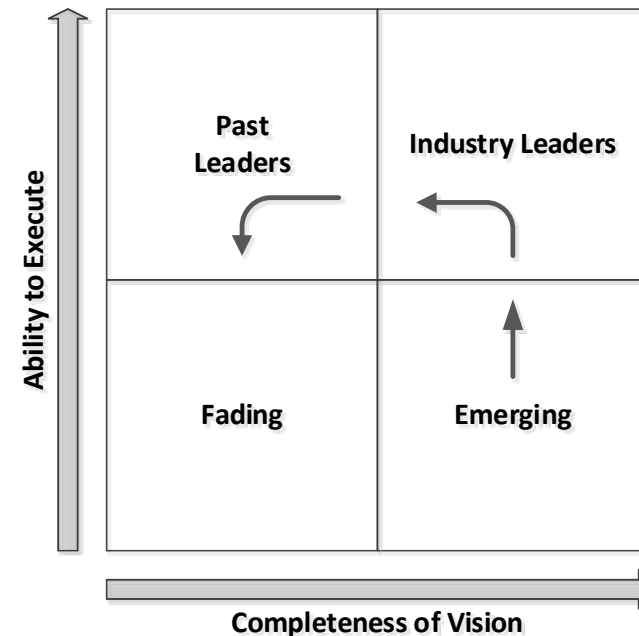


Figure 5 – Solution Evaluation

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It is important to note that industry leaders change frequently due to factors including the evolution of business and technical requirements and the time and cost to design and deploy new products. Users are challenged to find a balance between vendor vision (features and functionality), ability to deliver (performance and services), product lifespan, and having a system that supports and stays current with best practices. Based on these factors, NexLevel would place the HTE system in the “Fading” quadrant.

As a result of our interviews with staff, along with our knowledge of other systems and our municipal finance experience, we became aware of the following issues:

- ◆ The system is described by staff as having “green-screens” similar to DOS, the first widely installed operating system for personal computers. HTE offers an enhancement, NaviLine, which is a web-based interface that provides a more intuitive user interface. Unfortunately, staff indicates that NaviLine does not provide the same functionality as the green-screen version. As a result, the NaviLine version is more effective for casual (occasional) users. Staff that uses the system on a daily basis continues to use the DOS-based version.
- ◆ The age of the system makes it difficult to use. In particular, the lack of configurability in the user interface and the need to develop and apply custom modifications to the software reduce its usability and agility. Without an intuitive user interface and self-help features and tutorials, users are unable to develop new competencies in the use of the application or maintain existing competencies.
- ◆ The system is based on IBM AS/400 technology which is now more than three decades old, and the current

hardware is due for replacement (eight years old with a replacement cost of approximately \$80,000).

- ◆ The application is nearing end-of-life. While SunGard continues to provide maintenance and support, it does not appear that they are continuing to invest in the solution through ongoing research and development (R&D). SunGard is presently proposing its new solution, ONESolution, which is based on current web technology and specifically designed for public agencies.
- ◆ The existing system does not provide functionality to support analytics or the creation of dashboards for the City’s managers and executives, leaving them with only paper reports, various online queries, and ad-hoc databases to manage operations and performance.
- ◆ The application is not as “open” as newer software suites, thus restricting the City’s ability to integrate key productivity tools such as workflow and document management for financial management and reporting and human relations. The absence of these tools complicates the completion of approval processes for items such as personnel action forms, invoices, and requisitions.
- ◆ The City users are supplementing the functionality provided by the application through the use of spreadsheets and ad-hoc databases. This proliferation of information represents significant problems for the organization, in terms of data integrity and consistency and the effort required to reconcile separate data sources, as well as in terms of planning for, and ensuring, business continuity. As a result, the information contained in the HTE system may be considered to be inaccurate or out of date.

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- ◆ The HTE system lacks a robust security and audit solution that adequately supports data security, separation of roles and responsibilities, and audit logging to confirm who made a particular change, when the change was made, and what data was changed. The current system allows staff in some cases the ability to change information (including fees and pay rates, for example) that should not be changed by those individuals.
- ◆ Testing of the current system by end-users is limited and increases the risk when change is introduced. Central IT is responsible for installing updates, which are periodically installed directly into the production system. Following best practices would require installing and testing updates in a test environment. However, Central IT indicates that departments are short staffed and therefore are unable to provide the resources to complete testing. To date, Central IT reports minimal consequences of installing updates directly to the production environment; however, this is a risky approach and increases the risk of instability, data corruption, or unavailability.
- ◆ Staff reported that the HTE system is not effective or efficient in supporting the business tax function.
- ◆ Staff reported that the HTE system does not provide a solution to track developer deposits.

In addition to the above issues, the HTE system lacks features and functionality to adequately support the following:

- ◆ **Reporting** – City staff consistently cited the need for improved information access and reporting. In an effort to compensate for the lack of reporting, Central IT has created

a process that copies information on a nightly basis from the HTE system to a Microsoft Access database for reporting and inquiry. Unfortunately, there is a perception that reports do not balance, which could be because of a lack of understanding of when updates process (i.e. immediately or overnight) and the source of the information (Access database or a financial report).

- ◆ **Project Accounting** – The HTE system does not adequately support the City’s Capital Improvement Projects (CIP) that crosses multiple years. In an effort to track CIP budgets, some departments have resorted to using an Access database that provides high-level information but lacks detail. Limited accurate financial information hinders managing to the CIP budget.
- ◆ **Chart of Accounts (COA)** – The HTE system’s COA does not adequately support the growing needs of the City. The COA structure, as currently designed, has run out of numbers to support the implementation of new accounts. This limits the ability to analyze financial information or to track information at the desired level of detail.
- ◆ **Position Control** – Position control refers to system functionality which provides the ability to track information based on positions rather than employees. Implemented correctly, it creates a framework of positions for all the jobs within the organization without regard to whether or not there is currently an incumbent in a specific job. The HTE system has position control, but it was not implemented properly. As a result, it is possible to have duplicate authorization numbers for the same position.
- ◆ **Workflow** - The HTE system does not support workflow capabilities, which would provide more streamlined and

City of Oxnard – ERP Alternatives Analysis Report

efficient processes when handling common financial activities. Workflow has the ability to automate the review, approval, and tracking of common financial tasks. In addition, workflow would replace the movement of hardcopy documents and support a paperless environment.

- ◆ **Time and Attendance Reporting** – The HTE system does not provide automated time and attendance reporting. In today's environment, staff submit paper timesheets to a department level timekeeper who then keys the information directly into the system. Moving to an automated system would create efficiency and improve reporting. In some cases, separate manual and reporting processes are used to track staff hours for code enforcement or permitting rather than using a single automated system.
- ◆ **Human Resources** - The HTE system does not include an HR module. As a result, the city uses manual processes to support and track HR activities. The HR Department needs a system to track many activities, including certification and training, performance evaluations, FMLA, and hours worked for PARS.
- ◆ **Budget** – The HTE system does not support the City's budget activities. In today's environment, the budget is created in Excel using data exported from the system to Access. Once the budget is finalized in the Excel models, then it is manually entered into the HTE system.
- ◆ **Security and Audit Trail** - In order to compensate for system limitations, users have the ability to override fees, pay rates, etc. The system does not provide an audit trail identifying the override and the user who made the change.

- ◆ **CAFR** - The CAFR Unlimited application is used to create the CAFR. An application created by Central IT extracts financial data from the system into a CSV file. However, the user must perform significant manipulation in the CAFR Unlimited application.
- ◆ **Grant Management** - The City has successfully obtained multiple grants. Regulatory compliance is the responsibility of the department that obtained the grant. Grant management software could assist with tracking grant-related activity and reporting.
- ◆ **Developer Deposits** - Staff hours worked on a project are maintained outside of the system using Excel and Access. Invoices are generated using Microsoft Word. The manual process is time consuming and cumbersome. The ability to track developer deposits in the system is desired. Ideally, the staff hours would also transfer to timekeeping for payroll.
- ◆ **Business Tax** - There are approximately 10,200 active Business Tax Certificates. The HTE business tax system is used to process applications and renewals, but the application is inflexible and requires extensive manipulation and workarounds in order to meet processing requirements.
- ◆ **Training and Documentation** - Staff reported there was little to no training available when the system was initially installed. The lack of training has continued since initial implementation, with new City employees shown how to use the system by others who may not have a strong depth of understanding themselves. In addition, inadequate training is exacerbated when City positions are not filled until after the

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previous employee is gone and unavailable to answer questions.

Although there are limitations, the HTE system is effectively supporting Utility Billing and Code Enforcement as follows:

- ◆ **Utility Billing** - The City has approximately 44,000 utility accounts. While enhancements are desired, the application effectively supports billing and payment processing.
- ◆ **Code Enforcement** - The Code Enforcement staff use the HTE system effectively. The system supports case entry, initial notification, and further activity including inspection recheck, citation issuance, court action, referral to City Attorney and abatement. Functionality includes the ability to generate and attach letters and notes, and the officer can specify the desired date for the status check. Code Enforcement is able to view all building permit activity and flags, and this information is of value to the officers.

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4 – Alternatives Analysis

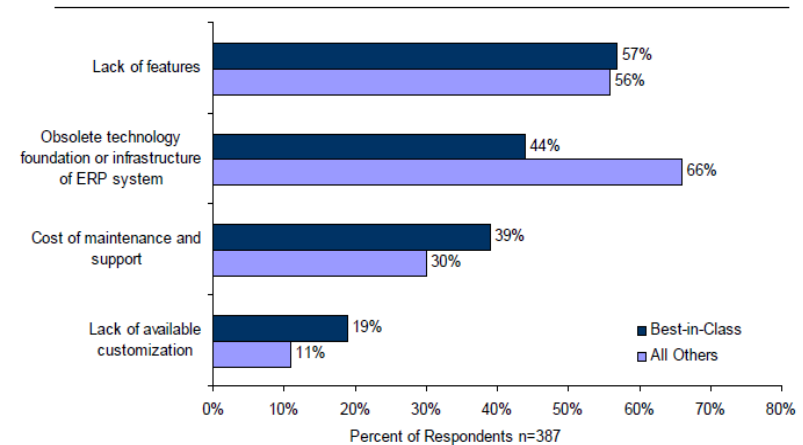
The primary objective of an ERP system must be to provide the features and functionality to accurately report the City's financial and business transactions, streamline business processes, improve customer service, reduce costs, and improve decision making. Because of the cost and organizational impact of implementing a new ERP system, a replacement should only be considered when significant value can be attained by a change of system. It is with this understanding that NexLevel is providing possible alternatives and making our final recommendations.

Industry research has shown that there are several common reasons why an organization looks to change an ERP system. According to the Aberdeen Group's 2011 research, the common reasons for an ERP system change include:

- ◆ Organizations are concerned with the lack of features and functionality to fully support their business and operational needs, and in a 2011 survey over half of those polled identified this as a top reason for replacing their ERP system
- ◆ The second driving factor was to keep current with modernizing technology infrastructure and replacement of obsolete back-end architecture and applications
- ◆ Third, many have been driven to change based on the cost to maintain and support the current solution. With the Tier 1 and 2 solutions bridging the gap of features and functionality, the annual costs to support are comparably different

- ◆ Lastly, others have considered change because their system has lacked the available customization to meet the business requirements

Figure 6 is taken from the Aberdeen Group study.



Source: Aberdeen Group, July 2011

Figure 6 - ERP Replacement Reasons

Having this understanding of the industry helps the City identify the reasons why it is considering a new system, and what are the next best steps to meet the City's current and future ERP system needs.

NexLevel believes that the City has the following three alternatives:

- ◆ Continue As-Is
- ◆ Upgrade the Existing System
- ◆ Replace the Existing System

In the following pages we discuss each alternative.

City of Oxnard – ERP Alternatives Analysis Report

Alternative A - Continue As-Is

The HTE system is meeting the basic needs of the City and it can be a viable solution for the next 3 – 5 years. However, as outlined in this report, there are significant benefits that can be realized by moving to a more current and modern ERP system.

This alternative should be considered if the City has other competing priorities that would erode the focus and resources required for a successful new ERP system implementation. The complexity and risk of replacing the HTE system is significant. The City should only launch an ERP replacement project if it is a high priority project. If there are competing priorities that will make key staff unavailable to assist with replacement, then this alternative should be considered.

If the City determines that continuing with the HTE system is the best course of action, then the City should make an investment in the following areas to ensure the most value is received from system:

- ◆ Perform additional user training
- ◆ Implement reporting enhancements
- ◆ Establish a succession plan for key system support resources and/or cross training personnel
- ◆ Consider opportunities to re-engineer existing processes to help streamline operations
- ◆ Take steps to address or minimize the concerns identified in the Management Partners Organizational Assessment and Audit report

Alternative B - Upgrade Existing System

This alternative would be to upgrade the HTE system to SunGard's most current solution, ONESolution. SunGard recognized the limitations of the HTE system and now offers the ONESolution system, which was first released in 2010. To encourage clients seeking a change from the HTE system, SunGard may offer its clients significant discounts for licensing and other fees to reduce the cost of migrating to ONESolution.

The City should recognize that this alternative is much more than a software upgrade; instead, it should be treated as essentially a new ERP system implementation, which would include planning, gap analysis, process re-design, conversion, integration, testing, and training. The implementation of ONESolution would be a significant change for all users, since the implementation includes a new user interface, reporting tools, processes, and procedures. Because of the magnitude of the change that will be introduced, this alternative should include a comprehensive change management program to encourage staff change and acceptance.

The primary advantage of this alternative is that SunGard has significant knowledge of the City and the current solution (HTE). This helps reduce the risk associated with the fit gap assessment and with data migration. However, this alternative shares many of the complexities and risks associated with a new ERP system implementation.

Alternative C – Replace the Existing System

This alternative is to replace the HTE system with an industry-proven, long-term solution. This alternative would be initiated by following a best practices procurement and selection approach to

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ensure careful evaluation of vendor solutions to identify the best fit solution. The replacement of an ERP system should be viewed as an enterprise effort with a focus on obtaining the support and buy-in from the users. It should also be conducted to ensure the City takes full advantage of modern technology, including workflow, content management, reporting/business intelligence, web services and portals, dashboards, and mobile technology.

The benefits of this alternative include the ability to:

- ◆ Incorporate fully integrated “best business practices”
- ◆ Develop a system that is user friendly and empowers departments to improve their business processes
- ◆ Add and improve functionality in back-office functional areas
- ◆ Improve quality and accessibility of information to support business planning and decision support
- ◆ Streamline processes by eliminating paper-based workflow processes and forms
- ◆ Improve information access by reducing redundant “shadow systems”, data entry, storage and paper processing
- ◆ Improve operational effectiveness and productivity of staff
- ◆ Enable strategic planning initiatives (e-Government, etc.) including enhanced customer service and web self-service
- ◆ Increase remote access to information through the use of mobile applications and devices

The cost of implementing a new ERP system is much more than just software. The following table identifies cost components that must be considered to arrive at a total cost to implement.

Table 1 – ERP Cost Components

ERP Vendor Cost Components	Additional Cost Components
◆ Software licensing	◆ Staff Backfill
◆ Third Party Software Licensing	◆ Server and Storage
◆ Ongoing Maintenance and Support	◆ Database Licenses
◆ Vendor Implementation Services	◆ Project Management
○ Implementation Support	◆ Integration with other systems (i.e. permitting, utility billing, etc.)
○ Integration	◆ Documentation
○ Conversion	
○ Training	
○ Documentation	

The timeframe to implement a new ERP solution can vary significantly based on:

- ◆ The degree to which current business processes need to be re-engineered
- ◆ The availability of technical and user resources (allowing for the fact that current applications must be supported during the implementation timeline and that operations must be similarly supported)
- ◆ The organization’s experience in the implementation of enterprise applications
- ◆ The number and complexity of external dependencies (such as the testing and implementation of interfaces with

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external organizations or the approval of regulatory agencies)

Based on NexLevel's experience, the timeline for a new ERP system procurement and implementation in an organization similar to Oxnard would be 24 – 36 months. Typically, the timeline is broken out into five phases:

1. **Project Planning and Preparation:** A 1 -2 month phase that includes all of the activities related to laying the foundation for the successful management of enterprise projects. In addition to the customary project planning activities such as the development of the project schedule and the assignment of resources to the tasks in the schedule, the successful and timely completion of enterprise projects is highly dependent on the development and implementation of effective processes for change management, risk management, and communication management.
2. **Requirements Definition:** A 2 - 4 month phase that includes all of the activities related to the gathering, consolidation, and refinement of requirements for the new enterprise system. Critical success factors in this phase include focusing on the elimination of siloed and/or non-value added activities and on the specification of requirements in terms of "what" the organization needs to accomplish rather than "how," since the "how" will largely be determined by the selected solution. Organizations will sometimes either rush through this phase or omit it entirely, and often find that they do not procure the best solution for their needs or implement the solution in a way that minimizes the benefits that they receive. The worst-case scenario is that the enterprise project fails. The critical point being that time spent in getting the requirements right reduces project risk and increases the value that the

organization ultimately obtains for the considerable investment in resources associated with enterprise projects.

3. **RFP and Selection:** A 4 - 6 month phase that includes all of the activities related to the solicitation of proposals, their evaluation, and the detailed evaluation of the various solutions to select the solution best suited to meeting the City's needs, and the negotiation of the contract with the vendor.
4. **Implementation:** The implementation will likely involve three major phases (e.g. Finance; Payroll/HR; Other). Each phase typically entails 9 – 12 months. Activities involved in the implementation of the solution include the initial configuration of the solution, development of training and testing plans, development of the data conversion plan and the conversion of data from the present solution, initial testing and refinement of the configuration, and acceptance testing.
5. **Post-Implementation:** A 3 – 6 month phase that is often neglected in project planning and includes the activities related to completing any components of the project that have been deferred until after implementation, such as resolving defects that were previously deemed non-critical, reviewing the implementation and documenting lessons-learned, and performing an operational review to identify any further configuration changes or training that may be needed to enable the users to be as effective as possible. This phase often also includes planning for future phases of the project.

There are additional considerations that must be addressed if the City chooses to replace the HTE system. The City is currently

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supporting several department level functions with the HTE system including the following:

- ◆ Business Tax
- ◆ Land Development
- ◆ Utility Billing
- ◆ Code Enforcement

While some industry proven ERP systems can address the above department needs, the City might find it most beneficial to consider separate solutions. The City should carefully evaluate the benefits of taking a “single system” approach (like what is done today with the HTE system) versus a “best of breed” approach (implementing the best functional solution for the City, possibly outside of the ERP system). It is common for cities the size and complexity of Oxnard to select the functional software solution that most closely aligns with their needs – maximizing the value.

NexLevel Recommendation

NexLevel believes the City will see significant value in replacing the HTE system with an industry-recognized, proven ERP system. For this reason, Alternative A is an option only if the City does not have the staff and financial resources to take on an ERP replacement project. Alternative A should be viewed as a stop gap solution, as it will not allow the City to address current needs and issues.

While Alternative B is a viable option, the level of effort, cost, and risk of this option approaches what would be expected if the City pursues Alternative C. It is for this reason that NexLevel recommends that the City pursue Alternative C. Alternative C provides the City the ability to take a measured and deliberate approach to procuring and selecting a long-term solution (potentially 15+ years). With Alternative C, the current vendor (SunGard) could still propose their flagship product, ONESolution, and the City could fairly evaluate the costs and benefits of that solution with other solutions available in the market.

Procuring and implementing a new ERP system, while time consuming and expensive, should be viewed as a 15+ year commitment that will impact virtually every department. It involves identifying and entering into a long-term partnership with a vendor that is committed to continuous improvement and innovation.

If the City selects to pursue Alternative B or C, it may still wish to explore short-term improvements in the current ERP system via training and enhanced reporting. The timeline to implement Alternative B and C would be 24 – 36 months. In the meantime, a greater understanding of the system design, reports, and application solutions will allow the City to get more value out of the existing system and reduce staff frustration.

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◆ 5 - Critical Success Factors to Consider

NexLevel has conducted a wide range of ERP selections for public agencies. This work often involves performing an assessment of an existing ERP implementation to understand why that system is no longer meeting the organization's needs. Out of this experience, NexLevel has identified the following critical success factors:

(1) ERP requirements should be gathered in a collaborative manner

All departments and stakeholders should participate in the development and review of the requirements for the ERP system. Dialog at this point in the project is critical since requirements are much easier to refine and revise at this point than later in the project. Taking the time to establish the correct requirements at the outset will return significant benefits later in the project. For example, although the finance unit is generally the “owner” of the financial requirements, processes such as budget creation, time entry, and invoice approval must also work for the rest of the organization.

(2) Beware of the “automation boundary”

The “automation boundary” is a term used by NexLevel to describe the relationship between automated and manual processes. Organizations with older applications often find that individual groups of users develop different manual “workarounds” over time. These workarounds can be developed as a result of a lack of understanding of system functionality or due to limitations in system functionality. In either case, these are often “institutionalized” over time and become the “way we do business,” and separate units within the organizations may have their own way of performing the same tasks. Left alone, this can result in the development of

user requirements that are overly complex and based on non-value added business processes. The “prime directive” for the team members assigned to facilitate the development of user requirements should always be to ask “why” and not to accept “because we’ve always done it that way.”

(3) Willingness to change business processes

As we have addressed previously, the readiness of an organization to embrace procedural change is critical to the development of requirements for a new ERP system. People are often reluctant to change processes; some are unable to conceptualize how a process can be improved, and some fear the loss of hard-won competencies or the imposition of additional accountability. Whatever the motivation, an organization must be prepared to work with the user community to overcome these obstacles.

(4) Make a good, long-term technical decision

Organizations are often tempted to make technical decisions that are based on minimizing short-term disruptions and risks, or on what is “trendy” - and subsequently incur the cost for these decisions in the long run. Considering that enterprise systems in the public sector are generally used for fifteen to twenty years, making an informed long-term technical decision is critical. For most organizations, this comes down to the decision to either use a cloud-based solution or host the ERP system on-premises. Considerations related to both of these options have been discussed previously in this report.

(5) Plan for the Long-Term

The implementation of enterprise solutions requires a significant commitment from the organization over a long

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period of time. The implementation plan should carefully consider how functionality can be phased in over time to minimize organizational impact and risk. Organizations should also plan to conduct post-implementation evaluations after each phase, to document lessons learned and to “clean up” any issues that remain from implementation, before proceeding with the next phase.

(6) Carefully consider the long-term total cost of ownership (TCO) and the organization’s return on investment (ROI) for the ERP system

As noted previously, ERP solutions have both direct and indirect costs, and anyone determining the true cost of an ERP solution should take into consideration the costs related to the improvements needed in the supporting technology infrastructure including desktop computers, servers, storage systems, and the City’s network.

(7) Prepare for obstacles and contingencies

Although project sponsors and project planners often spend a good deal of time in risk management and in crafting highly resilient and realistic project plans, the reality is that no plan can ever anticipate every possible contingency. Therefore, organizations embarking on the implementation of enterprise technologies such as an ERP system should be prepared to cope with and overcome unplanned obstacles and contingencies.

(8) Streamline and rationalize report generation

Current processes are often based on the generation and dissemination of paper reports, and organizations need to work with the user community to break the “paper habit” and transition users to obtaining information directly from the ERP

system so that they have access to the most current information. Similarly, users are accustomed to exporting information into spreadsheets and ad-hoc databases for reporting purposes, and to the maximum extent possible, these separate documents should be replaced with on-demand queries that are generated directly from the ERP system.

(9) Plan to make maximum use of system features and functionality from the outset of the project

Organizations implementing ERP software suites often pay more attention to how the product can support their business requirements and overlook features and functionality in the new system that extend beyond their immediate requirements. It is very important to look for those opportunities. Planning to get the most use from the product can improve the ROI for the expenditure involved, as well as create opportunities to improve service delivery. This includes making better use of “dashboard” functionality to focus on effectiveness and performance. Planning to make use of these features and functionality from the outset of the project is preferable to attempting to implement them on an ad-hoc basis in the midst of other project priorities.

(10) Utilize system demonstrations rather than checklists

Often, procurement processes rely on vendors responding to long checklists of requirements and indicating whether the requirement would be supported by the baseline functionality of the application, through a configuration change, or through a custom modification. At best, these indicate “what” the application can do rather than how well the functionality provided conforms to the user’s expectations. Over-reliance on checklists can result in an organization spending precious time and resources investigating what may turn out to be “dead

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ends.” A better approach is the development of use cases in which the vendor must demonstrate the “how” to the selection committee. The development of use cases is a “win - win” scenario for organizations – despite the effort involved to generate them, they can be used to refine requirements, to evaluate alternative solutions, and in the acceptance testing process.

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◆ 6 –ERP Readiness Assessment Considerations

NexLevel has worked with a variety of government clients that are engaged in ERP projects. Some of these clients have sought an ERP solution to replace a mix of custom applications that have become prohibitively expensive to support and that no longer meet the organization's business needs. Others, similar to the City, are seeking to replace an existing ERP system that is becoming obsolete or that is no longer a fit for the organization's needs.

In either case, NexLevel has found that the success of any new ERP project is largely dependent on whether the organization is prepared to handle the challenges associated with the implementation of an enterprise system. The City's ERP readiness assessment should include consideration of the following factors:

(1) The City's management team must be fully committed to the success of the project and to providing the resources that are needed

The success of a new ERP implementation is dependent on the committed and active support for the project from the City Council, the City Manager's Office, and the department directors. The implementation of the new ERP system will affect every department within the City and require the participation of staff in a range of activities including the definition and confirmation of requirements, the identification of opportunities to improve business processes, cleaning up data in the existing application, and in the testing and acceptance of the new modules, all of which must be done in a manner that does not significantly impact customer service and operations.

(2) The City must be committed to reviewing and re-engineering existing business processes to take advantage of the features and functionality provided by the new ERP system, and to adopting a formal approach to change management

The City's ability to realize significant benefits through the implementation of the new ERP system is directly related to its willingness to embrace operational and organizational change. Michael Hammer's landmark study "Reengineering Work: Don't Automate, Obliterate," noted that organizations often fail to realize the benefits of significant expenditures for automation because they use technology to automate existing business processes, some of which date back to largely manual environments. These processes often "promote tunnel vision oriented towards narrow goals of individual functions or departments, rather than the goals of the process as a whole."²

As a result, while new technology may improve an organization's ROI, the ability of an organization to more fully realize the benefits from their investment in technology is related to their willingness to accept and embrace changes in how the organization conducts business. The City's stakeholders must be prepared to overcome the obstacles frequently encountered in the implementation of new enterprise software, including resistance to change.

Typically this requires the adoption of formal approaches to both business process reengineering (BPR) (which Hammer defines as "the fundamental rethinking and radical redesigning of business processes to achieve dramatic improvement in... cost, quality, services, and speed"), and organizational change

² Hammer, M. "Reengineering Work: Don't Automate, Obliterate," Harvard Business Review, July-August, 1990, pp. 104-112.

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management (OCM). The adoption of formal processes for OCM is critical since resistance to change has been consistently ranked high as one of the factors contributing to the failure of enterprise system implementations. Together, these approaches will enable the City to:

- ◆ Adapt the City's organizational structure and procedures to take advantage of the features of the new system, particularly with regard to taking advantage of best practices, streamlining processes though the elimination of non-value added tasks, the adoption of standard processes across the enterprise, and the elimination of manual document processing and handling.
- ◆ Adapt functional requirements in response to external factors (such as statutory or regulatory changes), but also as a result of the users obtaining greater experience in how technology can best be used to improve operations. Changes in functional requirements can also lead to changes in policies and procedures and expectations, particularly regarding the availability, timeliness, and accuracy of information.
- ◆ Adapt technical requirements to the performance and availability of the system, the underlying technologies supporting the system, and the new technology offerings that can potentially provide additional performance or costs benefits.
- ◆ Adapt contractual requirements and the implementation plan to organizational, procedural, functional, and technical changes, and changes to the availability of resources.

- ◆ Mitigate project risks including:
 - potential delays in implementation that can impact operations and result in cost-overruns,
 - user dissatisfaction with the new system, and
 - difficulties in realizing the intended benefits from the implementation of the new ERP suite.

(3) The City must have a well-defined roadmap for the replacement of its current financial system

The roadmap needs to identify and document:

- ◆ How the new financial system will integrate with other components of the City's application portfolio.
- ◆ Which business processes and modules will be included in the ERP project, and their relative priorities.
- ◆ The resulting application architecture indicating which modules will be replaced, renovated, or retired in the course of the project.
- ◆ Whether information from existing applications will be carried forward to the new ERP system, and the measures required to ensure the accuracy and consistency of that information.
- ◆ The impact of the implementation on the City's information technology environment and steps that must be taken to upgrade it.
- ◆ The plan for the acquisition and implementation of the new ERP system including how the modules will be phased into use and the City's preferred approach regarding on-premises hosting vs. SaaS. The City will need to plan to

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implement the features and functionality that are most needed and provide the greatest benefit.

- ◆ The finances, personnel and other resources required to support the implementation of the new ERP system.

(4) The City must identify the goals and metrics that will be used to measure the business benefits of the new ERP system

Goals and metrics provide tangible reference points to indicate whether the desired benefits are being obtained from the new ERP system, and serve as the foundation for the implementation of a program for continuous improvement in the delivery of services to internal and external customers. Key performance indicators (KPIs) that are presently in use are a good starting point for these metrics, with the caveat that some process changes may make some of these KPIs less relevant. Nonetheless, the publication of information regarding improvements in performance helps justify the effort being expended on the implementation of process changes and the new ERP system.

(5) The City must be prepared to effectively manage the scope and objectives of the ERP project

It is likely that the City will implement the ERP system over multiple years and phases. As a result, it may have to make compromises to make the overall project more successful. For example, the City might have to push some functionality to a later phase, consider using third-party products to provide needed functionality, or remove one or more system functions from the project altogether. The City must be prepared to make informed decisions to ensure that, during the “crunch” that often accompanies implementation, these decisions are made based on realistic, long-term operational considerations,

and do not result in the implementation of products which fall short of the organization’s needs and expectations and that diminish organizational support for the project.

(6) The City must have a long-term plan to ensure that users can obtain the greatest value from the new ERP system through an ongoing approach to training

Training is often sacrificed in the rush to get a new system implemented, and then becomes a secondary concern in the face of the immediate tasks related to the day-to-day business of organizations. Even if adequate training is provided in the course of the implementation of the new ERP system, users often forget how to use functions and features that they do not use frequently, and user competence can also be diminished over time by staff attrition and re-assignments. The City must be prepared to provide ongoing training and to ensure that all staff members are sufficiently trained in the use of the new ERP system.

(7) The City must have a long-term approach to project planning and management

Project planning often ends with the completion of the last planned implementation phase; however, the City should consider its long-term requirements for project planning in order to:

- ◆ Effectively implement changes to the new ERP system in response to new or changed functional requirements or the availability of new or improved functionality from the system provider.
- ◆ Plan for and implement additional modules that were not part of the original implementation plan.

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- ◆ Monitor vendor performance. If the City elects to utilize a remotely hosted solution, it will need to designate staff members to monitor vendor performance and ensure compliance with the terms of the Service Level Agreement (SLA), and advise City management in the event that the vendor is not meeting the agreed upon SLA levels and actions are required.



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Info/Consent

AGENDA ITEM NO.: 5

DATE: March 7, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Solicit Bids for On-Call Backflow Assemblies Testing, Maintenance, Repair and Replacement Services

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

That City Council authorize staff to solicit bids for on-call backflow assemblies testing, maintenance, repairs and replacement. This contract will be for \$375,000 for three years and will not exceed \$127,000 annually.

BACKGROUND

Section 7605 of Title 17 of the California Code of Regulations requires that owners of backflow devices test them at least once per year and certify that they are operational. Any assemblies that fail to meet specifications must be repaired or replaced as soon as possible in order to ensure that the City's potable water supply remains free from potential backflow contaminants. The State Water Resources Control Board - Department of Drinking Water administers the regulations and requires the City to provide an annual report of devices tested and repaired.

The Public Works Department's Water Division requires support for testing and certifying over 500 City-owned backflow prevention assemblies of various sizes and types as well as any necessary cleaning, repair, retesting or replacement of the entire assembly as required for certification. The proposed scope also includes testing and certifying privately-owned backflow assemblies whose owners failed to have them tested and certified operational in a timely manner

Solicit Bids for On-Call Backflow Assemblies Testing, Maintenance, Repair and Replacement Services

March 7, 2017

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as required by City Code Section 22-74. Any testing and certifying of privately owned backflow assemblies will be reimbursed by the owner.

The contractor will be responsible for furnishing all materials, tools, equipment, and labor required to complete the assigned work per the cost of services schedules established in the bid and contract documents. After the project bids are received and evaluated, staff will return to City Council to recommend awarding the contract to the lowest bidder for the project.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

Sufficient budget is available in the Water Security Contamination Fund Professional Contract (account number 608-6015-842 82-09) to fund for the services.



**CITY COUNCIL
AGENDA REPORT**

TYPE OF ITEM: Report
AGENDA ITEM NO.: 1

DATE: March 7, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Proposed Wastewater Rate Increase (30/30/45)

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

1. Approve the City wastewater rate structure for a five-year period (July 2017-2022);
2. Authorize staff to proceed with the Proposition 218 public notification process; and
3. Set a public hearing on the wastewater rate increase for May 16, 2017.

BACKGROUND

Oxnard Wastewater Treatment Plant History

In the 1950s, the City built its wastewater treatment plant. In the 1970s, the City constructed two bio-towers to provide partial secondary treatment. In the 1980s, the City upgraded the wastewater treatment plant to full secondary treatment (activated sludge) to meet the requirements of the federal Clean Water Act. In 2006, the City constructed a new headworks facility for screening and grit removal.

The wastewater treatment plant was initially operated by Ventura Regional Sanitation District (VRSD) as a regional wastewater treatment plant. In the 1980s, the City took over the wastewater treatment plant operations and maintenance responsibilities. The plant continues to operate a regional facility, processing wastewater from the City of Port Hueneme, Channel

Islands Beach Community District, United States Navy bases, El Rio, Nyeland Acres, and Las Posas Estates.

Wastewater Treatment

Wastewater is water that has had its quality degraded by some type of human activity. Residential sources of wastewater include toilets, showers, sinks, and washing machines. Commercial sources of wastewater include food processing, manufacturing and oil production. Some materials in wastewater can be hazardous to human health and the environment. These materials must be treated at a wastewater treatment plant before being safely released.

Oxnard's Wastewater Treatment Plant (OWTP), located at 6001 South Perkins Road, provides primary and secondary wastewater treatment. The OWTP currently treats approximately 19 million gallons of wastewater per day (mgd) and has an ultimate capacity of 32 mgd. The City's sanitary sewer collection system transports residential, commercial, and industrial wastewater to the treatment facility. The sanitary sewer collection system consists of 407 miles of gravity sewers, 23 miles of pressurized force mains, ranging from 4-inch to 20-inch, and 15 sewer lift stations.

Sewer collected from throughout the City enters the OWTP at the headworks, where debris and grit are removed. From the headworks, wastewater is pumped into primary clarifiers (settling tanks) to remove inorganic materials and heavy solid materials. After primary treatment, the wastewater is pumped to bio-towers (trickling filters) and activated sludge basins for biological treatment to remove soluble organics in the wastewater. The treated wastewater is then directed into secondary sedimentation tanks for final solids settling before discharging into the Pacific Ocean via an ocean outfall pipeline. A portion of the treated wastewater is conveyed to the Advance Water Purification Facility (AWPF) for recycled water treatment. Biosolids collected at the OWTP's primary clarifiers and secondary sedimentation tanks are processed at the digester facility to break down volatile organic materials to stabilize the biosolids. The digested biosolids are dewatered before being disposed at the Toland Landfill.

Need for Wastewater Rate Increases

The City's primary financial goal for its utility enterprises is to ensure that revenues from rates and fees are adequate to fund daily operations and maintenance, capital improvement, debt service and reserves. The funds generated by utility rates are used to provide wastewater collection and treatment for residents and businesses. Currently the OWTP has nearly 40,000 accounts. The total service population exceeds 230,000. The rates fund operations, maintenance, repairs, debt payments, reserve levels, infrastructure costs, and capital projects within each utility.

Additionally, a recent condition assessment of the OWTP has documented 30 percent of the system's assets are in poor or very poor condition, with 72 percent at a moderate, high or very high risk of experiencing failures. The City's overall objective is to reduce the failure risk of all

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facilities to low or very low. Understanding the current funding limitations, the City has developed a ten-year rehabilitation program with goal of reducing the highest risk facilities to a moderate or better risk grade. This ten-year program includes:

- Years 1 - 2: Repair high risk facilities which have been identified as health and safety concerns or urgent needs to maintain plant functionality.
- Years 3 - 5: Rehabilitate functions necessary to maintain required minimum redundancy and treatment facility.
- Years 6 - 10: Abandon older facilities that have reached the end of their useful lives (those built before or up to 1975), repurpose and renew other facilities to provide a modern treatment process (such as membrane bioreactor (MBR) or other technology), and make efficiency improvements, including reduced pumping and more efficient treatment equipment. *The capital improvement costs in years six through ten are not included in the current wastewater rate study.*

The last time the City implemented a rate increase was in fiscal year 2013 for 6 percent. In January 2016, the City Council adopted wastewater rate increases, with the first rate increase of 35 percent going into effect March 1, 2016 and an additional 10 percent increase going into effect January 1, 2017. In November 2016, the passage of a ballot initiative, titled Measure M, halted full implementation of the City's legally adopted new fees for the wastewater utility. The City legally challenged the Measure M initiative. The court issued a stay, meaning the City could continue to collect the increased rate until further determination. The City chose not to implement the 10 percent increase in January 2017.

In December 2016, the City Council directed City staff to start a new wastewater rate study. The Council also determined that a utility ratepayers advisory panel should be formed to advise the City on the new wastewater rates.

Utility Ratepayers Advisory Panel (URAP)

On January 17, 2017, the City Council Utilities Task Force (UTF) selected members to form the Utility Ratepayers Advisory Panel (URAP). The purpose of the URAP was to provide a recommendation to the UTF and later to the City Council regarding the URAP's preferred wastewater rate scenario.

The URAP had five regular meeting and one special meeting (wastewater facility tour). Staff initially provided six different rate scenarios to the URAP for consideration, which included the following. All scenarios assume inflation rates of 2.5 to 3.0 percent for line item operating expenditures and an inflation rate of 3.2 percent for capital project costs. It was also assumed the 35% increase in rates as of March 1, 2016 would stay in place.

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	Current	Projected -->				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Scenario 1	Enhanced Reliability CIP, Full IUF, Less time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18					
Percent Increase		10.00%	7.50%	7.50%	7.00%	7.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.42	\$53.09	\$56.77	\$60.78
Monthly Increase		\$4.22	\$3.43	\$3.67	\$3.68	\$4.01
Scenario 2A	CIP with an Outlook to the Future, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18					
Percent Increase		10.00%	7.00%	7.00%	5.00%	5.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.26	\$52.75	\$55.40	\$58.22
Monthly Increase		\$4.22	\$3.27	\$3.49	\$2.65	\$2.82
Scenario 2B	CIP with an Outlook to the Future, Full IUF, Reserve Policy Met in 5 Years, Begin to Build Reserves in FY 2019/20					
Percent Increase		6.00%	6.00%	6.00%	6.00%	6.00%
Typical Monthly Bill	\$41.77	\$44.34	\$47.02	\$49.87	\$52.91	\$56.15
Monthly Increase		\$2.57	\$2.67	\$2.86	\$3.04	\$3.24
Scenario 3	CIP with an Outlook to the Future, Streets IUF Only, Begin to Build Reserves in FY 2019/20					
Percent Increase		4.00%	4.00%	4.00%	4.00%	4.00%
Typical Monthly Bill	\$41.77	\$43.49	\$45.24	\$47.12	\$49.05	\$51.03
Monthly Increase		\$1.72	\$1.76	\$1.88	\$1.93	\$1.98
Scenario 4	Urgent Minimum CIP with NO Future Planning and Design, No IUF, Begin to Build Reserves in FY 2019/20, Sets up for Future Spikes in Rates to Meet Future Cost Increases					
Percent Increase		3.00%	3.00%	3.00%	3.00%	3.00%
Typical Monthly Bill	\$41.77	\$43.05	\$44.36	\$45.71	\$47.14	\$48.60
Monthly Increase		\$1.28	\$1.31	\$1.34	\$1.43	\$1.46

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	Current	Projected -->				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Scenario 5	CIP with an Outlook to the Future, Less Time to Reach Financial Policies, No IUF in FY 2017/18, Streets IUF in FY 2018/19, Full IUF Starting FY 2019/20, Begin to Build Reserves in FY 2017/18					
Percent Increase		8.25%	7.00%	7.00%	5.00%	5.00%
Typical Monthly Bill	\$41.77	\$45.27	\$48.51	\$51.97	\$54.60	\$57.38
Monthly Increase		\$3.50	\$3.24	\$3.46	\$2.62	\$2.79

Upon deliberation, the URAP requested modifications, to which staff responded with three additional scenarios, as explained below:

Scenario 2.2A	Assumptions of Scenario 2A with the following updates: Change the last 5% increase to 6%. \$5 Million in Design costs moved out of years 1 to 5.					
Percent Increase		10.00%	7.00%	7.00%	6.00%	6.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.26	\$52.75	\$55.98	\$59.34
Monthly Increase		\$4.22	\$3.27	\$3.49	\$3.23	\$3.36
Scenario 2.2B	Assumptions of Scenario 2B with the following updates: Suspend the IUF for 2 years. \$5 Million in Design costs moved out of years 1 to 5.					
Percent Increase		5.25%	5.25%	5.25%	5.25%	5.25%
Typical Monthly Bill	\$41.77	\$43.98	\$46.34	\$48.78	\$51.39	\$54.15
Monthly Increase		\$2.21	\$2.36	\$2.44	\$2.60	\$2.77
Scenario 2.3	Assumptions of Scenario 3 with the following updates: Begin to build reserves in 2017-18, rather than delayed to 2019-20. \$5 Million in Design costs moved out of years 1 to 5.					
Percent Increase		6.50%	6.50%	5.00%	4.00%	4.00%
Typical Monthly Bill	\$41.77	\$44.56	\$47.46	\$49.86	\$51.87	\$54.00
Monthly Increase		\$2.79	\$2.91	\$2.40	\$2.01	\$2.13

One member of the URAP presented an additional scenario (Scenario 6) that included a CIP of \$11,620,000 and no IUF. The City's consultant, AECOM, explained to the URAP that such a low CIP as reflected in Scenario 6, could lead to a catastrophic failure of the wastewater plant. Additionally, Chief Financial Officer Jim Throop stated that this proposal would likely be unacceptable to meet the City's financial contractual obligations. The URAP voted on Scenario 6: two members were in favor and five members opposed.

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Scenario 6	Limited Emergency only, Freezes rates at current levels, no new borrowings, no IUF				
Percent Increase		0%	0%	0%	0%
Typical Monthly Bill	\$41.77	\$41.77	\$41.77	\$41.77	\$41.77
Monthly Increase		\$0	\$0	\$0	\$0

After more than fifteen (15) hours of discussion, the URAP voted four to two (with one abstention) to recommend Scenario 2.2B for the UTF's and ultimately the City Council's consideration. Scenario 2.2B, for the average single family household with an average bill of \$41.77 would see an increase ranging from \$2.21 to \$2.77 per month over the next five (5) years.

The URAP also made two other recommendations. First, by a vote of six to zero (with one abstention), the URAP recommended that the City Council require the cost of service study to list the planned repairs and capital improvement projects, along with their expected costs and completion dates. Further, the City Council should establish a policy that each utility prepare an annual report to the Council regarding all such repairs and projects included in the most recent cost of service study. That report would include for each project its construction status, original date of completion, revised projected date of completion, original projected costs, costs incurred to date and revised projected total costs.

The second recommendation approved by the URAP, by a vote of four to three, was that the City no longer charge the IUF.

Three other recommendations were considered but did not receive support.

The UTF met on March 2nd to receive the URAP's recommendation. The UTF decided to forward the URAP recommendation (Scenario 2.2B) to the full City Council for consideration.

Consequences of Not Raising Rates

If wastewater rates are not increased, the City's wastewater enterprise will not receive sufficient revenue to cover expenses. The fund will not be able to meet bond coverage requirements, which could result in a credit downgrade and place a strain on the City's General Fund. This would make funding of required facility replacement projects more difficult and expensive. The wastewater fund would run out of money and urgently needed maintenance projects would be delayed resulting in the failure of primary treatment, bio-tower processes and manholes in the central trunk wastewater collection pipeline. The repair of tree root damage to sewer pipelines and resident laterals citywide as well as installation of odor control systems for sewer collection pipelines would be delayed, or simply not completed.

Rate Setting Process

If the City Council directs staff to proceed with a Proposition 218 notification process, property owners and ratepayers will be notified by or on March 29, 2017. This will begin the 45-day notice period. After the notice period, the City Council will hold a protest hearing at its regular meeting on May 16, 2017, introducing the proposed wastewater ordinance for the first reading. The second reading of the ordinance will be scheduled to be held at the regular Council meeting on May 23, 2017. Upon approval, the wastewater rate increases would become effective July 1, 2017.

STRATEGIC PRIORITIES

This agenda item supports the Infrastructure and Natural Resources strategy. The purpose of the Infrastructure and Natural Resources strategy is to establish, preserve and improve our infrastructure and natural resources through effective planning, prioritization, and efficient use of available funding. This item supports the following goals and objectives:

Goal 3. Ensure Funding is adequate to meet the goals of the master plans.

Objective 3a. Maximize funding sources.

Objective 3b. Set rates and fees to fully recover cost.

FINANCIAL IMPACT

Standard & Poor's (S&P) Global Ratings issued a new report affirming the "BBB" long-term rating on the City of Oxnard's Financing Authority's fixed-rate wastewater revenue bonds. S&P also reviewed the ratings from Credit Watch with negative implications. However, the outlook is still listed as "negative."

The City took steps to improve the City's short term outlook. However, the wastewater system's credit quality is "weak" and its financial position is tenuous. In order to strengthen the wastewater system's financial standing, rates must be increased to:

- Maintain sufficient cash flows to meet current and projected increase in utility operations and maintenance.
- Finance long-term capital improvements to increase operating efficiency, meet regulatory requirements, and expand system capacity to serve new development.
- Increase fund balances to target levels of the City Council adopted reserve policy (January 2016).
- Meet or exceed the bond coverage target of the City Council adopted coverage policy (January 2016).
- Increase the resilience of utility finances to address unexpected demands on utility operations and facilities.
- Continue to adopt utility schedules and financial policies to ensure the equitable allocation of utility requirements to the City's rate payers in keeping with the

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requirements of California law.

- Improve bond rating in order to gain more favorable interest rates
- Meet all contractual debt covenants.
- Increase the cash reserves to meet Council approved reserve policy, as well as to have cash on-hand for emergencies.
- Increase reserves to use cash for pay-as-you-go capital projects.

ATTACHMENTS:

Attachment A. Wastewater Rates - Scenario 2.2B

Attachment B. Proposed Wastewater Rate Increase Notice Text

Attachment C: UTF Memo re: Wastewater Scenarios

Proposed Wastewater Rates
URAP Recommended Scenario 2.2B
Oxnard Utilities Task Force Meeting: March 2, 2017

DRAFT

Formula Users							
City of Oxnard User Charge Formula:		OMUC=p(Vm)+q(Bm)+r(Sm)					
Where:							
OMUC= Oxnard Monthly User Charge in dollars							
Vm=monthly wastewater discharge in millions of gallons							
Bm= monthly BOD discharge in thousands of pounds							
Sm= monthly SS discharge in thousands of pounds							
Formula Users - Proposed Rates			Effective Date				
Service		Current Rates	7/1/2017	7/1/2018	7/1/2019	7/1/2020	7/1/2021
Monthly Wastewater Discharge/Millions of Gallons	p =	\$2,908.78	\$3,061.50	\$3,222.23	\$3,391.40	\$3,569.45	\$3,756.85
Monthly Biological Oxygen Demand Discharge/Thousands of Lbs.	q =	\$662.79	\$697.59	\$734.22	\$772.77	\$813.35	\$856.06
Monthly Suspended Solids (SS) Discharge/Thousands of Lbs.	r =	\$524.18	\$551.70	\$580.67	\$611.16	\$643.25	\$677.03

Proposed Wastewater Rates
URAP Recommended Scenario 2.2B
Oxnard Utilities Task Force Meeting: March 2, 2017

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Non-Formula Users (Industrial, Commercial, & Governmental)						
Commercial/Schools Wastewater Use - Proposed Rates						
Percentage Wastewater Return = 85%		Effective Date				
Rate Per Hundred Cubic Feet (HCF)	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 50 HCF/Month	\$3.31	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
51 to 930 HCF/Month	\$4.14	\$4.36	\$4.59	\$4.84	\$5.10	\$5.37
Over 930 HCF/Month	\$8.28	\$8.72	\$9.18	\$9.67	\$10.18	\$10.72
Restaurants Wastewater Use - Proposed Rates						
Percentage Wastewater Return = 80%		Effective Date				
Rate Per Hundred Cubic Feet (HCF)	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 20 HCF/Month	\$3.31	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
21 to 160 HCF/Month	\$4.14	\$4.36	\$4.59	\$4.84	\$5.10	\$5.37
Over 160 HCF/Month	\$8.28	\$8.72	\$9.18	\$9.67	\$10.18	\$10.72
Laundry/Laundromat Wastewater Use - Proposed Rates						
Percentage Wastewater Return = 90%		Effective Date				
Rate Per Hundred Cubic Feet (HCF)	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 105 HCF/Month	\$3.31	\$3.49	\$3.68	\$3.88	\$4.09	\$4.31
106 to 525 HCF/Month	\$3.66	\$3.86	\$4.07	\$4.29	\$4.52	\$4.76
Over 525 HCF/Month	\$4.57	\$4.81	\$5.07	\$5.34	\$5.63	\$5.93
Minimum Monthly Fees (Non-Residential)						
Minimum Monthly Fees (Non-Residential) - Proposed Rates		Effective Date				
Service	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Commercial	\$18.90	\$19.90	\$20.95	\$22.05	\$23.21	\$24.43
Restaurant	\$17.53	\$18.46	\$19.43	\$20.46	\$21.54	\$22.68
Laundry/Laundromat	\$87.00	\$91.57	\$96.38	\$101.44	\$106.77	\$112.38
School	\$66.36	\$69.85	\$73.52	\$77.38	\$81.45	\$85.73

Proposed Wastewater Rates
URAP Recommended Scenario 2.2B
Oxnard Utilities Task Force Meeting: March 2, 2017

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Non-Formula Users (Residential)						
Single Family Wastewater Use - Proposed Rates						
Percentage Wastewater Return = 80%		Effective Date				
Rate Per Hundred Cubic Feet (HCF)	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 9 HCF/Month	\$1.85	\$1.95	\$2.06	\$2.17	\$2.29	\$2.42
10 to 18 HCF/Month	\$2.06	\$2.17	\$2.29	\$2.42	\$2.55	\$2.69
Over 18 HCF/Month	\$2.87	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73
Single Family Wastewater Use; Large Lots* - Proposed Rates						
Percentage Wastewater Return = 60%		Effective Date				
Rate Per Hundred Cubic Feet (HCF)	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 16 HCF/Month	\$1.85	\$1.95	\$2.06	\$2.17	\$2.29	\$2.42
17 to 25 HCF/Month	\$2.06	\$2.17	\$2.29	\$2.42	\$2.55	\$2.69
Over 25 HCF/Month	\$2.87	\$3.03	\$3.19	\$3.36	\$3.54	\$3.73
*Lot Size of over 7,000 square feet						
Multi-Family and Multi-Unit Wastewater Use - Proposed Rates						
Percentage Wastewater Return = 90%		Effective Date				
Rate Per Hundred Cubic Feet (HCF)	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 6 HCF/Month*	\$1.50	\$1.58	\$1.67	\$1.76	\$1.86	\$1.96
7 to 12 HCF/Month*	\$1.68	\$1.77	\$1.87	\$1.97	\$2.08	\$2.19
Over 12 HCF/Month*	\$2.34	\$2.47	\$2.60	\$2.74	\$2.89	\$3.05
*Tiers for Multi-Family/Multi-Unit Residential wastewater rates are variable and are determined by multiplying each tier allotment by the number of units.						
Monthly Base Rates (Residential)						
Monthly Base Rates (Residential) - Proposed Rates		Effective Date				
Service	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Single Family	\$28.45	\$29.95	\$31.53	\$33.19	\$34.94	\$36.78
Multi-Family/Unit Units 1 to 6	\$20.81	\$21.91	\$23.07	\$24.29	\$25.57	\$26.92
Units 7+	\$10.37	\$10.92	\$11.50	\$12.11	\$12.75	\$13.42

Proposed Wastewater Rates
URAP Recommended Scenario 2.2B
Oxnard Utilities Task Force Meeting: March 2, 2017

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Security and Contamination Fee						
Security and Contamination Fee - Proposed Rates		Effective Date				
	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Monthly Charge Per Account	\$0.65	Discontinued	Discontinued	Discontinued	Discontinued	Discontinued
Non-Metered Water Users						
Non-Metered Water Users - Proposed Rates		Effective Date				
	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Monthly Charge Per Account	\$48.85	\$51.42	\$54.12	\$56.97	\$59.97	\$63.12
Outside City Users						
Outside City Users - Proposed Rates Service		Effective Date				
	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
Outside City - Residential Monthly Charge Per Account	\$77.32	\$79.72	\$83.32	\$87.04	\$90.96	\$95.11
Outside City - Multi Monthly Charge Per Account	\$53.99	\$55.66	\$58.18	\$60.79	\$63.55	\$66.38
Las Posas Commercial/Institutional Wastewater Use - Proposed Rates Service		Effective Date				
	Current Rates	7/1/2017	1/1/2017	1/1/2018	1/1/2019	1/1/2020
0 to 50 HCF/Month	\$6.39	\$6.57	\$6.87	\$7.17	\$7.48	\$7.81
51 to 930 HCF/Month	\$7.99	\$8.21	\$8.56	\$8.94	\$9.33	\$9.73
Over 930 HCF/Month	\$15.98	\$16.42	\$17.12	\$17.86	\$18.62	\$19.43

Proposed Wastewater Rate Increases

NOTICE OF PUBLIC HEARING - May 16, 2017 • 6:00 p.m.

Oxnard City Hall Council Chamber, 305 West Third Street, Oxnard, CA 93030

Proposed Wastewater Rate Increases

The City of Oxnard (City) will hold a public hearing to consider increasing wastewater rates. The meeting will be held on Tuesday, May 16, 2017 at 6:00 p.m. If less than a majority of property owners or ratepayers file a protest, the City Council will consider increasing wastewater rates, effective on July 1, 2017.

If a majority of affected property owners or ratepayers protest the increase before the conclusion of a required public hearing, the City is prohibited by law from increasing wastewater rates. This Notice contains information about the proposed wastewater rates and provides instructions on your opportunity to protest.

Why is the City of Oxnard Considering a Wastewater Rate Increase?

Financing Wastewater Treatment Plant and Sewer System

The funds generated by wastewater rates are used to treat wastewater for our residents and businesses. This money funds operations, maintenance, repairs, debt payments, infrastructure costs, and capital projects. The current wastewater revenues are less than the overall costs to provide the services. Rate increases are needed to pay existing obligations and improve the fiscal health of this vital service.

Wastewater Treatment Plant and Sewer System

Current rates are inadequate to properly maintain or replace vital aging infrastructure - including facilities, equipment and sewer pipelines. Some essential facility components have either failed or are reaching the end of their useful life. Failing to maintain aging infrastructure poses a public health risk and subjects the City to potential regulatory violations.

How Were Proposed Rates Determined?

In February 2017, the City completed a Cost of Services Study which details the City's obligation to address significant infrastructure needs and provides a detailed rate and cost of service analysis. This study is available online at

www.oxnard.org/PW.

K.1.b

How Would the Revenues be Used?

Per State law, revenues generated from wastewater rate increases must only be used to fund the actual costs of wastewater services - including the cost of debt to finance capital improvement projects.

What Happens if We do not Raise Wastewater Rates?

Insufficient Maintenance

- Increased risk to public health from failing, 60-year old infrastructure
- More frequent service disruptions caused by failed facilities
- Increased costs due to emergency maintenance and repairs

Will Not Meet Environmental Standards

- More frequent wastewater spills and

potential violations

Revenue Will Not Cover Obligations

- Wastewater Treatment Plant and Sewer System will run out of operational funds beginning in 2017
- Wastewater Treatment Plant and Sewer System will not meet its debt obligations
- Credit rating is likely to be reduced to Junk Bond status

How Do I Protest the Proposed Rate Increases?

Only one written protest per affected property may be counted. Written protests must be received by the Oxnard City Clerk's Office, 300 West Third Street, 4th Floor, Oxnard, CA 93030 prior to the conclusion of the public hearing on Tuesday, May 16, 2017.

A protest must identify the affected property by street address or Assessor's Parcel Number, indicate protesting the proposed wastewater rate increase, and include the printed name with signature of the property owner or rate payer protesting.

Telephone, e-mail and fax protests will not be accepted.

YOU MAY USE THIS FORM TO PROTEST THE PROPOSED RATE INCREASES

I _____, protest the proposed wastewater rate increase.

I am the: ☐ Property Owner ☐ Rate Payer (Customer)

Property Address: _____

or

Assessor's Parcel Number (APN): _____ Signature: _____

If you wish to use this form as your protest, please fill out and mail in a stamped envelope to:

City Clerk, 300 West Third Street, 4th Floor, Oxnard, CA 93030 or deliver to the Oxnard City Clerk by the conclusion of the public hearing.

NOTE: This form should only be used if you wish to protest the proposed rate increases.



Ruth Osuna
Assistant City Manager

Office of the City Manager
300 West Third Street
Oxnard, CA 93030
(805) 385-7430
Fax (805) 385-7595
www.oxnard.org

MEMORANDUM

March 2, 2017

TO: City Council

FROM: Ruth Osuna
Assistant City Manager

SUBJECT: Wastewater Rate Scenarios

On Tuesday, January 17, 2017, the Utilities Task Force (UTF) held a special meeting to begin the process of setting new wastewater rates. As part of this process, the UTF established a Utility Ratepayers Advisory Panel (URAP) to review the financial needs of the wastewater utility, consider options, and provide a recommendation to the Utilities Task Force regarding the establishment of new rates. The URAP members were Manuel Herrera, Richard Elzinga, David Littell, Elva Marie Lindsey, Nancy Lindholm, Aaron Starr and Rudy Rehbein. The alternates were Steve Nash, Barbara Macri-Ortiz, Brent Reischer and Frank Brommenschenkel. Although the URAP was originally scheduled to hold three or four meetings, one additional meeting was added to ensure that the panel was able to consider as much information as possible. Thus, the URAP held six meetings, 5 regular meetings and most members also participated in a special meeting, which consisted of a wastewater facility tour. The panel

met weekly, beginning on January 25, and ending on February 22, to receive information and consider various rate scenarios. The URAP voted on February 22 to recommend a rate option to the City Council. This memo includes all of the scenarios that were presented to the URAP, including the URAP's recommended option, Scenario 2.2B.

URAP'S RECOMMENDATION:

The URAP agreed by a four to two vote, with one abstention, to recommend Scenario 2.2B. This scenario has a steady annual wastewater rate increase of 5.25% which would raise the typical single family customer's monthly wastewater bill by an average of \$2.48 in each of the next five fiscal years. After considering several scenarios which were presented by City staff, the URAP panel requested modifying the original 2.B scenario by suspending the Infrastructure Use Fee (IUF) for the first 2 years, reducing the five-year capital improvement program by \$5 million in design costs. With this scenario, the City would begin to meet debt coverage in year one. The capital improvement program (CIP) in this scenarios allows for the City to take care of urgent capital improvements at a cost of \$78,890,000. This option would require the City to borrow more than Scenario 2A and 2.2A (\$55.840 million), which have higher front-end rate increases. This scenario would allow the wastewater utility fund to improve its credit rating over time, while ensuring the debt coverage policy is met in the first year of adoption. This scenario would also allow for the City Council's adopted financial policies for reserves to be met in four years. A full illustration of this scenario, and the other scenarios presented to the URAP, are available at the end of this memorandum.

In addition to the above rate recommendation, the members of the URAP considered five motions as presented by a URAP member. Two of the motions received support from the URAP to forward to the City Council. These motions include:

- A motion to recommend that the City Council require that the Cost of Service Study list the planned ~~emergency~~ repairs and capital improvement projects, along with their expected costs and completion dates, and that the City Council establish a policy that each utility shall make an annual report to the Council regarding all such planned ~~emergency~~ repairs and capital improvement projects included in the most recent Cost of Service Study. The report shall itemize for each project the following:
 - Construction status
 - Original projected date of completion from the Cost of Service Study
 - Revised projected date of completion
 - Original projected costs from the Cost of Service Study
 - Costs incurred to date
 - Revised projected costs to completion

This motion was amended by the URAP as noted above, and was carried by a vote of 6 in favor, 0 opposed, and 1 abstention.

- A motion to recommend that the City Council establish a policy requiring council approval of a business plan (including Return On Investment and payback period calculations) prior to incurring costs for a new or revised project whose purpose includes generating new or increased revenue streams or reducing future expense.
This motion did not carry, with 3 votes in favor, and 4 opposed.
- A motion to recommend that the City Council eliminate its 1.25 debt coverage policy for utilities, once the reserves reach 50% of annual debt service costs and revert to those debt coverage requirements specified in the bond instruments.
This motion did not carry, with 1 vote in favor, and 6 opposed.
- A motion to recommend that the City of Oxnard no longer charge an Infrastructure Use Fee.
This motion carried, with 4 votes in favor and 3 opposed.
- A motion to state that “it is the sense of the Oxnard Utility Ratepayers Advisory Panel that the timeframe given for making recommendations was unrealistically short and that better analysis could have been performed by the panel if needed information, even only if in draft form, was available to the panel at an earlier date.”
This motion did not carry, with 3 votes in favor, and 4 against.

TEN SCENARIO OPTIONS:

The first six scenarios (1, 2A, 2B, 3, 4, and 5) reflect the preliminary analysis of the cost of service which includes five primary variables that the URAP discussed: operations and maintenance (O&M), debt, reserves, the capital improvement program (CIP) and the Infrastructure Use Fee. The six scenarios also include the five-year revenue requirements to efficiently and effectively operate the wastewater utility for the City of Oxnard from FY 2017-18 through FY 2021-22. Three additional scenarios (2.2A, 2.2B and 2.3) were requested by the URAP as alternative options. One additional scenario (Scenario 6) was presented to the URAP at the February 22 meeting, and voted on. Scenario 6 received two votes in favor and 5 votes opposed.

CURRENT FINANCIAL OUTLOOK FOR THE CITY’S WASTEWATER UTILITY:

As was reported to the URAP at its February 8th meeting, Standard and Poor’s (S&P) Global Ratings issued a new report affirming the “BBB” long-term rating on the City of Oxnard’s Financing Authority’s fixed-rate wastewater revenue bonds. S&P also removed the ratings from CreditWatch with negative implications. However, the outlook is still listed as “negative.”

As reported by Mr. Nava, Assistant City Manager, this outlook means that instead of an imminent rating decrease in the short-term, which usually occurs within 90 days, the following actions have improved the City's short term outlook. Those actions include:

- The City's decision to pursue litigation challenging the legality of Measure M.
- The court's issuance of a permanent restraining order that prevents the implementation of Measure M for the duration of the litigation.
- Union Bank's extension of the letter of credit supporting the City's variable-rate wastewater revenue bonds to August 28, 2017.

While these City actions have stabilized the rating on the wastewater fixed-rate bonds, S&P still continues to view the wastewater system's credit quality as "weak."

With the above in mind, the City of Oxnard's following financial goals must be met to strengthen the wastewater system's credit rating. Those financial goals include:

- Maintain sufficient cash flows to meet current and projected increases in utility operations and maintenance.
- Finance long-term capital improvements to increase operating efficiency, meet regulatory requirements, and expand system capacity to serve new development.
- Increase fund balances to target levels of the City Council adopted reserve policy (January 2016).
- Meet or exceed the bond coverage target of the City Council adopted coverage policy (January 2016).
- Increase the resilience of utility finances to address unexpected demands on utility operations and facilities.
- Continue to adopt utility rate schedules and financial policies to ensure the equitable allocation of utility requirements to the City's ratepayers in keeping with the requirements of California law.

BACKGROUND

The City of Oxnard operates a wastewater utility to collect, treat, recycle, and safely discharge nearly 19 million gallons (mg) of sewage per day from nearly 40,000 accounts. The utility's service area includes the City's residents and businesses, the City residents and businesses of Port

Hueneme, the Channel Island Beach Community Services District, the Naval Base in Ventura County, and other smaller unincorporated areas of Ventura County. The total service population exceeds 230,000.

Customers are served by the City's regional treatment plant, an ocean outfall, and a collection system consisting of 430 miles of sewer pipes and 15 pump stations. The treatment plant has a permitted design capacity of 31.7 million gallons per day (mgd).

The City's Planning Division of its Development Services Department completed a comprehensive analysis of population growth in 2014 as a part of its work on the Integrated Public Works Master Plan. The projections were based on 2010 Census data, a housing count from developments constructed between 2010 and 2014, and projected housing projects and planned developments in the City. The City assumed a vacancy rate of five percent of dwelling units and an average household size of four persons per occupied unit. These population projects served as the basis for estimating future demand for wastewater services.

In 2014, the City engaged Carollo Engineers to conduct a comprehensive assessment of the wastewater system's assets and processes for the development of the Public Works Integrated Master Plan. The assessment revealed significant risks of system failure due to aging utility infrastructure. The assessment of the wastewater system determined that nearly 30 percent of the system's assets are in poor or very poor condition. The Master Plan included an extensive CIP to address the rehabilitation and replacement needs of the wastewater system, to enhance the operations performance of the plant, and to plan for future flow and load conditions. The Master Plan included nearly \$560,000,000 (2015 dollars) in wastewater projects to be implemented over a 25-year planning horizon, with the majority of costs in the first ten years due to urgency.

More recently, the City contracted with AECOM to build on the findings of the Master Plan and create a refined CIP for the wastewater system. The refined CIP is focused on the system's needs over the next ten years from FY 2017-18 through FY 2026-27.

In September 2015, the City completed a cost of service study for its Water, Wastewater, and Environmental Resources (solid waste) utilities. In January 2016, the City Council adopted the proposed wastewater rate increases, with the first rate increase of 35 percent going into effect March 1, 2016, and included a ten percent increase on January 1, 2017, which was not implemented. An eight percent increase was also proposed to follow on January 1 of each year beginning in 2018 through 2020. The proposed Water and Environmental Resources rates were not adopted at that time.

The City Council held a public hearing to receive residents' feedback and subsequently adopted the wastewater rate increases in January 2016. In November 2016, the passage of a ballot initiative, titled Measure M, halted the full implementation of the City's legally adopted new fees for its wastewater utility. This had a severe financial consequence on not only the wastewater system, but also on the entire City's financial position. The City had no choice but to pursue litigation challenging the legality of Measure M, which has likewise been costly. The continued effect of Measure M has placed the City's wastewater system's credit quality in a very weak and vulnerable position.

The City also has re-evaluated the wastewater CIP and other costs and financial goals. The City has had to pay for an entirely new rate setting process, which has cost hundreds of thousands dollars in staff and consultant's time, all at the ratepayers' expense.

RATE SETTING PROCESS

It is a standard business practice for cities to perform periodic reviews of their utility finances and rates in order to ensure that adequate resources are available to sufficiently and equitably fund utility operations, maintenance and capital investments. In California, wastewater rates must conform to cost of service requirements imposed by Proposition 218 and the State Constitution. That Proposition requires that wastewater rates and other property-related fees and charges do not exceed the reasonable and proportional cost of providing the services.

The rate setting process typically consists of the following three major elements: 1) revenue requirements, 2) a cost of service analysis, and 3) rate design. The following is a general description of the three elements.

- 1) **Revenue Requirements.** The revenue requirements component compares the revenues received for providing the services to the operating and capital costs associated with providing the services to determine the adequacy of the existing rates to recover the full costs.
- 2) **Cost of Service Analysis.** The cost of service analyses is the fundamental element in making sure that each customer receives his, her, or its proportional cost. The operating and capital costs are allocated to functional cost centers and then reallocated to customer costs. Unit rates are derived for the system as a whole, at which point costs are allocated to specific customer classes based on the burden they place on the system.
- 3) **Rate Design.** The rate design element is the development of rates structures that allow for recovery of total costs while incorporating the results of the cost of service analyses. The rate structures have a multitude of guidelines that can be incorporated, but rely on the fundamental fact that the rates will not exceed the costs of providing the services.

Within these broad legal requirements, utilities have some degree of latitude in applying cost-of-service principles to develop rates that appropriately and adequately reflect their distinct and unique characteristics, and the values of the communities they serve.

GENERAL ASSUMPTIONS

The City's primary objectives in setting wastewater rates include:

- Adopt utility rates and charges to provide sufficient, predictable, and reliable revenues to deliver utility services in response to customer demand.

- Strengthen the financial reserves in order to finance critical capital investments at the lowest possible borrowing costs.
- Increase reserves, to a level consistent with the Council adopted policy, to provide sufficient future resources to address backlogs in equipment replacement, and to be able to respond to unforeseen and unexpected operational or financial risks.
- Design rates, consistent with Proposition 218 that effectively distribute the cost of wastewater based on each customer's usage pattern.

With these objectives in mind, several rate scenarios are being explored that follow the general assumptions listed below for the period from FY 2015-16 through FY 2024-25:

- The City's service population will grow at nearly 1.25 percent per year.
- The statewide water supply crisis will have a measureable impact on the growth in demand for water and wastewater services. Average annual growth in water demand will increase by 0.35 percent per year between FY 2015-16 and FY 20124-25, while wastewater flows will grow by 0.9 percent per year during the same period. Pollutant loadings of biochemical oxygen demand (BOD) and total suspended solids (TSS) will increase by an average of 1.6 percent and 0.7 percent per year, respectively, through FY 2024-25. An equivalent dwelling unit (EDU) on wastewater demand will increase by 1.1 percent on an annual average basis.
- Inflation rates of 2.5 to 3.0 percent will escalate line item operating expenditures. Capital project costs will inflate at an average 3.2 percent per year.
- Capital improvement projects will be financed primarily through the sale of revenue bonds, necessitating the build-up of cash reserves to provide bond coverage ratios in excess of 1.25X.
- In addition to an increase in bond coverage reserves, the water and wastewater utilities will increase operating reserves to finance planned equipment replacement.

The projections of this analysis are based on reasonable expectations of future events commonly used in the industry. Should the proposed revenue increases be delayed or postponed, or should cost escalation, operating expenditures, or capital needs exceed forecasted levels prior to FY 2021-22, the City might be required to begin a new rate setting process to increase rates above current projected levels. The City might similarly be required to begin a new rate setting process if revenues do not materialize as projected.

GROWTH AND REVENUES

Due to the City's wastewater rate structure, and the nature of the City's customer base, wastewater revenues do not increase and decrease in direct proportion to flows at the Oxnard Wastewater Treatment Plant. The growth factors that most influence wastewater revenues are the expected growth in the number of accounts, and the expected change in water consumption for the City's residential and commercial customers.

Because a portion of the charges assessed to the City's non-formula users (residential, commercial, and governmental accounts) is based on water usage, projected water sales influence the expected wastewater revenues from non-formula users. Residential and commercial water usage is expected to rebound above current levels by five percent in FY 2018-19 and an additional five percent in FY 2019-20. It is not expected that industrial users (formula users) will have significant increases in water use or wastewater discharges as water usage is process related and is less discretionary than that of residential and commercial customers.

Because the wastewater rates include a fixed component for residential users and a minimum charge for non-residential users, and because wastewater discharges from industrial users are not expected to increase due to the water usage rebound, the impact of the water usage on wastewater revenues is decreased. An analysis of billing records and reported revenues found that approximately 35 percent of wastewater rate revenues are driven by water demands. Thus, the expected five percent increase in residential and commercial water usage in FY 2018-19 and FY 2020-21 will result in revenue growth of 1.75 percent in each of those years (*5% water usage increase X 35% of revenues tied to water usage = 1.75% revenue growth*).

Growth in the number of wastewater accounts has lagged behind the City's General Plan predicted population growth by about 0.8 percent per year over the short term. As indicated by billing records, actual growth in the number of non-formula customers has averaged just 0.4 percent per year for FY 2013-14 through 2015-16. Increased conservation efforts and the use of more water efficient systems in new development have further minimized the impact of customer growth and wastewater revenues.

Therefore, the annual rate revenue growth assumed in the revenue requirement analysis is based on the impact of water sales growth for FY 2018-19 and FY 2019-20 and on the longer term Oxnard Wastewater Treatment Plant flow growth factors for FY 2020-21 and FY 2021-22. No growth related increase is expected in FY 2017-18. The Oxnard Wastewater Treatment Plant flow growth factors are expected to approximate the combined revenue growth from ongoing water usage and account growth in FY 2020-21 and FY 2021-22.

If the City realizes growth higher than that assumed for this analysis, the City could revisit the analysis and adopt rates lower than those proposed, assuming doing so will not have an adverse effect on the wastewater utility's financial situation. Alternatively, stagnant growth or further conservation could lead to decreased revenues. If this occurs, the City may need to reevaluate rate increases, or pursue other short-term cost cutting measures to maintain financial viability.

Wastewater system user fees are the primary source of revenues to pay for wastewater utility requirements, historically accounting for nearly 90 percent of ongoing utility operating revenues. Projected revenues from wastewater system user fees are based on current rates and projected growth in demand for wastewater system services.

DISCUSSION OF RATE SCENARIOS

After careful review of current operations and maintenance (O&M) expenses, debt service payments on bonds used to pay for major investment in system facilities, equipment, and other financial requirements established by the City Council to ensure the financial integrity and sustainability of the wastewater utility, capital improvement needs, and the infrastructure use fee (IUF), staff presented six rate scenarios for discussion (Scenarios 1, 2A, 2B, 3, 4, and 5). The URAP requested modifications resulting in three additional scenarios (2.2A, 2.2B, and 2.3). Each of these scenarios have been calculated by modifying the amount and timing of the CIP, the timing of meeting financial policies and inclusion or exclusion of the infrastructure use fee. O&M cost increases are calculated at approximately three percent annually over the five years of this proposed rate increase for all scenarios. Debt service is similar in each of the scenarios. All scenarios used the current FY 2016-17 typical residential monthly bill for wastewater services, \$41.77, as the base line. A panel member added an additional scenario, referred to below as Scenario 6.

All proposed rate scenarios assume that the 35 percent increase which was implemented March 1, 2016, stays in place. This rate is currently being litigated and the court is likely to determine the legality of the City collecting this rate this summer. If the court rules that the 35 percent increase will not remain in place, this would drastically change the entire financial position for the wastewater treatment plant and cause all of these scenarios to be inadequate to meet O&M expenses, debt service payments, and critical capital improvement projects, as well as meet bond covenants and the City's reserve policy. Below is a summary, as well as a detailed table, for each scenario:

SCENARIO 1: Enhanced Reliability CIP, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017-18

- This scenario is the most aggressive with an initial rate increase of ten percent followed by two years of increases of 7.5 percent and then two years of increases of seven percent.
- This CIP includes projects totaling \$121,995,000, which is the most aggressive CIP proposed.
- Because of the aggressive nature of this CIP, it may be too large for the current City program management staff to manage and implement.
- Cash is built up in the first two years in order to allow the City to be able to borrow \$84,606,000 in year three to complete projects.
- The full implementation of the Infrastructure Use Fee is included.
- This scenario allows the City to cash flow the wastewater utility in the positive in the first year of implementing the rate increase beginning in July 2017.
- City is able to reach the City Council's adopted financial policies for reserves in three years.
- The City's debt coverage policy is met in the first year of adoption of this scenario.
- This scenario estimates for a continued decrease of and then a leveling out of future rate increases in 2022-23 through 2026-27.
- This scenario allows the wastewater utility fund to improve its credit rating and to protect the overall financial position of the City from having a negative outlook.

Scenario 1 Enhanced Reliability CIP, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18						
No Cash flow Deficit in Year 1 Reserve goal in 3-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,475,000	\$13,124,000	
Infrastructure Use Fee	\$2,112,000	\$2,164,000	\$2,218,000	\$2,274,000	\$2,331,000	
CIP (Current Dollars)¹	\$4,018,000	\$6,352,000	\$13,358,000	\$41,027,000	\$57,240,000	\$121,995,000
Bond Proceeds Required	\$0	\$0	\$14,227,000	\$27,762,000	\$42,617,000	\$84,606,000
Reserves	\$10,239,000	\$12,071,000	\$25,234,000	\$25,214,000	\$25,402,000	
Rate Increases	10.00%	7.50%	7.50%	7.00%	7.00%	Cumulative 45.54%
Typical Bill ²	\$45.99	\$49.42	\$53.09	\$56.77	\$60.78	<i>Cumulative (Monthly)</i>
Increase	\$4.22	\$3.43	\$3.67	\$3.68	\$4.01	<i>\$19.01</i>
Notes: (1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI. (2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 2A: CIP with an Outlook to the Future, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017-18

- This scenario has an initial rate increase of ten percent followed by two years of seven percent rate increases each year and then each of the next two years has a proposed increase of five percent.
- This scenario allows the wastewater fund to build reserves immediately or in FY 2017-18.
- This CIP allows the City to take care of urgent capital improvements with a cost of \$83,890,000 and have to borrow less than Scenario 1 or \$51,421,000.
- Cash would have to build up in the first two years in order to allow the City to able to borrow \$51,421,000 to complete projects.
- This scenario includes the full implementation of the Infrastructure Use Fee.
- The City is able to reach the City Council's adopted financial policies for reserves in three years and meet its debt coverage policy in the first year of adoption of this scenario.
- This scenario estimates for a continued decrease, and then a leveling out of future rate increases in 2022-23 through 2026-27.
- This scenario will allow the wastewater utility fund to improve its credit rating and to protect the overall financial position of the City from having a financial negative outlook.

Scenario 2A CIP with an Outlook to the Future, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18						
Reserve goal in 3-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,083,000	\$12,645,000	
Infrastructure Use Fee	\$2,112,000	\$2,164,000	\$2,218,000	\$2,274,000	\$2,331,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$13,483,000	\$34,177,000	\$26,660,000	\$83,890,000
Bond Proceeds Required	\$0	\$0	\$14,360,000	\$21,797,000	\$15,264,000	\$51,421,000
Reserves	\$10,239,000	\$12,728,000	\$25,467,000	\$25,020,000	\$25,745,000	
Rate Increases	10.00%	7.00%	7.00%	5.00%	5.00%	Cumulative 38.85%
Typical Bill	\$45.99	\$49.26	\$52.75	\$55.40	\$58.22	<i>Cumulative (Monthly)</i>
Increase	\$4.22	\$3.27	\$3.49	\$2.65	\$2.82	<i>\$16.45</i>
Notes: (1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI. (2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 2B: CIP with an Outlook to the Future, Full IUF, Reserve Policy Met in 5 Years, Begin to Build Reserves in FY 2019-2020

- This scenario has an initial lower rate increase of 6% compared to the first two scenarios and continues to be at the same level for years FY 2018-19 through FY 2021-22.
- This scenario delays the buildup of reserves until FY 2019-20.
- The capital improvement program (CIP) allows for the City to take care of urgent capital improvements with a cost of \$83,890,000 but the City would have to borrow more than Scenario 2A or \$60,175,000.
- Cash would have to build up in the first two years in order to allow the City to be able to borrow \$60,175 million to complete projects.
- This scenario includes the full implementation of the Infrastructure Use Fee.
- The City is able to reach the City Council's adopted financial policies for reserves in five years or be delayed by two years compared to Scenarios 1 and 2A.
- The debt coverage policy is met in the first year of adoption of this scenario, which is the same time period as Scenario 2A.
- This scenario estimates for a continued decrease, and then a leveling out of future rate increases in 2022-23 through 2026-27.
- This scenario will allow the wastewater utility fund to improve its credit rating.

Scenario 2B CIP with an Outlook to the Future, Full IUF, Reserve Policy met in 5 Years, Begin to Build Reserves in FY 2019/20						
Reserve goal in 5-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,325,000	\$12,940,000	
Infrastructure Use Fee	\$2,112,000	\$2,164,000	\$2,218,000	\$2,274,000	\$2,331,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$13,483,000	\$34,177,000	\$26,660,000	\$83,890,000
Bond Proceeds Required	\$0	\$0	\$14,360,000	\$24,872,000	\$20,943,000	\$60,175,000
Reserves	\$8,641,000	\$9,485,000	\$20,131,000	\$20,675,000	\$25,165,000	
Rate Increases	6.00%	6.00%	6.00%	6.00%	6.00%	Cumulative 33.82%
Typical Bill	\$44.34	\$47.02	\$49.87	\$52.91	\$56.15	<i>Cumulative (Monthly)</i>
Increase	\$2.57	\$2.67	\$2.86	\$3.04	\$3.24	<i>\$14.38</i>
Notes: (1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI. (2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 3: CIP with an Outlook to the Future, STREETS IUF Only, Begin to Build Reserves in FY 2019-20

- This scenario has an overall lower rate increase of four percent compared to Scenarios 1, 2A and 2B and continues to be at the same level for years FY 2018-19 through FY 2021-22.
- This scenario delays the buildup of reserves until the fifth year or FY 2021-22.
- The CIP program allows the City to take care of urgent capital improvements with a cost of \$83,890,000, but the City has to borrow more than Scenarios 2A and 2B or \$65,101,000.
- Cash would have to build up in the first two years in order to allow the City to be able to borrow \$65,101,000 million to complete projects.
- This scenario excludes public safety from the Infrastructure Use Fee. The general fund would need to make up this shortfall caused by the wastewater fund, an enterprise fund, to pay for public safety services provided by Police and Fire.
- The City is able to reach the City Council's adopted financial policies for reserves in five years or delayed by two years compared to Scenarios 1 and 2A, but the same as in Scenario 2B.
- The debt coverage policy is met in the first year of adoption of this scenario, which is a year ahead compared to Scenarios 2A and 2B.
- This scenario estimates for a spike of rate increases in 2022-23 through 2026-27, which causes rates to increase compared to this scenario's level four percent.
- This scenario will delay the wastewater utility fund to improve its credit rating.

Scenario 3 CIP with an Outlook to the Future, Streets IUF Only, Begin to Build Reserves in FY 2019/20						
Reserve goal in 5-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,325,000	\$12,940,000	
Infrastructure Use Fee	\$1,095,000	\$1,122,000	\$1,150,000	\$1,179,000	\$1,209,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$13,483,000	\$34,177,000	\$26,660,000	\$83,890,000
Bond Proceeds Required	\$0	\$0	\$14,360,000	\$26,750,000	\$24,596,000	\$65,706,000
Reserves	\$9,055,000	\$9,657,000	\$19,310,000	\$19,893,000	\$25,280,000	
Rate Increases	4.00%	4.00%	4.00%	4.00%	4.00%	Cumulative 21.67%
Typical Bill	\$43.49	\$45.24	\$47.12	\$49.05	\$51.03	<i>Cumulative (Monthly)</i>
Increase	\$1.72	\$1.76	\$1.88	\$1.93	\$1.98	\$9.26
Notes:						
(1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI.						
(2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 4: Urgent Minimum CIP with No Future Planning and Design, NO IUF, Begin to Build Reserves in FY 2019-2020 and, Possible Future Spikes in Rates to Meet Future Cost Increases

- This scenario has an overall rate increase of three percent which is the same as Scenario 3 and continues to be at the same level for years FY 2018-19 through FY 2021-22.
- This scenario delays the buildup of reserves until the fifth year or FY 2021-22.
- This CIP allows the City to take care of urgent capital improvements at a cost of \$68,000,000, but does not allow the City to begin planning and designing for other longer-term critical capital improvements. By doing this, the City will have a delay in implementing future capital improvements because design of improvements have not been completed and projects are not near “shovel ready” as new rates are considered.
- The City would have to borrow more than Scenarios 2A and 2B or \$65,101,000. Cash would have to build up in the first two years in order to allow the City to be able to borrow \$65,101,000 million to complete projects.
- This scenario also excludes completely the Infrastructure Use Fee. Therefore, the General Fund would need to pick up the full costs for streets and public safety impacted by wastewater activities such as cutting into streets or on-call services provided by Police and Fire.
- The City is able to reach the City Council’s adopted financial policies for reserves in five years or delayed by two year compared to Scenarios 1 and 2A, but the same as 2B and 3.
- The debt coverage policy is met in the first year of adoption of this scenario which is the same time-frame as Scenarios 1 and 3.
- This scenario anticipates a significant spike in rates in 2022-23 through 2026-27. Rates could significantly increase above seven percent annually assuming costs increase at similar levels as calculated in this study.
- This scenario will delay the improvement of the wastewater utility fund’s credit rating, delay the proper planning for future capital improvements and cause a spike in rates in the following five-year period in order to meet cost of service increases.

Scenario 4 Urgent Minimum CIP with NO Future Planning and Design, No IUF, Begin to Build Reserves in FY 2019/20 and Sets up for Future Spikes in Rates to Meet Future Cost Increases						
Reserve goal in 5-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M Design for plant renewal not included in years 1 to 5						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,325,000	\$12,940,000	
Infrastructure Use Fee	\$0	\$0	\$0	\$0	\$0	
CIP (Current Dollars)¹	\$4,018,000	\$4,052,000	\$8,940,000	\$29,634,000	\$22,116,000	\$68,760,000
Bond Proceeds Required	\$0	\$0	\$9,521,000	\$23,407,000	\$18,698,000	\$51,626,000
Reserves	\$8,437,000	\$10,681,000	\$18,303,000	\$21,505,000	\$22,266,000	
Rate Increases	3.00%	3.00%	3.00%	3.00%	3.00%	Cumulative 15.93%
Typical Bill	\$43.05	\$44.36	\$45.71	\$47.14	\$48.60	<i>Cumulative (Monthly)</i>
Increase	\$1.28	\$1.31	\$1.34	\$1.43	\$1.46	\$6.83
Notes: (1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI. (2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 5: CIP with an Outlook to the Future and Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017-18

No IUF in FY 2017/18, Streets IUF in FY 2018/19, Full IUF Starting in FY 2019/20

- This scenario has an initial rate increase of 8.25 percent followed by two years of 7% rate increases each year and then each of the next two years has a proposed increase of 5%.
- This scenario allows the wastewater fund to build reserves immediately or in FY 2017-18.
- The capital improvement program (CIP) allows for the City to take care of urgent capital improvements with a cost of \$83,890,000 and have to borrow less than Scenario 1 and Scenario 2A, which would be or \$50,617,000 million.
- Cash would have to build up in the first two years in order to allow the City to able to borrow \$50,617,000 to complete projects.
- This scenario includes a “ramp up” of the Infrastructure Use Fee with no IUF in FY 2017/18, the Streets IUF only in FY 2018-19, and the full IUF starting in FY 2019/20
- The general fund would need to make up about \$2,164,000 in FY 2017/18, and \$1,042,000 in FY 2018/19 due to the ramp-up of IUF payments
- The City is able to reach the City Council’s adopted financial policies for reserves in four three years and meet its debt coverage policy in the first year of adoption of this scenario.
- This scenario estimates for a continued decrease, and then a leveling out, of future rate increases in 2022-23 through 2026-27.
- This scenario will allow the wastewater utility fund to improve its credit rating and, protect the overall city from having a financial negative outlook.

CIP with an Outlook to the Future, Less Time to Reach Financial Policies, No IUF in FY 2017/18, Streets IUF in FY 2018/19, Full IUF Starting FY 2019/20, Begin to Build Reserves in FY 2017/18						
Scenario 5						
Reserve goal in 3-years						
Debt coverage policy met in year 1						
Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,083,000	\$12,645,000	
Infrastructure Use Fee	\$0	\$1,122,000	\$2,218,000	\$2,274,000	\$2,331,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$13,483,000	\$34,177,000	\$26,660,000	\$83,890,000
Bond Proceeds Required	\$0	\$0	\$14,360,000	\$20,367,000	\$15,890,000	\$50,617,000
Reserves	\$11,824,000	\$14,782,000	\$26,897,000	\$24,394,000	\$25,055,000	
Rate Increases	8.25%	7.00%	7.00%	5.00%	5.00%	Cumulative 36.64%
Typical Bill	\$45.27	\$48.51	\$51.97	\$54.60	\$57.38	<i>Cumulative (Monthly)</i>
Increase	\$3.50	\$3.24	\$3.46	\$2.62	\$2.79	<i>\$15.61</i>
Notes:						
(1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI.						
(2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

Additional Scenarios Identified at February 15, 2017 URAP Meeting

SCENARIO 2.2A: CIP with an Outlook to the Future, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017-18

Updates from Scenario 2A: Change the last 5% increase to 6%. \$5 Million in Design costs moved out of years 1 to 5.

- This scenario has an initial rate increase of ten percent followed by two years of seven percent rate increases each year and then each of the next two years has a proposed increase of six percent.
- This scenario allows the wastewater fund to build reserves immediately or in FY 2017-18.
- This CIP allows the City to take care of urgent capital improvements with a cost of \$78,890,000 and have to borrow less than Scenario 1 and Scenario 2A or \$46,745,000.
- Cash would have to build up in the first two years in order to allow the City to be able to borrow \$46,745,000 to complete projects.
- This scenario includes the full implementation of the Infrastructure Use Fee.
- The City is able to reach the City Council's adopted financial policies for reserves in three years and meet its debt coverage policy in the first year of adoption of this scenario.
- This scenario estimates for a continued decrease, and then a leveling out, of future rate increases in 2022-23 through 2026-27.
- This scenario will allow the wastewater utility fund to improve its credit rating and protect the overall financial position of the City from having a financial negative outlook.

Assumptions of Scenario 2A with the following updates: Scenario 2.2A Change the last 5% increase to 6%. \$5 Million in Design costs moved out of years 1 to 5.						
No Cashflow Deficit in Year 1 Reserve goal in 3-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,083,000	\$12,645,000	
Infrastructure Use Fee	\$2,112,000	\$2,164,000	\$2,218,000	\$2,274,000	\$2,331,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$11,817,000	\$32,510,000	\$24,993,000	\$78,890,000
Bond Proceeds Required	\$0	\$0	\$12,585,000	\$20,757,000	\$13,403,000	\$46,745,000
Reserves	\$10,239,000	\$12,728,000	\$25,222,000	\$25,745,000	\$27,104,000	
Rate Increases	10.00%	7.00%	7.00%	6.00%	6.00%	Cumulative 41.51%
Typical Bill ²	\$45.99	\$49.26	\$52.75	\$55.98	\$59.34	<i>Cumulative (Monthly)</i>
Increase	\$4.22	\$3.27	\$3.49	\$3.23	\$3.36	<i>\$17.57</i>
Notes: (1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI. (2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 2.2B: CIP with an Outlook to the Future, Full IUF Beginning FY 2019-20, Reserve Policy Met in 5 Years, Begin to Build Reserves in FY 2017-18

Updates from Scenario 2B: Suspend the IUF for 2 years. \$5 Million in Design costs moved out of years 1 to 5.

- This scenario has an initial lower rate increase of 5.25% compared to Scenarios 1, 2A, and 2.2A and continues to be at the same level for years FY 2018-19 through FY 2012-22.
- Suspension of the IUF in in FY 2017-18 and FY 2018-19 allows the buildup of reserves to begin in FY 2017-18.
- The capital improvement program allows for the City to take care of urgent capital improvements with a cost of \$78,890,000, but must borrow more than Scenario 2A and 2.2A or \$55,840,000.
- Cash would have to build up in the first two years to allow the City to able to borrow \$55.840 million to complete projects.
- The City can reach the City Council's adopted financial policies for reserves in four years or be delayed by one year compared to Scenarios 1 and 2A.
- The debt coverage policy is met in the first year of adoption of this scenario, which is the same period as Scenario 2A.
- This scenario will allow the wastewater utility fund to improve its credit rating over time.

Assumptions of Scenario 2B with the following updates: Scenario 2.2B Suspend the IUF for 2 years. \$5 Million in Design costs moved out of years 1 to 5.						
Reserve goal in 4-years Debt coverage policy met in year 1 Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,325,000	\$12,940,000	
Infrastructure Use Fee	\$0	\$0	\$2,218,000	\$2,274,000	\$2,331,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$11,817,000	\$32,510,000	\$24,993,000	\$78,890,000
Bond Proceeds Required	\$0	\$0	\$12,585,000	\$23,737,000	\$19,518,000	\$55,840,000
Reserves	\$10,526,000	\$13,050,000	\$22,670,000	\$22,583,000	\$25,815,000	
Rate Increases	5.25%	5.25%	5.25%	5.25%	5.25%	Cumulative 29.15%
Typical Bill	\$43.98	\$46.34	\$48.78	\$51.39	\$54.15	<i>Cumulative (Monthly)</i>
Increase	\$2.21	\$2.36	\$2.44	\$2.60	\$2.77	<i>\$12.38</i>
Notes: (1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI. (2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

SCENARIO 2.3: CIP with an Outlook to the Future, STREETS IUF Only, Begin to Build Reserves in FY 2017-18

Updates from Scenario 3: Begin to build reserves in 2017-18, rather than delayed to 2019-20. \$5 Million in Design costs moved out of years 1 to 5.

- This scenario has a rate increase of 6.5 percent in FY 2017-18 and 2018-19, 5 percent in FY 2019-20 and 4 percent in FY 2020-21 and 2021-22.
- This scenario begins to build reserves in FY 2017-18 and meets the council policy in the third year or FY 2019-20.
- The CIP program allows the City to take care of urgent capital improvements with a cost of \$78,890,000, with bonding requirements of \$53,296,000.
- Cash would have to build up in the first two years in order to allow the City to be able to borrow \$53,296,000 to complete projects.
- This scenario excludes public safety from the Infrastructure Use Fee. The general fund would need to make up this shortfall caused by the wastewater fund, an enterprise fund, to pay for public safety services provided by Police and Fire.
- The debt coverage policy is met in the first year of adoption of this scenario.
- This scenario estimates for a slight rise of rate increases in 2022-23 through 2026-27.
- This scenario will allow the wastewater utility fund to improve its credit rating.

Assumptions of Scenario 3 with the following updates: Begin to build reserves in 2017-18, rather than delayed to 2019-20. \$5 Million in Design costs moved out of years 1 to 5.						
Scenario 2.3						
Reserve goal in 3-years						
Debt coverage policy met in year 1						
Approx. 3% per year increase in O&M						
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$12,325,000	\$12,940,000	
Infrastructure Use Fee	\$1,095,000	\$1,122,000	\$1,150,000	\$1,179,000	\$1,209,000	
CIP (Current Dollars)¹	\$4,018,000	\$5,552,000	\$11,817,000	\$32,510,000	\$24,993,000	\$78,890,000
Bond Proceeds Required	\$0	\$0	\$12,585,000	\$23,737,000	\$16,974,000	\$53,296,000
Reserves	\$9,808,000	\$12,019,000	\$23,486,000	\$24,854,000	\$26,587,000	
Rate Increases	6.50%	6.50%	5.00%	4.00%	4.00%	Cumulative 28.81%
Typical Bill	\$44.56	\$47.46	\$49.86	\$51.87	\$54.00	<i>Cumulative (Monthly)</i>
Increase	\$2.79	\$2.91	\$2.40	\$2.01	\$2.13	<i>\$12.23</i>
Notes:						
(1) Current dollar CIP costs are escalated at 3.2% per year in the financial model based on the long-term average of ENR-CCI.						
(2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.						

Scenario 6 Emergency CIP only, Freezes Rates at Current Levels, No New Borrowings, No IUF.

Reserve goal of 90 Days O&M plus 180 Days Debt Service met in year 1. Reserve goal of one year's depreciation met in year 5.

Debt coverage policy met in year 1

Approx. 3% per year increase in O&M

Focuses on emergency repairs and extended the life of the existing facilities

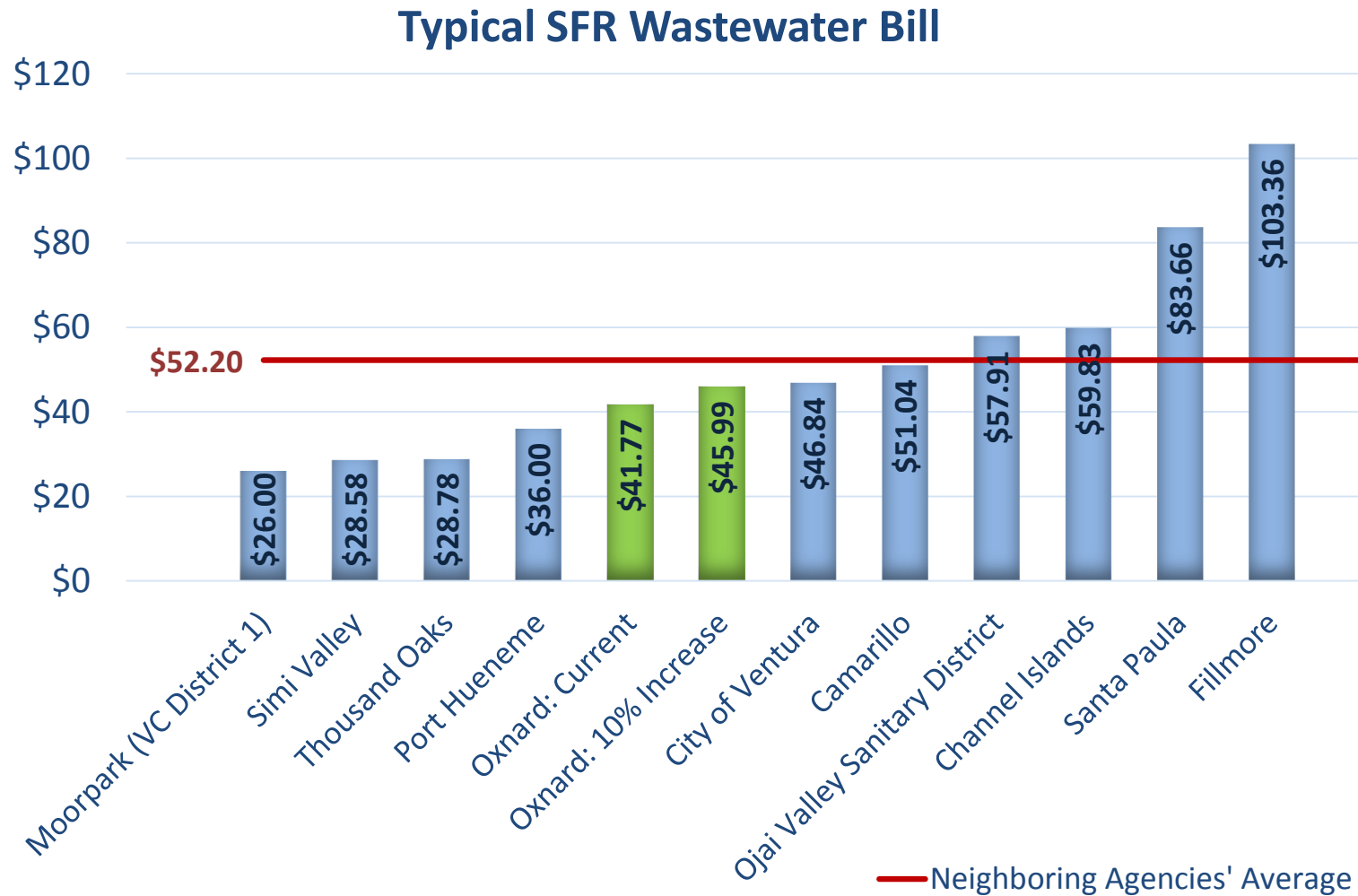
	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Five Year Total
O&M	\$19,535,000	\$19,638,000	\$20,126,000	\$20,627,000	\$21,141,000	
Debt Service	\$9,696,000	\$9,670,000	\$9,638,000	\$9,507,000	\$9,485,000	
Infrastructure Use Fee	\$0	\$0	\$0	\$0	\$0	
CIP (Current Dollars)¹	\$4,018,000	\$4,182,000	\$1,438,000	\$1,494,000	\$488,000	\$11,620,000
Bond Proceeds Required	\$0	\$0	\$0	\$0	\$0	\$0
Reserves	\$8,947,000	\$9,721,000	\$13,400,000	\$17,039,000	\$21,570,000	
Rate Increases	0.00%	0.00%	0.00%	0.00%	0.00%	Cumulative 0.00%
Typical Bill	\$41.77	\$41.77	\$41.77	\$41.77	\$41.77	<i>Cumulative (Monthly)</i>
Increase	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	<i>\$0.00</i>

Notes:

(1) Current dollar CIP costs are escalated at 3.2 per year in the financial model based on the long-term average of ENR-CCI.

(2) Typical bill for a median SFR customer using 9 HCF (6,732 gallons) of water with an 80% return to sewer factor.

Neighboring Agencies' SFR Bill Comparison



Note: Typical bill based on a median Oxnard SFR customer water use of 9 HCF (6,732 gallons) with an 80% return to sewer factor.

Scenario Comparisons

	Current	Projected -->				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Scenario 1	Enhanced Reliability CIP, Full IUF, Less time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18					
Percent Increase		10.00%	7.50%	7.50%	7.00%	7.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.42	\$53.09	\$56.77	\$60.78
Monthly Increase		\$4.22	\$3.43	\$3.67	\$3.68	\$4.01
Scenario 2A	CIP with an Outlook to the Future, Full IUF, Less Time to Reach Financial Policies, Begin to Build Reserves in FY 2017/18					
Percent Increase		10.00%	7.00%	7.00%	5.00%	5.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.26	\$52.75	\$55.40	\$58.22
Monthly Increase		\$4.22	\$3.27	\$3.49	\$2.65	\$2.82
Scenario 2.2A	Assumptions of Scenario 2A with the following updates: Change the last 5% increase to 6%. \$5 Million in Design costs moved out of years 1 to 5.					
Percent Increase		10.00%	7.00%	7.00%	6.00%	6.00%
Typical Monthly Bill	\$41.77	\$45.99	\$49.26	\$52.75	\$55.98	\$59.34
Monthly Increase		\$4.22	\$3.27	\$3.49	\$3.23	\$3.36
Scenario 2B	CIP with an Outlook to the Future, Full IUF, Reserve Policy Met in 5 Years, Begin to Build Reserves in FY 2019/20					
Percent Increase		6.00%	6.00%	6.00%	6.00%	6.00%
Typical Monthly Bill	\$41.77	\$44.34	\$47.02	\$49.87	\$52.91	\$56.15
Monthly Increase		\$2.57	\$2.67	\$2.86	\$3.04	\$3.24

Current Projected -->

FY 2016/17 FY 2017/18 FY 2018/19 FY 2019/20 FY 2020/21 FY 2021/22

Assumptions of Scenario 2B with the following updates:

Scenario 2.2B Suspend the IUF for 2 years. \$5 Million in Design costs moved out of years 1 to 5.

Percent Increase		5.25%	5.25%	5.25%	5.25%	5.25%
Typical Monthly Bill	\$41.77	\$43.98	\$46.34	\$48.78	\$51.39	\$54.15
Monthly Increase		\$2.21	\$2.36	\$2.44	\$2.60	\$2.77

Scenario 3 CIP with an Outlook to the Future, Streets IUF Only, Begin to Build Reserves in FY 2019/20

Percent Increase		4.00%	4.00%	4.00%	4.00%	4.00%
Typical Monthly Bill	\$41.77	\$43.49	\$45.24	\$47.12	\$49.05	\$51.03
Monthly Increase		\$1.72	\$1.76	\$1.88	\$1.93	\$1.98

Assumptions of Scenario 3 with the following updates:

Scenario 2.3 Begin to build reserves in 2017-18, rather than delayed to 2019-20. \$5 Million in Design costs moved out of years 1 to 5.

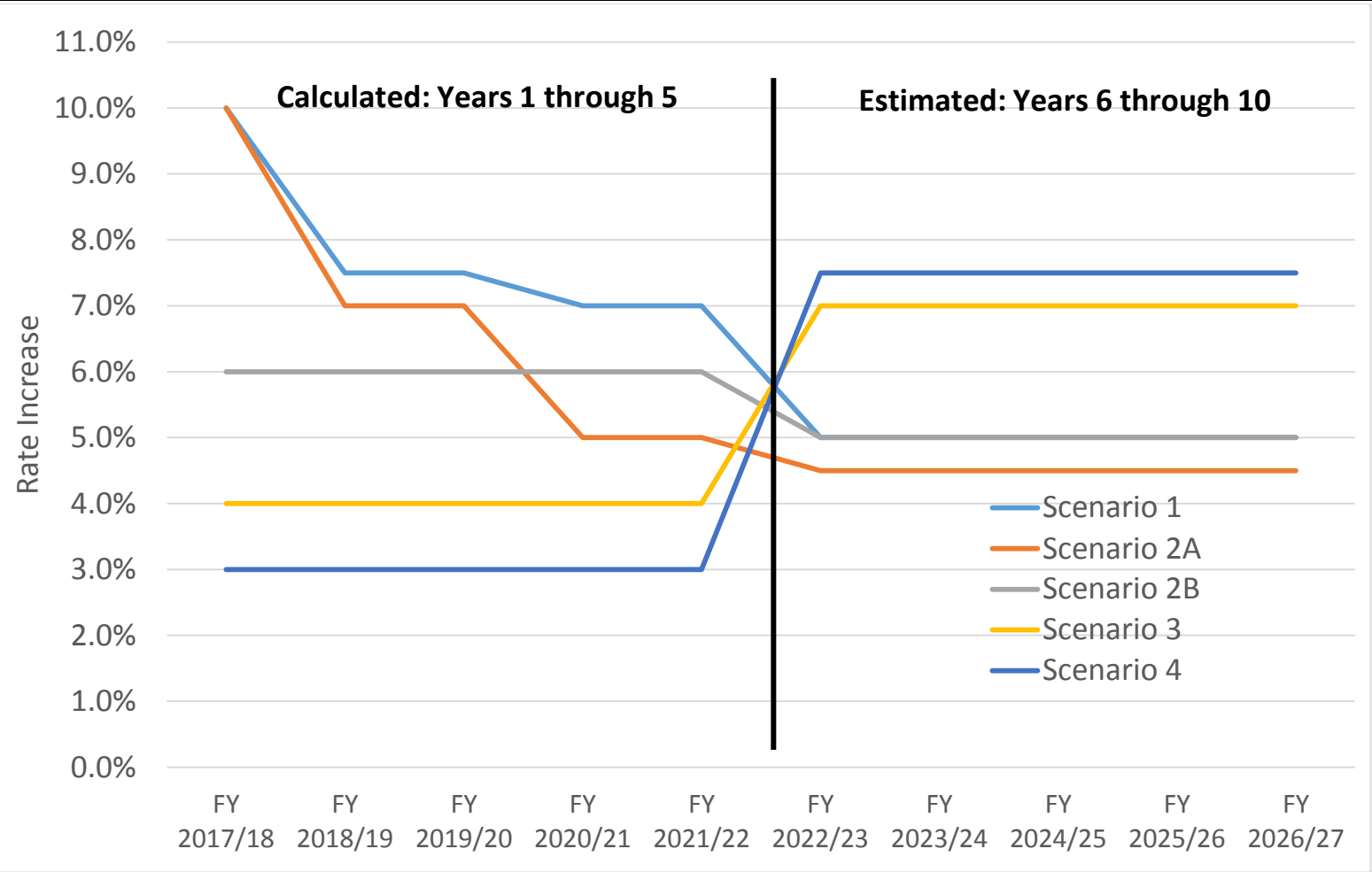
Percent Increase		6.50%	6.50%	5.00%	4.00%	4.00%
Typical Monthly Bill	\$41.77	\$44.56	\$47.46	\$49.86	\$51.87	\$54.00
Monthly Increase		\$2.79	\$2.91	\$2.40	\$2.01	\$2.13

Scenario 4 Urgent Minimum CIP with NO Future Planning and Design, No IUF, Begin to Build Reserves in FY 2019/20, Sets up for Future Spikes in Rates to Meet Future Cost Increases

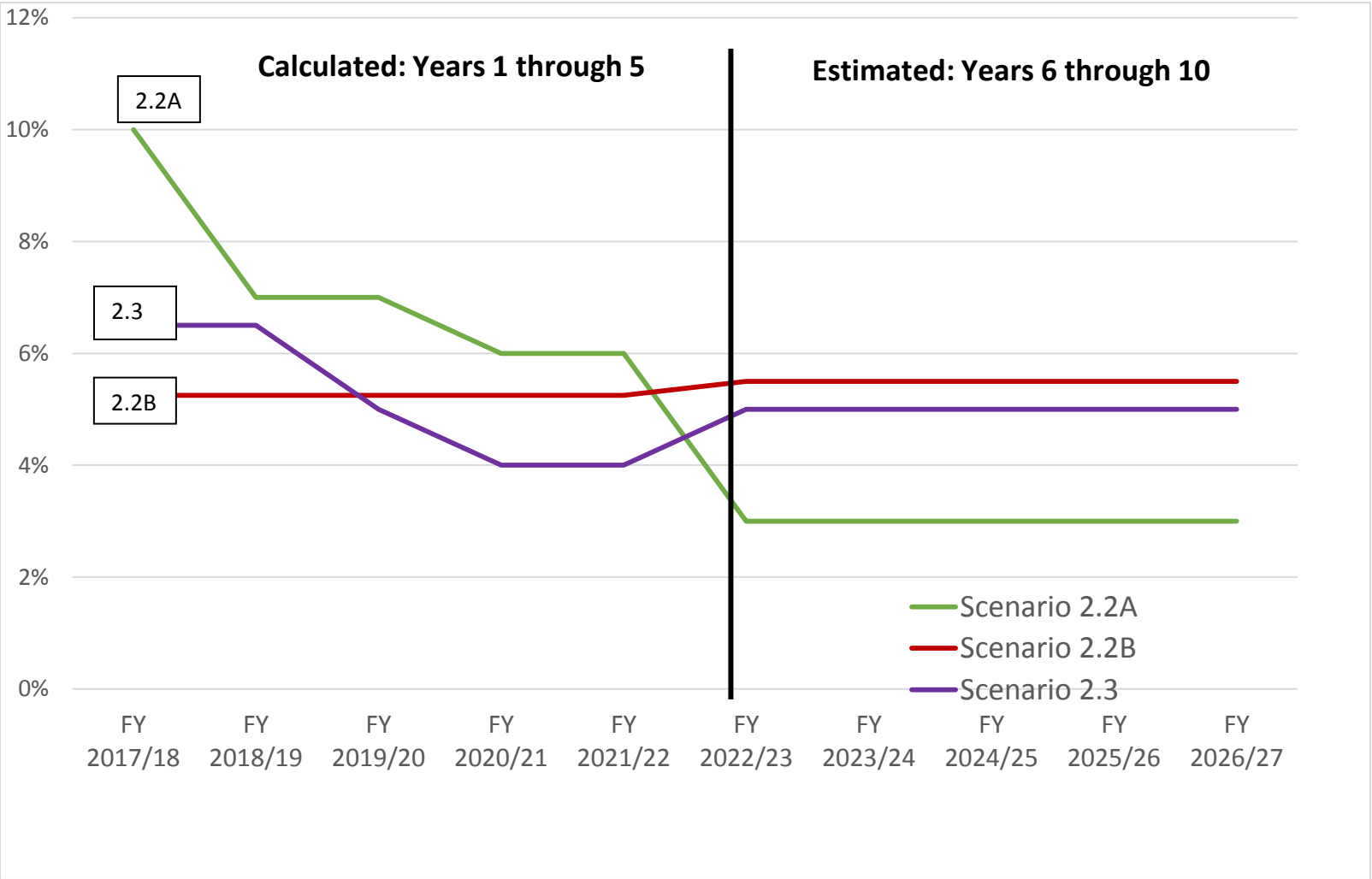
Percent Increase		3.00%	3.00%	3.00%	3.00%	3.00%
Typical Monthly Bill	\$41.77	\$43.05	\$44.36	\$45.71	\$47.14	\$48.60
Monthly Increase		\$1.28	\$1.31	\$1.34	\$1.43	\$1.46

	Current	Projected -->				
	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22
Scenario 5	CIP with an Outlook to the Future, Less Time to Reach Financial Policies, No IUF in FY 2017/18, Streets IUF in FY 2018/19, Full IUF Starting FY 2019/20, Begin to Build Reserves in FY 2017/18					
Percent Increase		8.25%	7.00%	7.00%	5.00%	5.00%
Typical Monthly Bill	\$41.77	\$45.27	\$48.51	\$51.97	\$54.60	\$57.38
Monthly Increase		\$3.50	\$3.24	\$3.46	\$2.62	\$2.79
Scenario 6	Limited Emergency only, Freezes rates at current levels, no new borrowings, no IUF.					
Percent Increase		0%	0%	0%	0%	0%
Typical Monthly Bill	\$41.77	\$41.77	\$41.77	\$41.77	\$41.77	\$41.77
Monthly Increase		\$0	\$0	\$0	\$0	\$0

Scenario Comparison – Estimated year 6 to 10 rate increases for each of the tested Scenarios



Scenario Comparison – Estimated year 6 to 10 rate increases for each of the URAP requested Scenarios





CITY COUNCIL
AGENDA REPORT

TYPE OF ITEM: Report

AGENDA ITEM NO.: 2

DATE: March 7, 2017

TO: City Council

THROUGH: Greg Nyhoff
City Manager

A handwritten signature in blue ink, appearing to read "Greg Nyhoff".

FROM: Daniel Rydberg
Public Works Director

SUBJECT: Agreement A-7937 for SCADA Support Services (10/10/10)

CONTACT: Daniel Rydberg, Public Works Director
Daniel.Rydberg@oxnard.org, 385-8055

RECOMMENDATION:

That the City Council approve and authorize the Mayor to execute an agreement (Agreement No. A-7937) with ProUsys, Inc. for Supervisory Control and Data Acquisition (SCADA) system support services for the water, wastewater, and recycled water systems for a three year term in an amount not to exceed \$800,000.

BACKGROUND

The City water system includes: ten water wells, five turnouts from the United Water Conservation District Oxnard-Hueneme Pipeline system, one turnout from the Calleguas Municipal Water District water system, one reverse osmosis treatment plant, six blending stations, over 500 miles of transmission and distribution pipelines, a network of remote pressure monitoring stations, and a pipeline to deliver water to the Port Hueneme Water Agency.

The City wastewater system includes over 460 miles of collection pipelines, 15 lift pumping stations, and one regional wastewater treatment plant that serves the City of Oxnard, City of Port Hueneme, Naval Base Ventura County, Channel Islands Beach Community Services District, El Rio, Nyeland Acres, and Las Posas Estates.

The City's recycled water system includes the Advanced Water Purification Facility and 12 miles of recycled water distribution pipelines.

SCADA is a software application program for process control and the gathering of data in real time from remote locations in order to control equipment and conditions. SCADA systems include hardware and software components. The hardware gathers data and feeds data into a computer that has SCADA software installed. The computer then processes this data and presents it in a timely manner. SCADA also records and logs all events.

An up-to-date SCADA operation will provide real time data, monitoring and automated system control from remote system locations via a central master control center(s). Such controls can be done through smart device and other computers. The data collected, such as flow, water quality, chemical feed, alarms, and unit process performance, is calculated in reporting spreadsheets for submission to State and Federal regulatory agencies.

A well maintained SCADA and Instrumentation system will provide operating efficiency and data that will reduce maintenance costs through early alarm warnings, provide energy savings with improved control mechanisms, and reduce the need for additional operators.

Electrical, instrumentation, and control systems are becoming increasingly important to ensure the City's compliance with strict air and water quality regulations. Additionally, many of the existing SCADA hardware and software components in the water and wastewater systems are no longer being supported by their manufacturers. These systems will need to be evaluated, a plan put together, and an upgrade project carried out in the near future.

The current SCADA and instrumentation application utilized by water and wastewater is several software versions behind in updates and several hardware components are no longer supported through the vendors. The most frequent failures are process communication failures and alarming software failures. Due to the program platforms running on Windows XP, new software and hardware cannot be installed until a Windows 7 or 10 application is standardized.

The current system, while continuing to run (heavily supported by outside services), experiences frequent repairs that require process shutdowns that could impact and have impacted regulatory compliance. While staff has continued to operate our systems in this fashion as the status quo, staff continues to operate at risk of failure and increased concerns with regulatory compliance and cyber security.

The water and wastewater operations rely solely on outside contract services to repair and program our operating system. The recent RFP identified only one qualified bidder that has experience with some of the antiquated software and hardware still in use at the wastewater treatment plant. The City of Oxnard does not have staff with the technical knowledge to manage and support our SCADA and instrumentation system and therefore relies on an outside professional consultant.

Agreement A-7937 for SCADA Support Services (10/10/10)

March 7, 2017

Page 3

On August 11, 2016, the City issued a Request for Qualifications (RFQ) for SCADA professional services for water, wastewater, and recycled water systems. The RFQ was published in the Vida, posted on the City's website, and mailed to fourteen (14) firms. The closing date for the RFQ was September 8, 2016. The City received three (3) proposals. One proposal was disqualified due to being incomplete. A team composed of Public Works Department staff members interviewed the remaining two (2) firms. The interview team found ProUsys, Inc. (ProUsys) to be the most qualified.

ProUsys has extensive experience in SCADA system design and integration specifically focused in the water, wastewater, and recycled water industries as well as general process control systems hardware and software. It has provided SCADA on-call and emergency services to water, wastewater, and recycled water agencies for many years. ProUsys has provided SCADA system support services to the City's water, wastewater, and recycled water systems since 2000. Staff subsequently negotiated the final scope and schedule of charges. The Public Works Department recommends the City Council award ProUsys the contract to keep the City's system up and running and respond to unit process startups and emergency failures.

Under the terms of the agreement, ProUsys will provide on-call and emergency SCADA support for the water, wastewater, and recycled water systems including diagnostic testing, programming, software, hardware, instruments, radio and computer network communications, electrical, and computer repair and replacement. Emergency service will be on a 24 hours a day, 7 days a week basis with a 30-minute maximum call back response time and a two-hour maximum on-site response required.

Future goals are to implement the SCADA Capital Improvement Plan (W-P-22) identified in the 2016 Integrated Master Plan completed by Carollo Engineers. As defined in the Master Plan, water operations capital improvements for SCADA are estimated at \$5 million and wastewater operations capital improvements for SCADA are estimated at \$5 million. This estimate may be lower than the actual cost to bring the water SCADA and instrumentation system up to current technology.

In addition to the future CIP investments, Public Works will look to hire additional staff that has the technical background to program and manage our SCADA and instrumentation infrastructure for the water, wastewater and street signals operations.

STRATEGIC PRIORITIES

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

FINANCIAL IMPACT

Funds are available in fiscal year 2016-17 for the agreement in the Wastewater Treatment Operation Fund, Account Number 621-6205-842-8209 (\$22,222) and in the Water Treatment

Agreement A-7937 for SCADA Support Services (10/10/10)

March 7, 2017

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Operation Fund, Account Numbers 601-6010-842-8209 (\$44,444) and 601-6012-842-8209 (\$22,222). The balance of the agreement will be appropriated in fiscal years 2017-18 and 2018-19.

ATTACHMENTS:

Attachment A - Agreement No. A-7937

Agreement No. A-7937

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT FOR CONSULTING SERVICES (“**Agreement**”) is made and entered into in the County of Ventura, State of California, this ____ day of _____, 2017, by and between the City of Oxnard, a municipal corporation (“**City**”), and ProUsys Inc. (“**Consultant**”). City and Consultant are sometimes individually referred to as “**Party**” and collectively as “**Parties**.”

WHEREAS, City desires to hire Consultant to perform certain consulting services specified herein; and

WHEREAS, Consultant represents that Consultant and/or Consultant’s personnel have the qualifications and experience to properly perform such services.

NOW, THEREFORE, City and Consultant hereby agree as follows:

1. Scope of Services

Consultant shall furnish City with professional consulting services as more particularly set forth in **Exhibit A** attached hereto and incorporated by this reference in full herein (the “**Services**”).

2. Method of Performing Services

Subject to the terms and conditions of this Agreement, Consultant may determine the method, details, and means of performing the Services.

3. Standard of Performance

Consultant agrees to undertake and complete the Services to conclusion, using that standard of care, skill, and diligence normally provided by a professional person in performance of similar consulting services.

4. Nonexclusive Services

This Agreement shall not be interpreted to prevent or preclude Consultant from rendering any services for Consultant’s own account or to any other person or entity as Consultant in its sole discretion shall determine. Consultant agrees that performing such services will not materially interfere with the Services to be performed for the City.

5. Coordination of Services

The Services shall be coordinated with the Water Division Manager and Wastewater Division Manager (individually “**Manager**” or collectively “**Managers**”), subject to the direction of the City Manager or Department Director.

6. Place of Work

Consultant shall perform the Services provided for in this Agreement at any place or location and at such times as the Consultant shall determine.

7. Correction of Errors

Consultant agrees to correct, at its expense, all errors which may be disclosed during review of the Services. Should Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by City, and the cost thereof shall be paid by Consultant.

8. Time for Performance

The Services performed under this Agreement shall be completed during the term of this Agreement. City agrees to amend the performance termination date whenever Consultant is delayed by action or inaction of City and Consultant promptly notifies the Manager that issued the Notice to Proceed of such delays.

9. Principal in Charge

Consultant hereby designates Kevin A. Mueller, President as its principal-in-charge and person responsible for necessary coordination with Managers.

10. Permits, Licenses, Certificates

Consultant, at Consultant's sole expense, shall obtain and maintain during the term of this Agreement, all permits, licenses, and certificates required in connection with the performance of the Services, including a City business tax certificate.

11. City's Responsibility

City shall cooperate with Consultant as may be reasonably necessary for Consultant to perform the Services. Managers agree to provide direction to Consultant as requested regarding particular project requirements.

12. Term of Agreement

This Agreement shall begin on _____, 2017 and expire on February 27, 2020.

13. Termination

a. This Agreement may be terminated by City without cause if either Manager notifies Consultant, in writing, of Manager's desire to terminate the Agreement. Such termination shall be effective ten (10) calendar days from the date of delivery or mailing of such notice. City agrees to pay Consultant in full for all amounts due Consultant as of the effective date of termination, including any expenditures incurred on City's behalf, whether for the employment of third parties or otherwise.

b. This Agreement may be terminated by Consultant without cause if Consultant notifies both Managers, in writing, of Consultant's desire to terminate the Agreement. Such termination shall be effective ten (10) calendar days from the date of delivery or mailing of such notice and only if all assignments accepted by Consultant have been completed prior to the date of termination.

14. Compensation

a. City agrees to pay Consultant in an amount not to exceed \$800,000 for the Services at rates provided in **Exhibit B** attached hereto and incorporated by this reference in full herein.

b. The acceptance by Consultant of the final payment made under this Agreement shall constitute a release of City from all claims and liabilities for compensation to Consultant for anything completed, finished or relating to the Services.

c. Consultant agrees that payment by City shall not constitute nor be deemed a release of the responsibility and liability of Consultant or its employees, subcontractors, agents and subconsultants for the accuracy and competency of the information provided and/or the Services performed hereunder, nor shall such payment be deemed to be an assumption of responsibility or liability by City for any defect or error in the Services performed by Consultant, its employees, subcontractors, agents and subconsultants.

d. Consultant shall provide Manager with a completed Request for Taxpayer Identification Number and Certification, as issued by the Internal Revenue Service.

e. If any sales tax is due for the Services performed by Consultant or materials or products provided to City by Consultant, Consultant shall pay the sales tax. City shall not reimburse Consultant for sales taxes paid by Consultant.

15. Method of Payment

a. City agrees to pay Consultant monthly upon satisfactory completion of the Services and upon submission by Consultant of an invoice delineating the Services performed, in a form satisfactory to the Manager that issued the Notice to Proceed. The invoice shall identify the Services by project as specified by that Manager.

b. Consultant agrees to maintain current monthly records, books, documents, papers, accounts and other evidence pertaining to the Services performed and costs incurred. Such items shall be adequate to reflect the time involved and cost of performing the Services. Consultant shall provide the Managers with copies of payroll distribution, receipted bills and other documents requested for justification of the invoice.

16. Responsibility for Expenses

Except as otherwise expressly provided in this Agreement, City shall not be responsible for expenses incurred by Consultant in performing the Services. All expenses incident to the performance of the Services shall be borne by the Consultant, including, but not limited to rent, vehicle, and travel, entertainment and promotion, general liability and health insurance, workers' compensation insurance, and all compensation and benefits of employees or agents engaged by Consultant. Consultant shall, at its own cost and expense, supply all personal property necessary or appropriate to perform the Services provided for under this Agreement, including, but not limited to any personal property used by employees and agents of Consultant in the performance of such Services.

17. Non-Appropriation of Funds

Payments to be made to Consultant by City for the Services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted and unencumbered appropriation of City. In the event City does not appropriate sufficient funds for payment of the Services beyond the current fiscal year, this Agreement shall cover payment for the Services only up to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

18. Records

a. Consultant agrees that all final computations, exhibits, files, plans, correspondence, reports, drawings, designs, data and photographs expressly required to be prepared by Consultant as part of the scope of services ("**documents and materials**") shall be the property of City and shall, upon completion of the Services or termination of this Agreement, be delivered to the Managers.

b. At City's request, City shall be entitled to immediate possession of, and Consultant shall furnish to the Managers within ten (10) calendar days, all of the documents and materials. Consultant may retain copies of these documents and materials.

c. Any substantive modification of the documents and materials by City staff or any use of the completed documents and materials for other City projects, or any use of uncompleted documents and materials, without the written consent of Consultant, shall be at City's sole risk and without liability or legal exposure to Consultant. City agrees to hold Consultant harmless from all damages, claims, expenses and losses arising out of any reuse of the documents and materials for purposes other than those described in this Agreement, unless Consultant consents in writing to such reuse.

19. Maintenance and Inspection of Records

Consultant agrees that City or its auditors shall have access to and the right to audit and reproduce any of Consultant's relevant records to ensure that City is receiving the Services to which City is entitled under this Agreement or for other purposes relating to the Agreement. Consultant shall maintain and preserve all such records for a period of at least three (3) years after the expiration of this Agreement, or until an audit has been completed and accepted by City. Consultant agrees to maintain all such records in City or to promptly reimburse City for all reasonable costs incurred in conducting the audit at a location other than in City, including but not limited to expenses for personnel, salaries, private auditor, travel, lodging, meals and overhead.

20. Confidentiality

a. For the purposes of this Agreement, "Confidential Information" means all information, in whatever form transmitted, relating to the past, present or future business affairs of the City, including without limitation, (i) technical information, including patent, copyright, trade secret, and other proprietary information, techniques, sketches, drawings, models, inventions, know-how, processes, apparatus, equipment, algorithms, software programs, software source documents, and formulas; or (ii) non-technical information, including without limitation pricing, margins, marketing plans and strategies, finances, financial and accounting data and information, suppliers, customers, customer lists, purchasing data, sales and marketing plans, future business plans and any other information belonging to the City or to a third party whose information is in the City's possession or control under obligations of confidentiality, and which (i) is disclosed to the Consultant or (ii) developed by Consultant at the City's expense.

b. All information provided by the Consultant or developed by the Consultant at the expense of the City shall be considered Confidential Information and shall not be reproduced, transmitted, disclosed or used by the Consultant without the written consent of the City, except as may be necessary for Consultant to fulfill its obligations to the City.

c. Notwithstanding the above, these limitations shall not apply to information that: (i) is already known to Consultant at the time of its disclosure or becomes publicly known through no wrongful act or omission of Consultant; (ii) is communicated to a third party with the express written consent of the City and not subject to restrictions on further use or disclosure; (iii) is independently developed by Consultant; or (v) is required by law to be disclosed to any governmental agency, or required by court order, a court-issued subpoena or other legal process to be disclosed, provided that before making such disclosure, Consultant shall immediately provide the City with written notice and a reasonable opportunity for the City to object to the disclosure or to take action to maintain the confidentiality of the information, unless such prior disclosure is impermissible by law or court order.

d. Consultant shall use reasonable care to protect the Confidential Information. In the event of a breach or threatened breach of this Agreement, the City shall be entitled to obtain an injunction prohibiting any such breach, the costs of which shall be paid by Consultant. Any relief granted shall be in addition to and not in lieu of any other legal or equitable relief, including money damages. The Parties acknowledge that Confidential Information is valuable

and unique and that disclosure of the Confidential Information in breach of this Agreement may result in irreparable injury to the City.

e. Other than an obligation upon the City to deal in good faith, the City makes no warranties and shall bear no liability or responsibility for errors or omissions in any Confidential Information disclosed under this Agreement or for any business decisions made by Consultant in reliance on any Confidential Information disclosed under this Agreement.

f. This Section shall survive the termination of this Agreement.

21. Indemnity

a. To the fullest extent permitted by law, Consultant shall (1) immediately defend; (2) indemnify; and (3) hold harmless City, its City Council, each member thereof, and its directors, officers, and employees (the “**Indemnified Party**”) from and against all liabilities regardless of nature, type, or cause, arising out of or resulting from or in connection with Consultant’s performance of this Agreement or Consultant’s failure to comply with any of its obligations contained in this Agreement. Liabilities subject to the duties to defend and indemnify include, without limitation, all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys’ fees; court costs; and costs of alternative dispute resolution. Consultant’s obligation to indemnify applies unless it is adjudicated that any of the liabilities covered by this Section are the result of the sole active negligence or sole willful misconduct of the Indemnified Party. If it is finally adjudicated that liability is caused by the comparative negligence or willful misconduct of the Indemnified Party, Consultant’s indemnification obligation shall be reduced in proportion to the established comparative liability of the Indemnified Party.

b. The duty to defend is a separate and distinct obligation from Consultant’s duty to indemnify. Consultant shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the Indemnified Party immediately upon tender to Consultant of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination of negligence or willful misconduct by the Indemnified Party shall not relieve Consultant from its separate and distinct obligation to defend the Indemnified Party. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes the obligation to provide independent defense counsel if Consultant asserts that liability is caused in whole or in part by the negligence or willful misconduct of the Indemnified Party. If it is finally adjudicated that liability was caused by the sole active negligence or sole willful misconduct of the Indemnified Party, Consultant may submit a claim to City for reimbursement of reasonable attorneys’ fees and defense costs.

c. The review, acceptance or approval of Consultant’s work or work product by the Indemnified Party shall not affect, relieve or reduce Consultant’s indemnification or defense obligations. This Section shall survive completion of the Services or termination of this Agreement. The provisions of this Section shall not be restricted by and do not affect the provisions of this Agreement relating to insurance.

22. Insurance

a. Consultant shall obtain and maintain during the performance of the Services the insurance coverages as specified in **Exhibit INS-A**, attached hereto and incorporated herein by this reference, issued by a company satisfactory to the Risk Manager, unless the Risk Manager waives, in writing, the requirement that Consultant obtain and maintain such insurance coverages.

b. Consultant shall, prior to performance of the Services, file with the Risk Manager evidence of insurance coverage as specified in **Exhibit INS-A**. Evidence of insurance coverage shall be forwarded to the Risk Manager, addressed as specified in **Exhibit INS-A**.

c. Maintenance of proper insurance coverages by Consultant is a material element of this Agreement. Consultant's failure to maintain or renew insurance coverages or to provide evidence of renewal may be considered as a material breach of this Agreement.

23. Independent Contractor

a. City and Consultant agree that in the performance of the Services, Consultant shall be, and is, an independent contractor, and that Consultant and its employees are not employees of City. Consultant has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons assisting Consultant.

b. Consultant shall be solely responsible for, and shall save City harmless from, all matters relating to the payment of Consultant's employees, agents, subcontractors and subconsultants, including compliance with social security requirements, federal and State income tax withholding and all other regulations governing employer-employee relations.

c. Consultant acknowledges that Consultant and Consultant's employees are not entitled to receive from City any of the benefits or rights afforded employees of City, including but not limited to reserve leave, sick leave, vacation leave, holiday leave, compensatory leave, Public Employees Retirement System benefits, or health, life, dental, long-term disability and workers' compensation insurance benefits.

24. Consultant Not Agent

Except as either Manager may specify in writing, Consultant, and its agents, employees, subcontractors and subconsultants shall have no authority, expressed or implied, to act on behalf of City in any capacity, as agents or otherwise, or to bind City to any obligation.

25. Conflict of Interest

If, in performing the Services set forth in this Agreement, Consultant makes, or participates in, a “**governmental decision**” as described in Title 2, section 18701(a)(2) of the California Code of Regulations, or performs the same or substantially all the same duties for City that would otherwise be performed by a City employee holding a position specified in City's conflict of interest code, Consultant shall be subject to City's conflict of interest code, the requirements of which include the filing of one or more statements of economic interests disclosing the relevant financial interests of Consultant's personnel providing the Services set forth in this Agreement.

26. Assignability of Agreement

Consultant agrees that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's personnel's unique competence, experience and specialized personal knowledge. Assignments of any or all rights, duties, or obligations of Consultant under this Agreement will be permitted only with the express written consent of the Managers, which consent may be withheld for any reason.

27. Successors and Assigns

Consultant and City agree that this Agreement shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of Consultant and City.

28. Fair Employment Practices

a. Consultant agrees that all persons employed by Consultant shall be treated equally by Consultant without regard to or because of race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law, and in compliance with all antidiscrimination laws of the United States of America, the State of California, and City.

b. Consultant agrees that, during the performance of this Agreement, Consultant and any other parties with whom Consultant may subcontract shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not discriminated against because of their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

c. Consultant agrees to state in all of its solicitations or advertisements for applicants for employment that all qualified applicants shall receive consideration for employment without regard to their race, color, religion, ancestry, national origin, disability, sex, marital status, age, or any other status protected by law.

d. Consultant shall provide City staff with access to and, upon request by either Manager, provide copies to the requesting Manager of all of Consultant's records pertaining or relating to Consultant's employment practices, to the extent such records are not confidential or privileged under State or federal law.

29. Force Majeure

Consultant and City agree that neither City nor Consultant shall be responsible for delays or failures in performance resulting from acts beyond the control of either party. Such acts shall include, but not be limited to acts of God, strikes, lockouts, riots, acts of war, epidemics, governmental regulations imposed after this Agreement was executed, fire, communication line failures, earthquakes, or other disasters.

30. Time of Essence

Consultant and City agree that time is of the essence in regard to performance of any of the terms and conditions of this Agreement.

31. Covenants and Conditions

Consultant and City agree that each term and each provision of this Agreement to be performed by Consultant shall be construed to be both a covenant and a condition.

32. Governing Law

City and Consultant agree that the construction and interpretation of this Agreement and the rights and duties of City and Consultant hereunder shall be governed by the laws of the State of California.

33. Compliance with Laws

Consultant agrees to comply with all City, State, and federal laws, rules, and regulations, now or hereafter in force, pertaining to the Services performed by Consultant pursuant to this Agreement.

34. Severability

City and Consultant agree that the invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

35. Waiver

City and Consultant agree that no waiver of a breach of any provision of this Agreement by either Consultant or City shall constitute a waiver of any other breach of the same provision or any other provision of this Agreement. Failure of either City or Consultant to enforce at any time, or from time to time, any provision of this Agreement, shall not be construed as a waiver of such provision or breach.

36. Counterparts

City and Consultant agree that this Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall be deemed to be one and the same agreement or document. A signed copy of this Agreement transmitted by facsimile, email, or other means of electronic transmission, shall be deemed to have the same legal effect as delivery of an original, executed copy of this Agreement for all purposes.

37. Arbitration

Consultant and City agree that in the event of any dispute with regard to the provisions of this Agreement, the Services rendered or the amount of Consultant's compensation, the dispute may be submitted to non-binding arbitration upon the mutual agreement of the parties, under such procedures as the parties may agree upon, or, if the parties cannot agree, then under the Rules of the American Arbitration Association.

38. Expenses of Enforcement

Consultant and City agree that the prevailing party's reasonable costs, attorneys' fees (including the reasonable value of the services rendered by the City Attorney Office) and expenses, including investigation fees and expert witness fees, shall be paid by the non-prevailing party in any dispute involving the terms and conditions of this Agreement.

39. Authority to Execute

a. City acknowledges that the person executing this Agreement has been duly authorized by the City Council to do so on behalf of City.

b. Consultant acknowledges that the person executing this Agreement has been duly authorized by Consultant to do so on behalf of Consultant.

40. Notices

a. Any notices to Consultant may be delivered personally or by mail addressed to ProUsys Inc., 4700 New Horizon Blvd, Bakersfield, CA 93313, Attention: Karissa Griffith.

b. Any notices to City may be delivered personally or by mail addressed to City of Oxnard, Public Works Department, 305 West Third Street, 3rd Floor, East Wing, Oxnard, California 93030.

41. Amendment

City and Consultant agree that the terms and conditions of the Agreement may be reviewed or modified at any time. Any modifications to this Agreement, however, shall be effective only when agreed upon to in writing by both the City representative authorized to do so under the City's purchasing policies and Consultant.

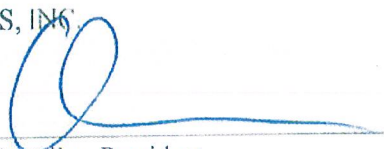
42. Entire Agreement

City and Consultant agree that this Agreement constitutes the entire agreement of the parties regarding the subject matter described herein and supersedes all prior communications, agreements, and promises, either oral or written.

CITY OF OXNARD

PROUSYS, INC.

Tim Flynn, Mayor


Kevin A. Mueller, President

ATTEST:

Michelle Ascencion, City Clerk


Laural Pedersen, Secretary

APPROVED AS TO FORM:


Stephen M. Fischer, City Attorney

APPROVED AS TO INSURANCE:

James Throop, Risk Manager

APPROVED AS TO AMOUNT:

Greg Nyhoff, City Manager

APPROVED AS CONTENT:

Ruth Osuna, Assistant City Manager


Dan Rydberg, P.E., PW Director

EXHIBIT A

SCOPE OF SERVICES

SCADA SYSTEM SUPPORT

Consultant shall provide on call and/or emergency support including software, hardware, instrumentation, radio, computer network communications, electrical, and computer repair or replacement services for water treatment plant, water blending stations, wastewater treatment plant, wastewater lift stations, and Advanced Water Purification Facility (AWPF). Consultant shall be available year-round and available on a 24-hour/7-day basis. For emergency services, a 30-minute maximum call back response time with a 2-hour maximum on-site response is required. For on call services, services shall be scheduled to occur within two weeks. Consultant shall provide best management practices in protecting the SCADA system when using non-City computers or peripherals.

SCADA INTEGRATION SERVICES

Consultant will provide Supervisory Control and Data Acquisition (SCADA) integration services, including trouble shooting, programming, report generation, report writing, support, and modifications for water treatment plant, water blending stations, wastewater treatment plant, wastewater lift stations, Advanced Water Purification Facility (AWPF) on an on call and/or emergency basis.

Services shall include, but are not limited to:

Water System

System-Wide

- Calibrate/replace instrumentation, sensors and switches (pressure, flow, level and temperature)
- Calibrate/refurbish/replace chemical (pH, conductivity, chlorine, ammonia and chloramines) analyzers
- Refurbish/replace Uninterruptible Power Supplies (UPSs)
- Work with City Information Systems Department and Verizon to isolate and remove sources of SCADA network dropouts
- Analyze power monitor data for real-time efficiency and time-of-use (TOU) evaluation
- Calibrate water system instrumentation

Water Campus

- Evaluate and repair communication network – coordinate with Verizon and City Information Systems regarding upgrading network switches

Blending Station No. 1 Desalter

- Isolate reverse osmosis (RO) skids Flex Input/Output (I/O) from SCADA local area network (LAN)
- Solve ControlNet module lockups
- Refurbish/replace flow control valves

Blending Station No. 3

- Calibrate water system instrumentation

Blending Station No. 5

- Calibrate water system instrumentation

Blending Station No. 6

- Clean up analog and digital control wiring
- Integrate pressure and conductivity data into Calleguas Municipal Water District (CMWD) backfeed control loop
- Develop BS No. 6 bypass scheme for backup CMWD supply to BS No. 1

Wellfield #2

- Clean up analog and digital control wiring
- Integrate pressure and conductivity data into Calleguas Municipal Water District (CMWD) backfeed control loop

Wastewater SystemWastewater Treatment Plant

- Calibrate/replace instrumentation, sensors and switches (pressure, flow, level and temperature)
- Refurbish/replace Uninterruptible Power Supplies (UPSs)
- Clean-up bad tags that are causing errors
- Evaluate opportunities to extend City's fiber backbone to remote sites (lift stations, flow monitoring, etc.)

Recycled Water SystemAdvanced Water Purification Facility (AWPF)

- Calibrate/replace instrumentation, sensors and switches (pressure, flow, level and temperature)
- Refurbish/replace Uninterruptible Power Supplies (UPSs)
- Clean-up bad tags that are causing errors
- Evaluate opportunities to extend City's fiber backbone to remote sites (lift stations, flow monitoring, etc.)

EXHIBIT B**HOURLY RATE SCHEDULE
(Computer Use Included)****Project Administration**

Project Manager	\$105
Project Lead	\$95
Project Assistant	\$45

Engineering

Engineering Manager	\$125
Sr. Project Engineer	\$120
Project Engineer II	\$100
Project Engineer I	\$85

Instrumentation Electrical Technician (IET)**Field Services**

Sr. Communications Technician	\$90
Sr. Automation Technician	\$85
Automation Technician	\$80

Electrical Services

Electrical Foreman	\$90
Electrical Journeyman	\$75
Electrical Apprentice	\$60

Software

Sr. Systems Analyst	\$120
Systems Analyst II	\$110
System Analyst I	\$100

Design

Lead Designer	\$90
Designer II	\$75
Drafter I	\$60

Shop Services

Fabrication Foreman	\$70
Fabricator II	\$60
Fabricator I	\$50

Equipment/Services

Travel Expenses	At cost
Mileage	\$1.25/mile or \$20/hour for Service Truck
Materials/Equipment	Cost plus 20% markup and applicable taxes
Other	

**INSURANCE REQUIREMENTS FOR CONSULTANTS
(WITH ERRORS AND OMISSIONS REQUIREMENT)**

1. Consultant shall obtain and maintain during the performance of any services under this Agreement the following insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of services hereunder by Consultant, its agents, representatives, employees or subconsultants.

a. Commercial General Liability Insurance, including Contractual Liability, in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for general liability with coverage equivalent to Insurance Services Office Commercial General Liability Coverage (Occurrence Form CG 0001). If a general aggregate limit is used, that limit shall apply separately to the project or shall be twice the occurrence amount;

b. Business automobile liability insurance in an amount not less than \$1,000,000 combined single limit for bodily injury and property damage for each claimant for automobile liability with coverage equivalent to Insurance Services Office automobile liability coverage (Occurrence Form CA0001) covering Code No. 1, "any auto;"

c. Professional liability/errors and omissions insurance appropriate to Consultant's profession to a minimum coverage of \$1,000,000, with neither Consultant nor listed subconsultants having less than \$500,000 individually. The professional liability/errors and omissions insurance must be project specific with at least a one year extended reporting period, or longer upon request.

d. Workers' compensation insurance in compliance with the laws of the State of California, and employer's liability insurance in an amount not less than \$1,000,000 per claimant.

2. Consultant shall, prior to performance of any services, file with the Risk Manager certificates of insurance with original endorsements effecting coverage required by this Exhibit INS-A. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements are to be on the attached forms or on other forms approved by the Risk Manager. All certificates and endorsements are to be received and approved by the Risk Manager before commencement of services. City reserves the right to require complete certified copies of all required insurance policies at any time. The certificates of insurance and endorsements shall be forwarded to the Risk Manager, addressed as follows:

City of Oxnard
Risk Manager
Reference No. _____
300 West Third Street, Suite 302
Oxnard, California 93030

3. Consultant agrees that all insurance coverages shall be provided by a California admitted insurance carrier with an A.M. Best rating of A:VII or better and shall be endorsed to state that coverage may not be suspended, voided, canceled, or reduced in coverage or limits without 30 days' prior written notice to the Risk Manager. The Risk Manager shall not approve or accept any endorsement if the endorsement contains "best effort" modifiers or if the insurer is relieved from the responsibility to give such notice.

4. Consultant agrees that the commercial general liability and business automobile liability insurance policies shall be endorsed to name City, its City Council, officers, employees, agents and volunteers as additional insureds as respects: liability arising out of activities performed by or on behalf of Consultant; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, its City Council, officers, employees, agents and volunteers. **The General Liability Special Endorsement Form and Automobile Liability Special Endorsement Form attached to this Exhibit INS-A or substitute forms containing the same information and acceptable to the Risk Manager shall be used to provide the endorsements (ISO form CG 2010 11/85 or if not available, CG 2010 with an edition date prior to 01/04 and CG 2037).**

5. The coverages provided to City shall be primary and not contributing to or in excess of any existing City insurance or self-insurance coverages (**this must be endorsed**). Additionally, the workers' compensation policy shall include a waiver of all rights of subrogation which the insurer may have against the City. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its City Council, officers, employees and volunteers. The insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

6. The insurer shall declare any deductibles or self-insured retentions to and be approved by the Risk Manager. At the option of the Risk Manager, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City, its City Council, officers, employees and volunteers, or the Consultant shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

7. All insurance standards applicable to Consultant shall also be applicable to Consultant's subconsultants. Consultant agrees to maintain appropriate agreements with subconsultants and to provide proper evidence of coverage upon receipt of a written request from the Risk Manager.

INSTRUCTION FOR SUBMITTING INSURANCE CERTIFICATES AND ENDORSEMENT FORMS

Certificates of Insurance

The sample accord form on the following page is provided to facilitate your preparation and submission of certificates of insurance. You may use this or any industry form that shows coverage as broad as that shown on the attached sample. **Please note the certificate holder address must be as shown on the attached sample accord form with the contract number and insurance exhibit identification information completed.** Improperly addressed certificates may delay the contract start-up date because the City's practice is to return unidentifiable insurance certificates to the insured for clarification as to the contract number. **Cancellation provisions must be endorsed to the policy. Modifying the certificate does not change coverage or obligate the carrier to provide notice of cancellation.**

Endorsement Forms

Original endorsements are required for commercial general liability and business automobile liability insurance policies and must be attached to the applicable certificate of insurance. City preference is that the Consultant/insurer use the endorsement forms which are attached. Substitute forms will be accepted, however, as long as they include provisions comparable to the sample accord form.

INS-A.doc

ACORD CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

PRODUCER

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

CODE

SUB-CODE

COMPANIES AFFORDING INSURANCE COVERAGE

INSURED

COMPANY
LETTER A SPECIFY COMPANY NAMES IN THIS SPACE

COMPANY
LETTER B

COVERAGES

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

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY [x] COMMERCIAL GENERAL LIABILITY [] CLAIMS MADE [x] OCCUR. [x] OWNER'S & CONTRACTOR'S PROT.				GENERAL AGGREGATE \$1,000,000 PRODUCTS COMP/OP AGG. \$1,000,000 PERSONAL & ADV. INJURY \$1,000,000 EACH OCCURRENCE \$1,000,000 FIRE DAMAGE (Any one fire) \$ MED. EXPENSE (Any one person) \$
A	AUTOMOBILE LIABILITY [x] ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS GARAGE LIABILITY				COMBINED SINGLE \$1,000,000 LIMIT BODILY INJURY \$ (Per person) BODILY INJURY \$ (Per accident) PROPERTY DAMAGE \$
A	EXCESS LIABILITY UMBRELLA FORM OTHER THAN UMBRELLA FORM				EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY				STATUTORY LIMITS EACH ACCIDENT \$1,000,000 DISEASE-POLICY LIMIT \$1,000,000 DISEASE-EACH EMPLOYEE \$1,000,000
A	OTHER Errors and omissions insurance or malpractice insurance available for the insured's profession				Minimum coverage \$1,000,000 Each consultant/ \$500,000 & listed sub-consultant

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

CERTIFICATE HOLDER

City of Oxnard

Attn: Risk Manager

Reference No. _____

300 W. Third Street, Suite 302

Oxnard CA 93030

CANCELLATION

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

AUTHORIZED REPRESENTATIVE

GENERAL LIABILITY SPECIAL ENDORSEMENT FOR THE CITY OF OXNARD (the "City")			SUBMIT IN DUPLICATE	
			ENDORSEMENT NO.	ISSUE DATE (MM/DD/YY)
PRODUCER Telephone:		POLICY INFORMATION: Insurance Company: Policy No.: Policy Period: (from) (to) LOSS ADJUSTMENT EXPENSE ☐ Included in Limits ☐ In Addition to Limits		
		☐ Deductible ☐ Self-Insured Retention (check which) of \$ _____ with an Aggregate of \$_____ applies to _____ coverage. ☐ Per Occurrence ☐ Per Claim (which)		
NAMED INSURED		APPLICABILITY. This insurance pertains to the operations, products and/or tenancy of the named insured under all written agreements and permits in force with the City unless checked here ☐ in which case only the following specific agreements and permits with the City are covered		
		CITY AGREEMENTS/PERMITS		
TYPE OF INSURANCE				
GENERAL LIABILITY ☐ COMMERCIAL GENERAL LIABILITY ☐ Claims Made ☐ COMPREHENSIVE GENERAL LIABILITY Retroactive Date _____ ☐ OWNERS & CONTRACTORS PROTECTIVE ☐ Occurrence		OTHER PROVISIONS		
COVERAGES		LIABILITY LIMITS IN THOUSANDS \$		CLAIMS: Underwriter's representative for claims pursuant to this insurance. Name: _____ Address: _____ Telephone: (_____) _____
		EACH OCCURRENCE	AGGREGATE	
☐ GENERAL				
☐ PRODUCTS/COMPLETED OPERATIONS				
☐ PERSONAL & ADVERTISING INJURY				
☐ FIRE DAMAGE				
☐ _____				
☐ _____				
In consideration of the premium charged and notwithstanding any inconsistent statement in the policy to which this endorsement is attached or any endorsement now or hereafter attached thereto, insurance company agrees as follows: INSURED. The City, its officers, agents, employees and volunteers are included as insureds with regard to liability and defense of suits arising from the operations, products and activities performed by or on behalf of the named insured. CONTRIBUTION NOT REQUIRED. As respects: (a) work performed by the named insured for or on behalf of the City; or (b) products sold by the named insured to the City; or (c) premises leased by the named insured from the City, the insurance afforded by this policy shall be primary insurance as respects the City, its officers, agents, employees or volunteers; or stand in an unbroken chain of coverage excess of the named insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the City, its officers, agents, employees or volunteers shall be in excess of this insurance and shall not contribute with it. SEVERABILITY OF INTEREST. This insurance applies separately to each insured against whom claim is made or suit is brought except with respect to the company's limits of liability. The inclusion of any person or organization as an insured shall not affect any right which such person or organization would have as a claimant if not so included. CANCELLATION NOTICE. With respect to the interests of the City, this insurance shall not be canceled, or materially reduced in coverage or limits except after thirty (30) days prior written notice by receipted delivery has been given to the City. PROVISIONS REGARDING THE INSURED'S DUTIES. Any failure to comply with reporting provisions of the policy or breaches or violations of warranties shall not affect coverage provided to the City, its officers, agents, employees or volunteers. SCOPE OF COVERAGE. This policy, if primary, affords coverage at least as broad as: - Insurance Services Office Commercial General Liability Coverage, "occurrence" form CG0001; or - If excess, affords coverage which is at least as broad as the primary insurance form CG0001. Except as stated above nothing herein shall be held to waive, alter or extend any of the limits, conditions, agreements or exclusions of the policy to which this endorsement is attached.				
ENDORSEMENT HOLDER				
CITY OF OXNARD Attn: Risk Manager Reference No. _____ 300 W. Third Street, Suite 302 Oxnard, CA 93030		AUTHORIZED REPRESENTATIVE ☐ Broker/Agent ☐ Underwriter ☐ _____		
		I _____ (print/type name), warrant that I have authority to bind the above-mentioned insurance company and by my signature hereon do so bind this company to this endorsement. Signature _____ (original signature required) Telephone: (_____) _____ Date Signed: _____		

Rev. 2/17



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

1/27/2016

K.2.a

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER First Niagara Risk Management, Inc 777 Canal View Blvd, Suite 100 Rochester NY 14623		CONTACT NAME: Louise Cook PHONE (A/C, No, Ext): (585) 546-3747 E-MAIL ADDRESS: Louise.cook@fnrm.com FAX (A/C, No): (585) 424-2798	
		INSURER(S) AFFORDING COVERAGE	NAIC #
		INSURER A: Lloyds of London	AA112200
		INSURER B: Federal Insurance Company	20281
		INSURER C: Evanston Insurance Co	35378
		INSURER D:	
		INSURER E:	
		INSURER F:	
INSURED ProUsys, Inc. 4700 New Horizon Blvd Bakersfield CA 93313			

COVERAGES

CERTIFICATE NUMBER: 16-17 Liab Master

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	☒ COMMERCIAL GENERAL LIABILITY		Renewal of ESD01107848	1/31/2016	1/31/2017	EACH OCCURRENCE	\$ 1,000,000
	☐ CLAIMS-MADE ☒ OCCUR	DAMAGE TO RENTED PREMISES (Ea occurrence)				\$ 1,000,000	
		MED EXP (Any one person)				\$ 5,000	
		PERSONAL & ADV INJURY				\$ 1,000,000	
		GENERAL AGGREGATE				\$ 6,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER:					PRODUCTS - COMP/OP AGG	\$ 2,000,000
	☐ POLICY ☒ PROJECT ☒ LOC					Pollution Liability	\$ 1,000,000
	OTHER:						
B	☒ AUTOMOBILE LIABILITY		73565865	1/31/2016	1/31/2017	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000
	☐ ANY AUTO					BODILY INJURY (Per person)	\$
	☐ ALL OWNED AUTOS	☐ SCHEDULED AUTOS				BODILY INJURY (Per accident)	\$
	☐ HIRED AUTOS	☐ NON-OWNED AUTOS				PROPERTY DAMAGE (Per accident)	\$
							\$
C	☒ UMBRELLA LIAB ☒ EXCESS LIAB	☒ OCCUR ☐ CLAIMS-MADE	Renewal of XONJ578715	1/31/2016	1/31/2017	EACH OCCURRENCE	\$ 5,000,000
	☐ DED ☐ RETENTION \$	AGGREGATE				\$ 5,000,000	
						\$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	☐ Y/N ☒ N/A	71725208 Coverage includes ND Stop Gap Liability	1/31/2016	1/31/2017	☒ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)					E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
						E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
A	Professional Liability		Renewal of ESD01107848	1/31/2016	1/31/2017	Each Claim	2,000,000
						Aggregate	2,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Oxnard, its City Council, officers, employees, agents and volunteers is an additional insured under the general liability policy on a primary and non-contributory basis, including completed operations, in regard to work performed by the insured for City of Oxnard, when required by executed written contract.

CERTIFICATE HOLDER**CANCELLATION**

City of Oxnard
Attn: Risk Manager
300 W 3rd Street #302
Oxnard, CA 93030

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Bruce Rogers/LCOOK

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
11/2/2016

K.2.a

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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

PRODUCER First Niagara Risk Management, Inc 777 Canal View Blvd, Suite 100 Rochester NY 14623		CONTACT NAME: Louise Cook PHONE (A/C, No, Ext): (585) 546-3747 FAX (A/C, No): (585) 424-2798 E-MAIL: Louise.cook@fnrm.com ADDRESS:	
		INSURER(S) AFFORDING COVERAGE	
		INSURER A: Lloyds of London NAIC # AA112200	
		INSURER B: Federal Insurance Company 20281	
		INSURER C: Evanston Insurance Co 35378	
		INSURER D:	
		INSURER E:	
		INSURER F:	
INSURED ProUsys, Inc. 4700 New Horizon Blvd Bakersfield CA 93313			

COVERAGES

CERTIFICATE NUMBER: 16-17 Liab Master

REVISION NUMBER: 2 2/2/16 1c

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

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	☒ COMMERCIAL GENERAL LIABILITY	☒		ESE02169751	1/31/2016	1/31/2017	EACH OCCURRENCE \$ 1,000,000	
	☐ CLAIMS-MADE ☒ OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000	
							MED EXP (Any one person) \$ 5,000	
							PERSONAL & ADV INJURY \$ 1,000,000	
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 6,000,000	
	☐ POLICY ☒ PRO-JECT ☒ LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000	
	OTHER:						Pollution Liability \$ 1,000,000	
B	☒ AUTOMOBILE LIABILITY	☒		73565865	1/31/2016	1/31/2017	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000	
	☐ ANY AUTO						BODILY INJURY (Per person) \$	
	☐ ALL OWNED AUTOS						BODILY INJURY (Per accident) \$	
	☐ HIRED AUTOS						PROPERTY DAMAGE (Per accident) \$	
	☐ SCHEDULED AUTOS							
	☐ NON-OWNED AUTOS							
C	☒ UMBRELLA LIAB ☒ OCCUR			MKLV10LE106138	1/31/2016	1/31/2017	EACH OCCURRENCE \$ 5,000,000	
	☒ EXCESS LIAB ☐ CLAIMS-MADE						AGGREGATE \$ 5,000,000	
	DED \$						RETENTION \$	
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	☐ Y ☒ N	N/A	71725208 Coverage includes ND Stop Gap Liability	1/31/2016	1/31/2017	☒ PER STATUTE ☐ OTH-ER	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)						E.L. EACH ACCIDENT \$ 1,000,000	
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000	
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000	
A	Professional Liability			ESE02169751	1/31/2016	1/31/2017	Each Claim 2,000,000 Aggregate 2,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Oxnard, its City Council, officers, employees, agents & volunteers are Additional Insureds under General Liability coverage(s) on a primary and non-contributory basis, including completed operations, with respect to work performed for them by the Named Insured when required by executed contract. City of Oxnard, its City Council, officers, employees, agents & volunteers are Additional Insureds under Auto Liability on a primary basis when required by executed contract. Waiver of Subrogation applies in favor of City of Oxnard, its City Council, officers, employees, agents & volunteers & applies to Workers' Compensation coverage(s) when required by executed written contract.

CERTIFICATE HOLDER

CANCELLATION

[E] City of Oxnard Attn: Risk Manager Reference No. A-7937 300 W Third Street Suite 302 Oxnard, CA 93030	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Bruce Rogers/LCOOK

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NOTICE:

- 1. THE INSURANCE POLICY THAT YOU [HAVE PURCHASED] [ARE APPLYING TO PURCHASE] IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG.**
- 5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.**
- 6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC’S INTERNATIONAL**

INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR "SURPLUS LINE" BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER'S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

D-2 (Effective July 21, 2011)



LLOYD'S

Insurance effected through:
CFC Underwriting Limited
85 Gracechurch Street
London EC3V 0AA
United Kingdom

This is to Certify that in accordance with the authorisation granted under the Contract (the unique market reference number of which is specified in the Declaration) to the undersigned by certain Underwriters at Lloyd's, whose names and the proportions underwritten by them, which will be supplied on application, can be ascertained by reference to the said Contract which bears the Seal of Lloyd's Policy Signing Office, and in consideration of the premium specified herein, the said Underwriters are hereby bound, each for his own part and not one for another, their Heirs, Executors and Administrators, to insure in accordance with the terms and conditions contained herein or endorsed hereon.

The subscribing Insurers' obligations under Contracts of Insurance to which they subscribe are several and not joint and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.

In Witness whereof this Certificate has been signed at the place stated and on the date specified in the Declaration s by CFC Underwriting Limited.

Authorised Official

Please examine this Document carefully. If it does not meet your needs, return immediately. In all communications the Number appearing in line one of the Schedule should be quoted. In the event of loss or expense under this Insurance, immediate notice should be given to: CFC Underwriting Limited.

TECH

DECLARATIONS

POLICY NUMBER: ESE02169751

UNIQUE MARKET REFERENCES: B0309BA091310E
B087515C9N5007

THE INSURED: PROUSYS INC
ADDRESS: 4700 New Horizon Blvd
Bakersfield CA 93313
US

THE UNDERWRITERS: Underwritten by certain underwriters at Lloyd's, broken down as follows:

Premium:	\$20,750.00
Policy Fee - Carrier:	\$ 250.00
CA Surplus Lines Tax	\$ 630.00
CA Stamping Fee	\$ 42.00
TOTAL:	\$61,672.00

In respect of Insuring Clauses: 1 - 3 & 6 - 8

PEM 4000	20.33910%
BRT 2987	20.33900%
NVA 2007	8.47460%
MRE 5151	13.55930%
SJC 2003	13.55930%
LIB 4472	6.77970%
CNP 4444	2.71184%
CNP 958	0.67796%
NAV 1221	3.38980%
AGM 2488	3.38980%
AMA 1200	3.38980%
CHN 2015	3.38980%

In respect of Insuring Clause: 4

No Cover Given

In respect of Insuring Clause: 5

AML 2001	34.75000%
BRT 2987	16.75000%
PEM 4000	8.25000%
LIB 4472	12.50000%
AGM 2488	4.00000%
AMA 1200	6.25000%
MRE 5151	17.50000%

THE INCEPTION DATE: 00:01 Local Standard Time on 31 Jan 2016

THE EXPIRY DATE: 00:01 Local Standard Time on 31 Jan 2017

TOTAL PAYABLE: USD21,000.00

Broken down as follows:

Premium: USD20,750.00

Policy Administration Fee: USD250.00

OPTIONAL EXTENDED REPORTING PERIOD PREMIUM: USD17,825
(only payable if you choose to exercise this option)

BUSINESS ACTIVITIES: Services (Systems Integrator)
as more fully described in the application form dated 07 Jan 2016 and
as held on file by CFC Underwriting Limited

CHOICE OF LAW: California

SERVICE OF SUIT: FLWA Service Corp.

TECH

	c/o Foley & Lardner LLP Suite 1700 San Francisco, CA 94104-1520
LEGAL ACTION:	Worldwide
TERRITORIAL SCOPE	Worldwide
US CLASSIFICATION:	Surplus Lines
SURPLUS LINES BROKER:	R-T Specialty Insurance Services, LLC Licence No. : 0G97516 180 N Stetson Avenue, Suite 4600 Chicago IL
RETROACTIVE DATE:	01 Jun 2000 in respect of any claim of up to USD1,000,000 including costs and expenses 11 Feb 2015 in respect of that part of any claim that exceeds USD1,000,000 including costs and expenses
CLAIMS MANAGERS:	CFC Underwriting Limited Please report all new claims to: newclaims@cfcunderwriting.com
PRIVACY BREACH HOTLINE:	In the event of an actual or suspected privacy breach please call our Emergency Response Team at Wilson Elser Toll free 24-hour Privacy Breach Hotline: 1-855.270.0628
WORDING:	TECH US v2.9
ENDORSEMENTS:	PREMIUM PAYMENT CLAUSE ENGLISH LANGUAGE AGREEMENT CLAUSE UNSOLICITED MARKETING EXCLUSION CLAUSE INDEMNITY TO PRINCIPALS CLAUSE U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED NOT PURCHASED CLAUSE CONTROLLED SYSTEMS AMENDATORY CLAUSE SANCTION LIMITATION AND EXCLUSION CLAUSE ISO DIFFERENCE IN CONDITIONS CLAUSE

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LIMITS OF LIABILITY AND DEDUCTIBLES

INSURING CLAUSE 1: ERRORS & OMISSIONS

Limit of liability:	USD2,000,000	each and every claim, including costs and expenses
Aggregate limit of liability:	USD2,000,000	including costs and expenses
Deductible:	USD50,000	each and every claim, including costs and expenses

INSURING CLAUSE 2: CYBER & PRIVACY

SECTION A: CYBER LIABILITY

Aggregate limit of liability:	USD2,000,000	including costs and expenses
Deductible:	USD50,000	each and every claim, including costs and expenses

SECTION B: PRIVACY LIABILITY

Aggregate limit of liability:	USD2,000,000	including costs and expenses
Deductible:	USD50,000	each and every claim, including costs and expenses

SECTION C: PRIVACY BREACH NOTIFICATION COSTS

NO COVER GIVEN

SECTION D: SYSTEM DAMAGE

NO COVER GIVEN

SECTION E: SYSTEM BUSINESS INTERRUPTION

NO COVER GIVEN

SECTION F: THREATS OR EXTORTION

NO COVER GIVEN

INSURING CLAUSE 3: MULTIMEDIA LIABILITY AND ADVERTISING INJURY

Limit of liability:	USD2,000,000	each and every claim, including costs and expenses
Aggregate limit of liability:	USD2,000,000	including costs and expenses
Deductible:	USD50,000	each and every claim, including costs and expenses

INSURING CLAUSE 4: COMMERCIAL PROPERTY

SECTION A: PROPERTY DAMAGE

NO COVER GIVEN

SECTION B: PERSONAL ACCIDENT

NO COVER GIVEN

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SECTION C: BUSINESS INTERRUPTION

NO COVER GIVEN

INSURING CLAUSE 5: COMMERCIAL GENERAL LIABILITY

SECTION A: BODILY INJURY AND PROPERTY DAMAGE LIABILITY

Limit of liability:	USD1,000,000	each and every claim, including costs and expenses
Aggregate limit of liability:	USD2,000,000	including costs and expenses
Deductible:	USD1,000	each and every claim, including costs and expenses

SECTION B: PRODUCTS AND COMPLETED OPERATIONS LIABILITY

Aggregate limit of liability:	USD2,000,000	including costs and expenses
Deductible:	USD1,000	each and every claim, including costs and expenses

SECTION C: POLLUTION LIABILITY

Aggregate limit of liability:	USD1,000,000	including costs and expenses
Deductible:	USD1,000	each and every claim, including costs and expenses

SECTION D: TENANTS' LEGAL LIABILITY

Aggregate limit of liability:	USD250,000	including costs and expenses
Deductible:	USD1,000	each and every claim, including costs and expenses

SECTION E: NON-OWNED AND HIRED AUTOMOBILE LIABILITY

NO COVER GIVEN

SECTION F: LIABILITY FOR DAMAGE TO HIRED OR LEASED AUTOMOBILES

NO COVER GIVEN

SECTION G: MEDICAL PAYMENTS

Limit of liability:	USD5,000	each and every claim
Deductible:	USD0	each and every claim

SECTION H: EMPLOYEE BENEFITS LIABILITY

Aggregate limit of liability:	USD1,000,000	including costs and expenses
Deductible:	USD1,000	each and every claim, including costs and expenses

INSURING CLAUSE 6: COURT ATTENDANCE COSTS

Aggregate limit of liability:	USD100,000	sub-limited to USD2,000 per day
Deductible:	USD0	each and every claim or loss

INSURING CLAUSE 7: LOSS MITIGATION

Limit of liability:	USD2,000,000	each and every claim or loss
Deductible:	USD50,000	each and every claim or loss

INSURING CLAUSE 8: REPUTATION AND BRAND PROTECTION

Aggregate limit of liability:	USD100,000	
Deductible:	USD0	each and every claim or loss

TECH

OUR REGULATORY STATUS

This insurance is underwritten by CFC Underwriting Limited, 85 Gracechurch Street, London, EC3V 0AA, United Kingdom on behalf of Underwriters at Lloyd's. CFC Underwriting Limited and the Lloyd's Managing Agents of the Syndicates on whose behalf we underwrite are authorised and regulated by the United Kingdom Financial Conduct Authority (FCA). CFC Underwriting Limited's Firm Reference Number at the FSA is 312848. These details may be checked by visiting the Financial Conduct Authority website at www.fsa.gov.uk/register/. Alternatively the Financial Conduct Authority may be contacted on +44 (0)20 7066 1000.

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations to you in respect of insurance policies that we have underwritten on behalf of insurers. This depends on the type of business and the circumstances of the claim. In respect of general insurance business the FSCS will cover 90% of the claim, without any upper limit and for compulsory classes of insurance, the FSCS will cover 100% of the claim, without any upper limit. Further information about compensation scheme arrangements is available from the FSCS.

HOW TO COMPLAIN

We intend to provide an excellent service to you. However, we recognise that there may be occasions when you feel that this has not been achieved. If you are unhappy with any aspect of the service that you receive from us, please contact your insurance broker in the first instance, stating the nature of your complaint, the certificate and/or claim number.

Alternatively, you can contact us directly at enquiries@cfcunderwriting.com or please write to:

The Managing Director
CFC Underwriting Limited
85 Gracechurch Street
London EC3V 0AA
United Kingdom

If after taking this action you are still unhappy with the response please write to:

Policyholder and Market Assistance
Lloyd's Market Services
One Lime Street
London
EC3M 7HA
United Kingdom
Email: complaints@lloyds.com
Telephone: +44 (0)20 7327 5693
Fax: +44 (0)20 7327 5225

Having taken this action, if you feel that your complaint has not been handled satisfactorily, you may seek assistance from

The Financial Ombudsman Service
South Quay Plaza
183 Marsh Wall
London
E14 9SR
United Kingdom
Telephone – +44 (0)845 080 1800
Email – enquiries@financial-ombudsman.org.uk
Website – www.financial-ombudsman.org.uk

The Financial Ombudsman Service will become involved if you are an eligible complainant as defined by the rules of the Financial Conduct Authority.

The existence of this complaints procedure does not affect any right of legal action you may have against CFC Underwriting Limited or Lloyd's as detailed in the Service of Suit condition on the last page of your policy.

TECH

PREMIUM PAYMENT CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751
THE INSURED: Prousys Inc
WITH EFFECT FROM: 31 Jan 2016

You undertake that the Premium and Policy Administration Fee will be paid in full to CFC Underwriting Ltd within 60 days of the Inception Date (or if inception retrospectively, this 60 day period will be extended to represent 60 days from the date of instruction).

If the Premium and Policy Fee due under this Policy have not been paid to CFC Underwriting Ltd by the 60th day after the Inception Date (or if inception retrospectively, this 60 day period will be extended to represent 60 days from the date of instruction) then **we** shall have the right to cancel this Policy by providing **you** with 14 days prior notice of cancellation in writing via **your** broker.

If the Premium and Policy Fee are paid in full to CFC Underwriting Ltd before the notice period expires, notice of cancellation shall be revoked. If not, the Policy shall automatically terminate at the end of the notice period.

In the event of cancellation, the Policy Fee is due in full and the Premium is due on a pro rata basis for the period that the Policy was in force.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

TECH

ENGLISH LANGUAGE AGREEMENT CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751

THE INSURED: Prousys Inc

WITH EFFECT FROM: 31 Jan 2016

I hereby confirm my request that the present document and any other document and correspondence pertaining to the present insurance be in the English language.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

TECH

UNSOLICITED MARKETING EXCLUSION CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751

THE INSURED: Prousys Inc

WITH EFFECT FROM: 31 Jan 2016

It is noted and agreed that the following **EXCLUSION** is added to this Policy:

Arising directly or indirectly or in any way involving the actual or alleged distribution of unsolicited marketing, e-mail or advertising, including without limitation unsolicited electronic messages (including SMS), chat room postings, bulletin board postings, newsgroup postings, "pop-up" or "pop-under" internet advertising or fax-blasting, direct mailing or telemarketing.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

TECH

INDEMNITY TO PRINCIPALS CLAUSE

ATTACHING TO POLICY
NUMBER:

ESE02169751

THE INSURED:

PROUSYS INC

WITH EFFECT FROM:

31 Jan 2016

It is hereby understood and agreed that **Principals** are indemnified under this Policy as an additional Insured, but only in respect of sums which they become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising solely out of any **wrongful act** committed by **you** or accidental **injury** or **damage** in the course of **your business activities**, provided that had a **claim** been made against **you**, then **you** would be entitled to indemnity under this Policy.

When this clause applies it shall be primary and non-contributory to **Principals'** own insurance but only if **you** and **Principals** have entered into a contract that contains a provision requiring this.

It is a condition precedent to indemnity under this clause that **Principals** shall prove to our satisfaction that the **claim** arose solely out of **your business activities**.

Whilst **Principals** have been named under this Policy as an additional Insured, it is hereby noted and agreed that any **claim** made by **Principals** against **you** shall be treated as if **Principals** were a **third party**.

We shall also endeavour to provide 30 days notice of cancellation to **Principals**; however, not doing so shall not place any additional liability upon **us**.

It is further understood and agreed that **Principals** are defined as follow s:

City of Thousand Oaks, its officials, employees and volunteers
US

Klassen Corporation
2021 Westwind Dr
Bakersfield,, CA 93301
US

City of Oxnard, its City Council, officers, employees, agents and volunteers
300 West Third Street
Suite 302
Oxnard, CA 93030
US

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

TECH

INDEMNITY TO PRINCIPALS CLAUSE

ATTACHING TO POLICY
NUMBER:

ESE02169751

THE INSURED:

PROUSYS INC

WITH EFFECT FROM:

31 Jan 2016

It is hereby understood and agreed that **Principals** are indemnified under this Policy as an additional Insured, but only in respect of sums which they become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising solely out of any **wrongful act** committed by **you** or accidental **injury** or **damage** in the course of **your business activities**, provided that had a **claim** been made against **you**, then **you** would be entitled to indemnity under this Policy.

When this clause applies it shall be primary and non-contributory to **Principals'** own insurance but only if **you** and **Principals** have entered into a contract that contains a provision requiring this.

It is a condition precedent to indemnity under this clause that **Principals** shall prove to **our** satisfaction that the **claim** arose solely out of **your business activities**.

Whilst **Principals** have been named under this Policy as an additional Insured, it is hereby noted and agreed that any **claim** made by **Principals** against **you** shall be treated as if **Principals** were a **third party**.

We shall also endeavour to provide 30 days notice of cancellation to **Principals**; however, not doing so shall not place any additional liability upon **us**.

It is further understood and agreed that **named ISO forms** are defined as follows:

CG 20 10 10 01
CG 24 04 10 93

It is further understood and agreed that **Principals** are defined as follows:

LINN Operating Inc
Att: Legal
600 Travis St, Suite 5100
Houston, TX 77002

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

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U.S. TERRORISM RISK INSURANCE ACT OF 2002 AS AMENDED NOT PURCHASED CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751
THE INSURED: Prousys Inc
WITH EFFECT FROM: 31 Jan 2016

This **CLAUSE** is issued in accordance with the terms and conditions of the "U.S. Terrorism Risk Insurance Act of 2002" as amended as summarized in the disclosure notice.

It is hereby noted that **we** have made available coverage for "insured losses" directly resulting from an "act of terrorism" as defined in the "U.S. Terrorism Risk Insurance Act of 2002", as amended ("TRIA") and **you** have declined or not confirmed to purchase this coverage.

This Insurance therefore affords no coverage for losses directly resulting from any "act of terrorism" as defined in TRIA except to the extent, if any, otherwise provided by this Policy.

All other terms, **CONDITIONS** and **EXCLUSIONS** of this Insurance including applicable limits and deductibles remain unchanged and apply in full force and effect to the coverage provided by this Insurance.

LMA5219 (Amended)
12 January 2015

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

TECH

CONTROLLED SYSTEMS AMENDATORY CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751

THE INSURED: Prousys Inc

WITH EFFECT FROM: 31 Jan 2016

It is understood and agreed that the following amendments are made to this Policy:

1. Paragraph 1 of the "contents of every description" **DEFINITION** is deleted in its entirety and replaced with the following:

means the contents at **your premises** which are owned by **you** or are in **your** care, custody or control, including:

2. The "product" and "workmanship" **DEFINITIONS** are deleted in their entirety and replaced with the following:

"Product"

means any tangible property (including containers, packaging, labelling or instructions, but explicitly excluding any software, data, or source code) after it has left **your** custody or control which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, by **you** or on **your** behalf in the course of **your business activities**.

"Workmanship"

means any physical workmanship in manufacture, fabrication, construction, erection, installation, assembly, alteration, servicing, remediation, treatment, cleaning, repair, demolition or disassembly (including any materials, parts or equipment furnished in connection therewith) by **you**.

3. The following **EXCLUSIONS** are deleted in their entirety:

"Faulty workmanship" and
Parts e) and f) of the "Miscellaneous property exclusions"

4. The final paragraph of the "What you must do in the event of a claim or loss" **CONDITION** is deleted in its entirety and replaced with the following:

If any of **your computer systems** are lost or stolen while they are temporarily removed from **your premises**, we will not make any payment unless **you** report the **loss** to the police within 7 days after **you** become aware of it.

5. The following **CONDITION** is added:

Acquisition of additional premises

Notwithstanding the "Mergers and acquisitions" **CONDITION**, it is understood and agreed that the "PROPERTY DAMAGE" and "PERSONAL ACCIDENT" **INSURING CLAUSES** are extended to include **premises** acquired by the company named as the Insured in the Declarations during the **period of the policy**, provided the company named as the Insured in the Declarations gives **us** written notice within 60 days from the date of acquisition of these **premises**.

In this event, **we** reserve the right to amend the terms, conditions or premium of the Policy.

Unless specifically stated otherwise by **us**, the **amount insured** for **premises** acquired by the company named as the Insured in the Declarations during the **period of the policy** shall be the same as the **amount insured** for the **ADDRESS** shown in the first page of the Declarations.

6. The following is added as a new paragraph 3 to the "Additional insureds" **CONDITION**:

When this **CONDITION** applies it shall be:

- a) primary and non-contributory to the **third party's** own insurance; and
- b) **we** shall not exercise any rights of recovery available to **us** from the **third party's** own insurance;
but only if **you** the **third party** entered into a contractual agreement including a provision requiring this.

7. Notwithstanding anything contained in the Declarations to the contrary, the following amendments are made to the Declarations:

- i) The **aggregate limit of liability** in respect of the **TENANT'S LEGAL LIABILITY INSURING CLAUSE** is amended to read:

Aggregate limit of liability: USD 1,000,000 including costs and expenses

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- ii) The Deductible in respect of the **LIABILITY FOR DAMAGE TO HIRED OR LEASED AUTOMOBILES INSURING CLAUSE** is amended to read:

Deductible: USD 1,000 each and every **claim**, including **costs and expenses**

- iii) The Deductible in respect of the **EMPLOYEE BENEFITS LIABILITY INSURING CLAUSE** is amended to read:

Deductible: USD 1,000 each and every **claim**, including **costs and expenses**

- iv) The following separate **limits of liability** and **aggregate limits of liability** apply in respect of the **BODILY INJURY AND PROPERTY DAMAGE LIABILITY INSURING CLAUSE**:

I. at your premises:

Limit of liability: USD1,000,000 including **costs and expenses**

Aggregate limit of liability: USD2,000,000 including **costs and expenses**

II. and separately, per project:

Limit of liability: USD1,000,000 including **costs and expenses**

Aggregate limit of liability: USD2,000,000 including **costs and expenses**

but subject to an overall **aggregate of liability**

for I. & II. combined: USD6,000,000 including **costs and expenses**

For the purposes of this **CLAUSE**, "**project**" means: the supply of **your business activities** for a **client** taking place away from **your premises**.

In the case a **project** has been abandoned, delayed or extended, or abandoned and then resumed, or if parties to a **project** have changed or deviated from blueprints, designs, drawings, maps, orders, plans, specifications or timetables, such **project** will be deemed to be the same **project** despite any such modifications.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

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SANCTION LIMITATION AND EXCLUSION CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751
THE INSURED: Prousys Inc
WITH EFFECT FROM: 31 Jan 2016

It is understood and agreed that the following **EXCLUSION** is added to this Policy:

We shall not be deemed to provide any cover nor shall **we** be liable to pay any **claim** or **loss** or provide any benefit under this Policy to the extent that the provision of such cover, payment or benefit shall expose **us** to any sanction, prohibition or restriction under the United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

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ISO DIFFERENCE IN CONDITIONS CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751
THE INSURED: PROUSYS INC
WITH EFFECT FROM: 31 Jan 2016

In respect of **INSURING CLAUSE 5** only, it is understood and agreed that in the event that a claim is made which falls outside of the scope of coverage provided by this Policy but would fall within the scope of coverage provided by the **named ISO forms**, for the purposes of this claim the **named ISO forms'** terms and conditions will apply.

It is further understood and agreed that **named ISO forms** are defined as follows:

CG 00 01 12 04

CG 20 37 07 04

CG 20 10 11 85

CG 24 04 05 09

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY



INSURANCE FOR TECHNOLOGY COMPANIES

Policy Document

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CFC Underwriting Limited
85 Gracechurch Street
London EC3V 0AA
United Kingdom
T: +44 (0) 207 220 8500
F: +44 (0) 207 220 8501

E: enquiries@cfcunderwriting.com
W: www.cfcunderwriting.com

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PREAMBLE

This Policy is a contract of insurance between **you** and **us**. **Your** Policy contains all the details of the cover that **we** provide. This Policy consists of and must be read together with the Declarations and any Endorsements. This Policy is not complete unless it is signed and a Declarations page is attached.

The Sections of this Policy are identified by the **BLUE LINES** across the page with **WHITE UPPER CASE PRINT**. Clause headings in **BLUE UPPER CASE PRINT** are for information only and do not form part of the cover given by this Policy. Other terms in **bold lower case print** are defined terms and have a special meaning as set forth in the **DEFINITIONS** section and elsewhere. Words stated in the singular shall include the plural and vice versa.

IMPORTANT: INSURING CLAUSES 1, 2 (SECTIONS A and B only), 3 and 5 (SECTION H) only provide cover on a claims made and reported basis. Under these **INSURING CLAUSES** a **claim** must be first made against **you** and notified to **us** during the **period of the policy** or the Extended Reported Period to be covered. These **INSURING CLAUSES** do not cover any **claim** arising out of any actual or alleged **wrongful act** occurring before the date specified as the Retroactive Date in the Declarations.

In consideration of the Premium and in reliance upon the information that **you** have provided to **us** prior to commencement of this insurance and which is deemed to form the basis of this insurance, **we** agree to provide the cover as set out below:

INSURING CLAUSES

INSURING CLAUSE 1: ERRORS & OMISSIONS

SECTION A: PROFESSIONAL LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to **us** during the **period of the policy** for any:

- negligent act, error, omission, advice, misstatement or misrepresentation; or
- breach of any contractual term implied by law concerning necessary quality, safety or fitness, or **your** duty to use reasonable care and skill; or
- dishonesty of **your senior executive officers** or **employees** provided that **we** maintain all rights of subrogation against the **senior executive officer** or **employee** if they are found guilty of such a dishonest act; or
- other act, error or omission giving rise to civil liability;

arising out of **your business activities** performed for a **client**.

We will also pay **costs and expenses** on **your** behalf.

SECTION B: BREACH OF CONTRACT

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** by a **client** first made against **you** (regardless of who caused the **claim**) and notified to **us** during the **period of the policy** arising out of any **breach of client contract**.

We will also pay **costs and expenses** on **your** behalf.

SECTION C: FIDELITY OF EMPLOYEES

We agree to reimburse **you** for **loss** first discovered during the **period of the policy** and incurred directly as a result of the dishonesty of **your employees** where there was a clear intention to cause **you** **loss** and obtain personal gain.

We will also pay **costs and expenses** on **your** behalf.

SECTION D: LOSS OF DOCUMENTS

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to **us** during the **period of the policy** arising out of **damage** to **your documents** or **documents** in **your** care, custody or control.

We will also pay **costs and expenses** on **your** behalf.

SECTION E: PAYMENT OF WITHHELD FEES

We agree to pay **your withheld fees** with **our** prior written agreement in the event that **your client** brings or threatens to bring a **claim** against **you** that would be covered under **SECTIONS A** or **B** of this **INSURING CLAUSE** for an amount greater than **your withheld fees** if **you** attempt to recover the **withheld fees** from them. Prior to payment of **your withheld fees** **you** must obtain written confirmation from **your client** that they will not bring a **claim** against **you** if **you** agree not to pursue them for **your withheld fees** and provide it to **us**.

INSURING CLAUSE 2: CYBER & PRIVACY

SECTION A: CYBER LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to **us** during the **period of the policy** for any:

- third party** financial loss arising directly from a **hacking attack** or **virus** that has emanated from or passed through **your computer systems** or a **cloud computing provider's** systems; or
- third party** financial loss arising directly from their inability to access **your computer systems** in the way in which **you** have authorized them to as a direct result of **your computer systems'** failure or impairment, or a **cloud computing provider's** systems failure or impairment, due to a **hacking attack** or **virus**; or
- third party** financial loss arising directly from the loss or theft of **your** data, or data for which **you** are responsible or held to be responsible, or **your** data held by a **cloud computing provider**, arising directly from a **hacking attack** or **virus**;

arising out of **media content**, **user generated content** or **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

SECTION B: PRIVACY LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to **us** during the **period of the policy** for:

- a breach of any individual privacy rights, unintentional disclosure of personal information, failure to maintain the security of personally identifiable data including credit card information for which **you** are responsible, violation of any legal obligation relating to the security of personal information, or failure to warn of an actual or potential theft of personal information; or
- a breach of any rights of confidentiality, including a breach of any provisions of a non-disclosure agreement or breach of a contractual warranty relating to the confidentiality of data; or

TECH

- c) any fines, penalties or contractual damages **you** are legally obliged to pay as a direct result of a breach of **privacy obligations** where insurable under the applicable law; or
- d) any **claim** arising out of a)-c) above, which is due to the failure of a **cloud computing provider's** systems;

arising out of **media content, user generated content** or **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

SECTION C: PRIVACY BREACH NOTIFICATION COSTS

We agree to reimburse **you** for **privacy breach costs** subject to our prior written agreement (such agreement not to be unreasonably withheld):

- a) that **you** are legally obliged to incur; or
- b) that **you** are not legally obliged to incur, but where the reimbursement of these **privacy breach costs** will effectively mitigate or avoid a **claim** for which **you** would have been entitled to indemnity under **SECTION B** of **INSURING CLAUSE 2** had such **privacy breach costs** not been incurred; or
- c) that **you** are not legally obliged to incur, but where the reimbursement of these **privacy breach costs** will effectively mitigate material damage to **your** brand or reputation.

SECTION D: SYSTEM DAMAGE

We agree to reimburse **you** up to the **aggregate limit of liability** shown in the Declarations for **rectification costs**, subject to our prior written agreement (such agreement not to be unreasonably withheld) which **you** incur:

- a) in retrieving, restoring or replacing any of **your** computer programs or any other data media (or any other computer programs or any other data media for which **you** are responsible) that **you** first discover during the **period of the policy** have been **damaged**; or
- b) in repairing, restoring or replacing any of **your** computer systems that **you** first discover during the **period of the policy** have been **damaged**;

as the direct result of any **cyber peril**, or a **cloud computing provider's** systems failure or impairment due to a **cyber peril**, or accidental damage to **your** data first discovered during the **period of the policy**.

We also agree to pay **costs and expenses** on **your** behalf.

However, we shall not reimburse **you** for any **rectification costs** under this **SECTION** of **INSURING CLAUSE 2** which are covered under **INSURING CLAUSE 4, SECTION A** regardless of whether **you** have purchased **INSURING CLAUSE 4, SECTION A** and regardless of any exhaustion of the **amount insured** of **INSURING CLAUSE 4, SECTION A**.

SECTION E: SYSTEM BUSINESS INTERRUPTION

We agree to reimburse **you** up to the **aggregate limit of liability** shown in the Declarations for **your loss of income** incurred as the direct result of any **cyber peril** or a **cloud computing provider's** systems failure or impairment due to a **cyber peril** first discovered during the **period of the policy**.

We also agree to pay **costs and expenses** on **your** behalf.

SECTION F: THREATS OR EXTORTION

We agree to reimburse **you** for **loss** due to threats received by **you**, either directly or indirectly, which **you** first discover during the **period of the policy**:

- a) to introduce any **hacking attack** or **virus** into **your** computer systems; or
- b) to disseminate, divulge or utilize information contained or once contained in **your** computer systems; or
- c) to damage, destroy or alter **your** computer systems;

by any person who then demands ransom as a condition of not carrying out such threats.

INSURING CLAUSE 3: MULTIMEDIA LIABILITY AND ADVERTISING INJURY

SECTION A: DEFAMATION

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to us during the **period of the policy** for any:

- a) defamation, including but not limited to libel, slander, trade libel, product disparagement, injurious falsehood; or
- b) emotional distress or outrage based on harm to the character or reputation of any person or entity;

arising out of **media content, user generated content** or **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

SECTION B: INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to us during the **period of the policy** for any:

- a) infringement of any intellectual property rights, including, but not limited to, copyright, trademark, trade dilution, trade dress, design rights, domain name rights, moral rights, service mark or service name, but not including patent; or
- b) misappropriation of a trade secret; or
- c) act of passing-off, piracy or plagiarism or any misappropriation of content, concepts, format rights or ideas or breach of a contractual warranty relating to intellectual property rights; or
- d) breach of any intellectual property rights license acquired by **you**; or
- e) failure to attribute authorship or provide credit;

arising out of **media content, user generated content** or **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

SECTION C: INVASION OF RIGHTS OF PRIVACY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to us during the **period of the policy** for any:

- a) invasion, infringement or interference with rights of privacy or publicity, including false light, public disclosure of private facts, intrusion, breach of confidence and commercial appropriation of name or likeness; or
- b) breach of agreement, breach of confidentiality or promissory estoppel, in connection with the failure to maintain the confidentiality of a source or materials furnished by a source or the failure to portray a source or a subject in a certain light;

arising out of **media content, user generated content** or **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

SECTION D: CONTENT LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to us during the **period of the policy** for any:

- a) negligent act, error, omission, advice, misstatement or misrepresentation; or
- b) breach of any contractual term implied by law concerning necessary quality, safety or fitness, or **your** duty to use reasonable care and skill; or
- c) dishonesty of **your senior executive officers** or **employees** provided that we maintain all rights of subrogation against the **senior executive officer** or **employee** if they are found guilty of such a dishonest act; or
- d) other act, error or omission giving rise to civil liability;

arising out of **media content** or **user generated content**.

We will also pay **costs and expenses** on **your** behalf.

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INSURING CLAUSE 4: COMMERCIAL PROPERTY

SECTION A: PROPERTY DAMAGE

We agree to reimburse **you** up to the **amount insured** shown in the Declarations for:

- a) the cost of repairing **damage** occurring during the **period of the policy to your premises**, including landlord's fixtures and fittings, walls, gates and fences, yards, car parks and pavements, trees, shrubs, plants and lawns, piping, ducting, cables, wires and associated control gear and accessories at **your premises** and extending to the public mains but only to the extent of **your** responsibility; or
- b) **damage** occurring during the **period of the policy to contents of every description** contained at **your premises**; or
- c) **damage** occurring during the **period of the policy to contents of every description** kept at the home of **your senior executive officers** or **employees** in the course of **your business activities**; or
- d) **damage** occurring during the **period of the policy to contents of every description** permanently or temporarily elsewhere, including while in transit; or
- e) the necessary and reasonable costs **you** incur following **damage** occurring during the **period of the policy** to glass which belongs to **you** or for which **you** are legally responsible for:
 - i) temporary boarding up; or
 - ii) repair of window frames or removal or replacement of fixtures and fittings in the course of replacing the glass; or
 - iii) replacement lettering or other ornamental work and alarm foil on glass; or
- f) **damage** occurring during the **period of the policy to money** held in the course of **your business activities**:
 - i) at **your premises** in transit or in a Bank Night Safe; or
 - ii) at the home of **your senior executive officers** or **employees**; or
- g) **damage** occurring during the **period of the policy** to the personal belongings of **your senior executive officers** or **employees** or visitors to **your premises** provided they are not covered under any other insurance; or
- h) the reasonable cost of reconstituting the data **you** need to continue **your business activities** if **your** business records and electronic data have been lost or distorted as a direct result of **damage** covered under this **INSURING CLAUSE**; or
- i) the costs **you** incur to replace locks and keys necessary to maintain the security of **your premises** or safes following theft of keys involving force and violence occurring during the **period of the policy**; or
- j) the amount of any rent for **your premises** which **you** are legally obliged to pay for any period during which **your premises** or any part of it is unusable as a result of **damage** covered under this **INSURING CLAUSE**; or
- k) loss of metered water or gas, as a result of **damage** resulting in a water or gas charge that **you** are unable to recover from any **third party**.

SECTION B: PERSONAL ACCIDENT

We agree to pay on **your** behalf compensation as shown in the Declarations if any of **your senior executive officers** or **employees** who are aged between 16 and 70 on the Inception Date shown in the Declarations suffers **bodily injury** in the course of **your business activities** in a robbery or attempted robbery and suffers:

- a) death, **permanent total disablement**, **loss of a limb** or **loss of sight** as a direct result of the **bodily injury** within one year of the date of its occurrence; or
- b) **temporary total disablement**. The compensation for **temporary total disablement** will be the amount shown in the Declarations per week, for a maximum of 104 weeks.

However, we will not pay compensation under more than one heading in the Declarations for the same **bodily injury**.

SECTION C: BUSINESS INTERRUPTION

We agree to reimburse **you** up to the **amount insured** shown in the Declarations for **your loss of income, extra expense, loss of research and development expenditure, project delay costs and**

accounts receivable resulting solely and directly from an interruption to **your business activities** caused by:

- a) **insured damage** to **your premises** or **contents of every description** or to any other property used by **you** at **your premises**; or
- b) **insured damage** to property in the vicinity of **your premises** which prevents or hinders **your** access to **your premises**; or
- c) **insured damage** at the **premises** of one of **your** suppliers, other than a supplier of water, gas, electricity or telephone services; or
- d) failure in the supply of water, gas, electricity, or telephone services to **your premises** for more than 24 consecutive hours caused by **insured damage** to any property; or
- e) **your** inability to use **your premises** due to restrictions imposed by a public authority following:
 - i) a murder or suicide; or
 - ii) an occurrence of a notifiable human disease; or
 - iii) **bodily injury** traceable to food or drink consumed at **your premises**; or
 - iv) vermin or pests at **your premises**.

INSURING CLAUSE 5: COMMERCIAL GENERAL LIABILITY

SECTION A: BODILY INJURY AND PROPERTY DAMAGE LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising out of accidental **bodily injury, personal injury** or **damage** occurring during the **period of the policy** in the course of **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

However, we will not make any payment on **your** behalf under this **SECTION** in respect of any **claim**:

- a) which is covered under any of **INSURING CLAUSES 1** or **3**, regardless of whether **you** have purchased **INSURING CLAUSES 1** or **3** and regardless of any exhaustion of the Limit of Liability of **INSURING CLAUSES 1** or **3**; or
- b) arising directly or indirectly out of any **product**; or
- c) arising directly or indirectly out of any **pollution**.

SECTION B: PRODUCTS AND COMPLETED OPERATIONS LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising out of accidental **bodily injury** or **damage** occurring during the **period of the policy** in the course of **your business activities** in connection with any **product**.

We will also pay **costs and expenses** on **your** behalf.

However, we will not make any payment on **your** behalf under this **SECTION** in respect of any **claim**:

- a) which is covered under **INSURING CLAUSES 1** or **3**, regardless of whether **you** have purchased **INSURING CLAUSES 1** or **3** and regardless of any exhaustion of the Limit of Liability of **INSURING CLAUSES 1** or **3**; or
- b) arising directly or indirectly out of any **pollution**.

SECTION C: POLLUTION LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising out of accidental **bodily injury** or **damage** occurring during the **period of the policy** and caused by **pollution** in the course of **your business activities** on condition that such **pollution**:

- a) was the direct result of a sudden, identifiable, unintended and unexpected incident occurring in its entirety at a specific time and place during the **period of the policy**; and
- b) was not the direct result of **you** failing to take reasonable precautions to prevent such **pollution**, provided always that all such **pollution** that arises out of one incident shall be considered for the purposes of this Policy to have occurred at the time such incident takes place.

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We will also pay **costs and expenses** on **your** behalf.

However, we will not make any payment on **your** behalf under this **SECTION** in respect of any **claim** which is covered under **INSURING CLAUSES 1 or 3**, regardless of whether **you** have purchased **INSURING CLAUSES 1 or 3** and regardless of any exhaustion of the Limit of Liability of **INSURING CLAUSES 1 or 3**.

SECTION D: TENANTS' LEGAL LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising out of accidental **damage** to **premises** leased to, hired by, on loan to or held in trust by **you** or otherwise in **your** care, custody or control occurring during the **period of the policy** in the course of **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

However, we will not make any payment on **your** behalf under this **SECTION** in respect of any **claim**:

- which is covered under **INSURING CLAUSES 1 or 3**, regardless of whether **you** have purchased **INSURING CLAUSES 1 or 3** and regardless of any exhaustion of the Limit of Liability of **INSURING CLAUSES 1 or 3**; or
- arising directly or indirectly out of any **product**.

SECTION E: NON-OWNED AND HIRED AUTOMOBILE LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising out of accidental **bodily injury** or **damage** occurring during the **period of the policy** and caused by the use or operation of any automobile in the course of **your business activities** that is not owned in whole or in part by the company named as the Insured in the Declarations or licensed in the name of the company named as the Insured in the Declarations.

We will also pay **costs and expenses** on **your** behalf.

SECTION F: LIABILITY FOR DAMAGE TO HIRED OR LEASED AUTOMOBILES

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** arising out of accidental **damage** to an automobile leased to or hired by **you** from a **third party** occurring during the **period of the policy** in the course of **your business activities**.

We will also pay **costs and expenses** on **your** behalf.

As a precedent to coverage under **SECTIONS E and F** of **INSURING CLAUSE 5**, **you** agree and warrant that all **employees** who operate an automobile in the course of **your business activities** will maintain in full force and effect for the **period of the policy** primary automobile liability insurance in an amount equal to or greater than the minimum primary automobile liability limits required in the state of registration of the automobile. If a **claim** is made and the **employee** is determined to have failed the minimum limits required then the coverage under **SECTIONS E and F** of **INSURING CLAUSE 5** will respond as excess coverage as though the minimum limits were in full force and effect, whereby **you** agree to pay all sums within and up to the required minimum limit.

However, we shall not make any payment under **SECTIONS E and F** of **INSURING CLAUSE 5** as a result of any **claim** arising out of **bodily injury** or **damage** to a passenger of any automobile used in the course of **your business activities**.

SECTION G: MEDICAL PAYMENTS

We agree to pay **medical expenses** for **bodily injury** caused by an accident occurring during the **period of the policy**:

- on **premises** **you** own or rent; or
- on ways next to **premises** **you** own or rent; or
- because of **your business activities**;

provided that:

- the injured person, at the time of the accident, is not entitled to benefits under any workers compensation or disability benefits law or similar law; and
- the **medical expenses** are incurred and notified to **us** within one year of the date of the accident; and
- the injured person submits to examination, at **our** expense, by physicians of **our** choice as often as **we** reasonably require.

We will make these payments regardless of fault.

SECTION H: EMPLOYEE BENEFITS LIABILITY

We agree to pay on **your** behalf all sums which **you** become legally obliged to pay (including liability for claimants' costs and expenses) as a result of any **claim** first made against **you** (regardless of who caused the **claim**) and notified to **us** during the **period of the policy** arising out of any negligent act, error or omission committed by **you** or on **your** behalf in the **administration of your employee benefit program**.

Furthermore, we agree to pay on **your** behalf any **costs and expenses** necessarily incurred with **our** prior written agreement in respect of measures taken by **you** with the object of avoiding or mitigating a **claim** for which **you** would be entitled to indemnity hereunder had such measures not been taken.

We will also pay **costs and expenses** on **your** behalf.

INSURING CLAUSE 6: COURT ATTENDANCE COSTS

We agree to reimburse **you**, subject to **our** prior written agreement (such agreement not to be unreasonably withheld), for **your** reasonable costs incurred to attend court or any tribunal, arbitration, adjudication, mediation or other hearing as a witness in connection with a **claim, loss or damage** covered under any **INSURING CLAUSE** of this Policy for which **you** have purchased cover.

INSURING CLAUSE 7: LOSS MITIGATION

We agree to pay any reasonable costs necessarily incurred by **you** in respect of measures taken by **you** for the sole purpose of mitigating a **claim, potential claim, loss or damage** for which **you** would be entitled to indemnity under this Policy had these measures not been taken, provided that:

- you** have previously notified **us** of the **claim, potential claim, loss or damage**; and
- the costs in respect of measures taken by **you** to mitigate the **claim, potential claim, loss or damage** are less than the expected value of the **claim, potential claim, loss or damage**; and
- the costs do not include any provision for salaries or other remuneration of **your employees**, any provision for **your** loss of profit or any provision for **your** normal operating expenses; and
- the costs are incurred with **our** prior written agreement (such agreement not to be unreasonably withheld).

INSURING CLAUSE 8: REPUTATION AND BRAND PROTECTION

We agree to pay costs reasonably incurred, subject to **our** prior written agreement (such agreement not to be unreasonably withheld), for the services of a public relations consultancy for the purpose of averting or mitigating damage to **your** reputation or brand caused by a **claim, loss or damage** that is covered under any **INSURING CLAUSE** of this Policy for which **you** have purchased cover where an event has been publicized through the media, including but not limited to television, print, radio or the internet which might reasonably be considered to create a material threat to **your** brand or reputation.

The public relations consultancy shall be chosen by the Claims Managers who shall take into account the nature of the **claim, loss or damage** and the cost and quality of the services that they can deliver, unless **you** have reasonable cause to request a different public relations consultancy and the Claims Managers and **you** mutually agree upon this company.

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HOW MUCH WE WILL PAY

Subject always to the **aggregate limit of liability** or **limit of liability**, the maximum amount payable by us for all **claims, losses, damage and costs and expenses** shall not exceed the amounts shown in the Declarations in respect of each **INSURING CLAUSE** unless limited below.

Where more than one **claim, loss or damage** arises from the same original cause or single source or event all those **claims or losses** shall be deemed to be one **claim, loss or damage** and subject to the **aggregate limit of liability** only one **limit of liability** shall be payable in respect of all of those **claims or losses**.

Where cover for any **claim, loss or damage** is provided under multiple **SECTIONS** or multiple **INSURING CLAUSES** subject to the **aggregate limit of liability** only one **limit of liability** shall be payable in respect of that **claim, loss or damage** and this shall be the highest **limit of liability** of the **SECTIONS** or **INSURING CLAUSES** under which cover is provided.

In respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only), 3 and 5 (SECTIONS A, B, C, D, E, F and H only)** we may at any time pay to **you** in connection with any **claim** the amount of the **aggregate limit of liability** or **limit of liability** (after deduction of any amounts already paid). Upon such payment being made we shall relinquish the conduct and control of the **claim** and be under no further liability in connection with that **claim** except for the payment of **costs and expenses** incurred prior to the date of the payment (unless the **aggregate limit of liability** or **limit of liability** is stated to be inclusive of **costs and expenses**).

In respect of **INSURING CLAUSE 4, SECTION A** only:

- a) at our option, **damaged property or contents of every description** will be rebuilt, repaired or replaced as new
- b) if, at the time the **damage** occurs, the **amount insured** is less than 85% of the total value of **your premises or contents of every description** insured, the amount we will pay will be reduced in the same proportion as the **amount insured** bears to the total value of **your premises or contents of every description** insured;

- c) the **amount insured** for **your premises and contents of every description** will be adjusted monthly in line with any increase in nationally published indices. We will not reduce the **amount insured** without **your** consent;
- d) where improvements made by **you** to **your premises** are not **damaged**, but the lease on **your premises** is canceled as a result of **insured damage**, we shall pay for the cost of reinstating such improvements to the extent that they are not salvageable.

In respect of **INSURING CLAUSE 2, SECTION E** and **INSURING CLAUSE 4, SECTION C** the amount we will pay will be:

- a) the difference between **your actual income** during the **indemnity period** and the **income** it is estimated **you** would have earned during that period or; if this is **your** first trading year; the difference between **your income** during the **indemnity period** and during the period immediately prior to the **loss**, less any savings resulting from the reduced **costs and expenses** incurred during the **indemnity period**; and
- b) any additional **costs and expenses**.

In respect of **INSURING CLAUSE 4, SECTION C** only the amount we will pay will also include:

- a) any **project delay costs** during the **indemnity period**, including the total value of any milestone payments that were due in the **indemnity period** but will no longer be received by **you** either during the **indemnity period** or at any point in the future due to permanent termination of the project; and
- b) any **research and development expenditure** irrevocably lost during the **indemnity period**; and
- c) any **accounts receivable**, provided **you** keep a record of all amounts owed to **you** and keep a copy of the record away from **your premises**.

If due to an emergency, our written agreement cannot reasonably be obtained prior to **costs and expenses** being incurred with respect to any **claim**, we can provide retrospective approval for those **costs and expenses** during the period of 14 days immediately following the date on which the claim was first made or initiated.

YOUR DEDUCTIBLE

We shall only be liable for that part of each and every **claim or loss** which exceeds the amount of the Deductible stated in the Declarations. If any expenditure is incurred by us which falls within the amount of the Deductible stated in the Declarations, then **you** shall reimburse that amount to us on our request.

Where more than one **claim or loss** arises from the same original cause

or single source or event all such **claims or losses** shall be deemed to be one **claim or loss** and only one Deductible will apply.

Where cover is provided under multiple **SECTIONS** or multiple **INSURING CLAUSES** only one Deductible will apply to that **claim or loss** and this shall be the highest Deductible of the **SECTIONS** or **INSURING CLAUSES** under which cover is provided.

DEFINITIONS

1. "Accounts receivable"

means:

- a) all sums due to **you** from customers, provided **you** are unable to effect collection thereof as the direct result of **insured damage** to records of accounts receivable; or
- b) interest charges on any loan to offset impaired collections pending repayment of such sums made uncollectible by such **insured damage**; or
- c) collection expense in excess of normal collection cost and made necessary because of **insured damage**.

2. "Administration"

means:

- a) counseling **employees**, including their dependants and

beneficiaries with respect to **your employee benefit program**;

- or
- b) handling records in connection with **your employee benefit program**; or
- c) effecting enrolment or termination of any **employee's** participation in a plan included in **your employee benefit program**; or
- d) interpreting **your employee benefit program**.

3. "Aggregate limit of liability"

means the maximum amount payable as stated in the Declarations by us in respect of all **claims and losses**, or in respect of all accidents giving rise to **medical expenses**.

4. **"Amount insured"**
means the maximum amount payable by **us** as shown in the Declarations in respect of **INSURING CLAUSES 2 (SECTIONS D and E only)** and 4. The amount applies to each incident of **loss or damage** occurring during the **period of the policy** provided always that after the first incident of **loss or damage** you comply with **our** recommendations to prevent any further incidents of **loss or damage**.
5. **"Bodily injury"**
means death, bodily injury, mental injury, illness or disease of or to any person.
6. **"Breach of client contract"**
means **your** unintentional breach of a contract relating to the performance of **your business activities** for a **client**.
7. **"Business activities"**
means:
- in respect of **INSURING CLAUSES 1 to 3**, the Business Activities, as stated in the Declarations, but not including the dissemination of **media content** or **user generated content**; or
 - in respect of all other **INSURING CLAUSES**, the Business Activities, as stated in the Declarations and shall include, for the purpose of those Business Activities:
 - the ownership, repair and maintenance of **your** property; and
 - provision and management of canteen, social, sports and welfare organizations for the benefit of **your senior executive officers or employees** and medical, fire fighting, and security services; and
 - attendance at conferences and tradeshow as either an exhibitor or visitor.
- However, it shall not include the dissemination of **media content** or **user generated content**.
8. **"Claim"**
means:
- a demand for money, services, retraction or correction, including the service of suit or institution of arbitration or mediation proceedings; or
 - a threat or initiation of a suit seeking injunctive relief (meaning a temporary restraining order or a preliminary or permanent injunction) or declaratory relief; or
 - a disciplinary action, regulatory investigation or proceeding brought by any professional body, occupational health and safety body or regulator.
9. **"Client"**
means any **third party** with whom **you** have a contract in place for the supply of **your business activities** in return for a fee, or where a fee would normally be expected to be paid.
10. **"Cloud computing provider"**
means a **third party** provider of hosted computing services accessed across the internet including infrastructure, platform and application level services.
11. **"Computer systems"**
means all electronic computers including operating systems, software, hardware and all communication and open system networks and any data or websites wheresoever hosted, including **cloud computing providers**, off-line media libraries and data back-ups.
12. **"Contents of every description"**
means the contents at **your premises** which are owned by **you** or for which **you** are legally responsible, including:
- computer and ancillary equipment (including VDUs, keyboards, printers and software), television and video equipment, photographic, photocopying, surveying and telecommunications equipment; or
 - documents**, briefs, manuscripts, plans, business books, **computer systems**, records and programs; or
 - goods held in trust, stock and samples; or

- wines, spirits and tobacco kept for entertainment purposes; or
- works of art or precious metals; or
- fixed glass in windows, doors and fanlights, glass showcases, glass shelves, mirrors and sanitary fixtures and fittings; or
- heating oil for **your premises** contained in fixed tanks in the open at the address shown in the Declarations; or
- tenant's improvements, decorations, fixtures and fittings including, if attached to the building, external signs, aerials and satellite dishes; or
- pipes, ducting, cables, wires and associated control equipment at the address shown in the Declarations and extending to the public mains.

"Contents of every description" does not include **money** or the personal belongings of **your senior executive officers** or **employees** or visitors to **your premises**.

13. **"Corporate blogging"**
means creating or editing a web log, discussion forum post, online comment, or other associated social media activity where the primary purpose of that activity is to promote **you** or the individual's position within **your** industry even if the nature of the content is not directly associated with **your business activities**.
14. **"Costs and expenses"**
means:
- in respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only)** and 3:
 - your** legal costs and expenses in the defense or settlement of any **claim** made against **you**; and
 - your** legal costs and expenses in the defense of any criminal claim made against **you**, provided that **we** maintain all rights of subrogation against any **senior executive officer** or **employee** if they are found guilty of such a criminal act; and
 - your** legal costs and expenses incurred in quashing or challenging the scope of any subpoena or witness summons ordering **you** to disclose or produce any information or material which was created, produced or disseminated by **you**; and
 - interest on that part of any judgment **we** pay that accrues after entry of the judgment and before **we** have paid, offered to pay, or deposited in court the part of the judgment that is within the **limit of liability**; and
 - in respect of **INSURING CLAUSES 2 (SECTIONS D and E only)** and 4, the costs and expenses incurred by **you** or on **your** behalf in establishing that **you** have sustained a **loss or damage** and the quantum of such **loss or damage** or the costs and expenses incurred by **you** or on **your** behalf in mitigating any such **loss or damage**; and
 - in respect of **INSURING CLAUSE 4, SECTION A** only, the necessary and reasonable costs and expenses **you** incur to remove debris from **your premises** or the area immediately adjacent, following **damage** covered under **INSURING CLAUSE 4, SECTION A**; and
 - in respect of **INSURING CLAUSE 2, SECTION E** and **INSURING CLAUSE 4, SECTION C**, the necessary and reasonable additional costs and expenses **you** incur in order to continue **your business activities** as stated in the Declarations during the **indemnity period**; and
 - in respect of 5 (**SECTIONS A, B, C, D, E, F and H** only), **your legal costs and expenses** in the defense or settlement of any **claim** made against **you**.

Subject to all **costs and expenses** being incurred with the Claims Managers' written agreement (such agreement not to be unreasonably withheld).

If **costs and expenses** are shown in the Declarations to be in addition to the **aggregate limit of liability** or **limit of liability** in respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only)**, 3 and 6 (**SECTIONS A, B, C, D, E, F and H** only), and if a payment in excess of the amount of indemnity available hereunder has to be made to dispose of any **claim**, **our** liability for such **costs**

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and expenses shall be such proportion thereof as the amount of indemnity available hereunder bears to the amount required to dispose of such **claim**, subject always to the maximum amount of **costs and expenses** shown in the Declarations.

Costs and expenses are always included in the **amount insured** in respect of **INSURING CLAUSES 2 (SECTIONS D and E only)** and 4.

15. "Cyber peril"

means any:

- a) **hacking attack** or **virus**; or
- b) malicious damage to **your computer systems** by an **employee**; or
- c) failure of a **cloud computing provider** or other **third party** hosting **your computer systems** as a direct result of (a) or (b) above.

16. "Damage/damaged"

means damage to, or destruction of, or loss of possession of, property. In respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only)**, **3** and **5** damage does not include damage to or destruction of, or loss of possession of, or loss of use of, or corruption of, data.

17. "Documents"

means deeds, wills, agreements, maps, plans, records, books, letters, certificates, forms, computer programs or any other data media and documents of any nature whatsoever, whether written, printed or reproduced by any other method (other than bearer bonds, coupons, bank notes, currency notes and negotiable instruments).

18. "Employee"

means any:

- a) person employed by the company named as the Insured in the Declarations, or any **subsidiary**; or
- b) person undertaking study or work experience or youth training scheme with the company named as the Insured in the Declarations, or any **subsidiary**.

Employee does not include any **senior executive officer** of the company named as the Insured in the Declarations, or any **subsidiary**.

19. "Employee benefit program"

means group automobile insurance, group homeowners insurance, group life insurance, group dental insurance, group health insurance, profit sharing plans, pension plans, early retirement offerings, employee investment subscription plans, Workers' Compensation, Unemployment Insurance, Social Security, Disability Benefit Insurance, travel, savings or vacation plans or any similar benefit programs.

20. "Extra expense"

means the necessary and reasonable extra costs and expenses **you** incur in order to continue **your business activities** during the **indemnity period**.

21. "Hacking attack"

means any malicious or unauthorized electronic attack including but not limited to any fraudulent electronic signature, brute force attack, phishing, denial of service attack, that has been initiated by any **third parties** or by any **employees** and that is designed to **damage**, destroy, corrupt, overload, circumvent or impair the functionality of **computer systems**.

22. "Income"

means **your total income** from **your business activities** less direct costs.

23. "Indemnity period"

means the period beginning at the date of the **damage**, or the date the restriction is imposed, and lasting for the period during which **your income** or expenditure is affected as a result of such **damage** or restriction, but for no longer than the number of months shown in the Declarations.

24. "Insured damage"

means **damage** to property provided that:

- a) the **damage** is covered under **INSURING CLAUSE 4, SECTION A**; or
- b) an insurer has paid the **claim**, or has agreed to pay the **claim**, under any other insurance covering such **damage**.

25. "Limit of liability"

means the maximum amount payable by **us** as stated in the Declarations in respect of each **claim** or **loss**, or in respect of each accident giving rise to **medical expenses**.

26. "Loss of a limb"

means loss by physical separation of a hand at or above the wrist, of a foot at or above the ankle, and includes total and irrecoverable loss of use of a hand, arm or leg.

27. "Loss of sight"

means total and irrecoverable loss of sight.

28. "Loss"

means direct financial loss sustained by **you**.

29. "Media content"

means any content regardless of the nature or form of such content, including, but not limited to, content disseminated through books, newspapers, magazines, television, radio, advertising, websites, chat rooms, bulletin boards, databases, blogs or mobile phones or any other means which is created or disseminated by **you** or on **your** behalf.

Media content does not include advertisements created by **you** for a **third party** in return for a fee, or where a fee would normally be expected to be paid.

30. "Medical expenses"

means reasonable expenses for:

- a) first aid administered at the time of an accident; or
- b) necessary medical, surgical, x ray and dental services, including prosthetic devices; or
- c) necessary ambulance, hospital, professional nursing and funeral services.

31. "Money"

means cash, bank and currency notes, checks, bankers drafts, or share or bond certificates.

32. "Period of the policy"

means:

- a) the period between the Inception Date shown in the Declarations and the Expiry Date shown in the Declarations; or
- b) the period between the Inception Date shown in the Declarations and the date on which the Policy is cancelled in accordance with the "Cancellation" **CONDITION**.

33. "Permanent total disablement"

means disablement which entirely prevents the injured person from attending to any business or occupation for which they are reasonably suited by training, education or experience and which lasts for 24 calendar months and at the expiry of that period being beyond hope of improvement.

34. "Personal injury"

means:

- a) false arrest, detention or imprisonment; or
- b) malicious prosecution; or
- c) wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies.

35. "Pollution"

means pollution or contamination of the atmosphere, or of any water, land, buildings or other tangible property.

36. "Premises"

means a building (including any outbuildings) occupied in connection with **your business activities**.

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37. **"Privacy breach costs"**
means any sums reasonably required to:
- fulfill any obligation **you** have to notify **third parties** of an actual or suspected breach of privacy in relation to any personal information; or
 - establish a credit monitoring service or identity theft helpline; or
 - conduct an independent security audit of **your computer systems** to identify the source and scope of the privacy breach.
38. **"Privacy obligations"**
means **your** legal obligations arising directly from:
- any privacy statement governing the handling of information on **your computer systems**; or
 - any written contract between **you** and a **third party** governing the processing and storage of credit card information on **your computer systems**; or
 - any implied contractual duty to use reasonable care and skill in the handling of personal data or credit card information (including breaches of the Payment Card Industry Data Security Standard); or
 - any legal obligation to notify individuals of an actual or potential breach of their private or confidential data; or
 - statutory data protection regulations in the country or countries where **you** operate, including industry specific data protection and security regulations (e.g. the Health Insurance Portability and Accountability Act 1996) as they currently exist and as amended.
39. **"Product"**
means any tangible property (including containers, packaging, labeling or instructions, but explicitly excluding any software, data, or source code) after it has left **your** custody or control which has been designed, specified, formulated, manufactured, constructed, installed, sold, supplied, distributed, treated, serviced, altered, processed, cleaned, renovated or repaired by **you** or on **your** behalf in the course of **your business activities**.
40. **"Project delay costs"**
means any additional **costs and expenses** incurred by **you** as a direct result of a delay to a project, including the interest charges incurred from any reasonable loan required as a result of a delayed milestone payment.
41. **"Rectification costs"**
means those costs that **you** incur as a result of the use of external consultants, contractors or advisers or any additional costs that **you** incur to pay **your employees**. For the avoidance of doubt, **rectification costs** does not include the basic salaries of **your senior executive officers** or **employees** or **your** office expenses or any payments that **you** have paid or agreed to pay as part of any service or maintenance contract.
42. **"Research and development expenditure"**
means **your** expenditure on research and development less the cost of reusable materials consumed for the purposes of the research and development.
43. **"Senior executive officer"**
means board members, executive officers, in-house lawyers, risk managers, chief operating officers, chief technology officers, chief information officers, and chief privacy officers of the company named as the Insured in the Declarations, or any **subsidiary**.
44. **"Subsidiary"**
means any company which the company named as the Insured in the Declarations controls through:
- holding 50% or more of the voting rights; or
 - having the right to appoint or remove 50% or more of its board of directors; or
 - controlling alone, pursuant to a written agreement with other shareholders or members, 50% or more of the voting rights therein.
45. **"Temporary total disablement"**
means disablement which entirely prevents the injured person from attending to their business or occupation.
46. **"Third party"**
means:
- any person who is not a **senior executive officer** or **employee** of the company named as the Insured in the Declarations, or any **subsidiary**; or
 - a company other than the company named as the Insured in the Declarations, or any **subsidiary**.
47. **"User generated content"**
means any digital content including, but not limited to, content disseminated through websites, social networks, chat rooms, bulletin boards, databases, blogs or mobile phones which is not created by **you** or on **your** behalf but for which **you** are deemed to be responsible.
48. **"Virus"**
means any malicious software code including but not limited to any logic bomb, Trojan horse or worm that has been introduced by any **third parties** or by any **employees** and that is designed to **damage**, destroy, corrupt, overload, circumvent or impair the functionality of **computer systems**.
49. **"We/our/us"**
means the Underwriters named in the Declarations.
50. **"Withheld fees"**
means any contractually due fee that **your client** refuses to pay **you**, but excludes any part of the fee that represents **your** profit or mark-up or liability for taxes.
51. **"Workmanship"**
means any physical workmanship in manufacture, fabrication, construction, erection, installation, assembly, alteration, servicing, remediation, repair, demolition or disassembly (including any materials, parts or equipment furnished in connection therewith) by **you**.
52. **"Wrongful act"**
means any act or event the subject of **INSURING CLAUSES 1 to 3** of this Policy for which **you** have purchased coverage.
53. **"You/your"**
means:
- the company named as the Insured in the Declarations, or any **subsidiary**; and
 - any past, present or future **senior executive officer** or **employee** of the company named as the Insured in the Declarations or any **subsidiary**; and
 - any past, present or future officers, committees and members of **your** canteen, social, sports, medical, fire fighting, security services and welfare organizations for legal liabilities incurred in their respective capacity as such.

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EXCLUSIONS

We will not:

- a) make any payment on **your** behalf for any **claim**; or
- b) incur any **costs and expenses**; or
- c) reimburse **you** for any **loss, damage**, legal expenses, fees or costs sustained by **you**; or
- d) pay any **medical expenses**:

EXCLUSIONS RELATING TO OTHER INSURANCES:

1. Auto

arising directly or indirectly from the ownership, possession or use by **you** or on **your** behalf of any motor vehicle or trailer, other than **bodily injury** or **damage**:

- a) caused by the use of any tool or plant forming part of or attached to or used in connection with any motor vehicle or trailer; or
- b) occurring beyond the limits of any carriageway or thoroughfare and caused by the loading or unloading of any motor vehicle or trailer; or
- c) arising out of the use of any motor vehicle or trailer temporarily in **your** custody or control for the purpose of parking; or
- d) occurring beyond the limits of any carriageway or thoroughfare and caused by the use of any unlicensed vehicle, including but limited to snowmobiles and all terrain vehicles, in the course of **your business activities**;

provided always that **we** will not make any payment on **your** behalf or incur any **costs and expenses** in respect of any legal liability for which compulsory insurance or security is required by legislation or for which a government or other authority has accepted responsibility.

However, this **EXCLUSION** shall not apply in respect of **INSURING CLAUSE 5, SECTIONS E and F**.

2. Automobile use without owner's consent

arising out of or relating directly or indirectly to the use by **you** of any automobile or trailer without the consent of the owner.

3. Commercial passenger vehicles

arising out of or relating directly or indirectly to the use by **you** of a commercial passenger vehicle including, but not limited to, a coach, bus or minibus, or any other vehicle containing 9 or more people.

4. Design liability

in respect of **INSURING CLAUSE 3** only, arising directly or indirectly from any actual or alleged **product** design, industrial design, architectural design or architectural services.

5. Directors and officers liability

arising out of any personal liability incurred by **your senior executive officers** when they are acting in that capacity or managing **you**, or arising from any statement, representation or information regarding **your** business contained within any accounts, reports or financial statements.

6. Employment practices

arising out of or resulting from:

- a) any employer-employee relations, policies, practices, acts, omissions, any actual or alleged refusal to employ any person, or misconduct with respect to **employees**; or
- b) any acts or omissions committed by **you** or any of **your senior executive officers** or **employees** which are in breach of, or are alleged to be in breach of, any terms and conditions of a contract, whether express or implied, including but not limited to the misappropriation of trade secrets or a breach of other restrictive covenants, relating to the previous employment of any of **your senior executive officers** or **employees**;

unless specifically covered under **INSURING CLAUSE 2, SECTION B**.

7. Employers' liability

arising directly or indirectly out of **bodily injury** to **your senior executive officers** or **employees**.

However, this **EXCLUSION** shall not apply to **senior executive officers** or **employees** on whose behalf contributions are required to be made by **you** under the provisions of any Workers' Compensation Law in respect of whom liability has been denied by any Workers' Compensation authority.

8. Errors and omissions

arising directly or indirectly out of an actual or alleged breach of **your** professional duty, unless specifically covered under **INSURING CLAUSES 1 or 3** for which **you** have purchased coverage.

9. General liability

in respect of **INSURING CLAUSES 1, 2 (SECTIONS A to C only)** and **3**, arising directly or indirectly out of **bodily injury, damage** or **pollution** that did not occur directly as a result of **media content, user generated content** or **your business activities**.

10. Marine and aviation

arising directly or indirectly from the ownership, possession or use by **you** or on **your** behalf of any aircraft, hovercraft, offshore installation, rig, platform or watercraft.

11. Other insurance

for which **you** are entitled to indemnity under any other valid and collectible insurance except for:

- a) any additional sum which is payable over and above such other valid and collectible insurance, or
- b) any contribution that **we** are obliged to make by law and that contribution shall be in proportion to the respective limits of liability or amounts insured of the Policies.

12. Personal injury

in respect of **INSURING CLAUSES 1, 2 (SECTIONS A to C only)** and **3**, arising directly or indirectly out of **personal injury**.

13. Product guarantee

for costs incurred in the repair, alteration, reinstatement, inspection, reconditioning or replacement of any **product** or part thereof and any financial loss consequent upon the necessity for such repair, alteration, reinstatement, inspection, reconditioning or replacement, other than in respect of **INSURING CLAUSE 1** when **you** are legally obliged to pay these sums to a **client**.

14. Product recall

arising directly or indirectly from the recall of any **product** or part thereof except for **claims** made under **INSURING CLAUSE 1** where **you** are legally liable for these costs to a **third party** as the direct result of a **wrongful act** committed or alleged to have been committed by **you**.

15. Products liability

in respect of **INSURING CLAUSES 1, 2 (SECTIONS A to C only)** and **3**, arising directly or indirectly out of **bodily injury, damage** or **pollution** caused by a **product**.

16. Workmanship

in respect of **INSURING CLAUSES 1, 2 (SECTIONS A to C only)** and **3**, arising directly or indirectly out of **bodily injury, damage** or **pollution** caused by **workmanship**.

EXCLUSIONS RELATING TO THE CONDUCT OF YOUR BUSINESS:

17. Benefit laws

arising directly or indirectly out of **your** failure to comply with the mandatory provisions of any law concerning workers' compensation, unemployment insurance, social security, disability benefits or pension benefits.

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18. **Cease and desist notice compliance**
arising directly or indirectly from:
 - a) **your** actual or alleged wilful, dishonest, deliberate, or reckless failure to comply with any cease and desist notice received by **you** in relation to any content; or
 - b) **your** actual or alleged wilful, dishonest, deliberate, or reckless failure to comply with any blocking order imposed upon **you**.
 19. **Chargebacks**
arising directly or indirectly from any chargeback, liability or fee incurred by **you** as a result of a merchant service provider, including any credit card company or bank, wholly or partially reversing or preventing a payment transaction, unless specifically covered under **INSURING CLAUSE 1, SECTIONS B and C** for which **you** have purchased coverage.
 20. **Circumstances known at inception**
arising out of any circumstances or occurrences which could give rise to a **claim, loss or damage** under this Policy or any accidents giving rise to **medical expenses** of which a **senior executive officer** was aware, or ought reasonably to have been aware, prior to the Inception Date of this Policy, whether notified under any other insurance or not.
 21. **Collection of private data without consent**
arising directly or indirectly from **your** actual or alleged failure to obtain explicit consent from any private individual before collecting, storing or sharing any of their personal information, including but not limited to internet search history and internet browsing habits.
 22. **COPPA**
arising directly or indirectly from **your** actual or alleged failure to comply with the requirements of the Children's Online Privacy Protection Act of 1998 (COPPA) or any other similar legislation in a different jurisdiction relating to the security and privacy of minors and their personal information online.
 23. **Core internet infrastructure failure**
in respect of **INSURING CLAUSE 2, SECTIONS D and E** only, arising directly from a failure of any core element of the internet infrastructure that results in a countrywide or global outage of the internet, including a failure of the core DNS root servers or the IP addressing system.
 24. **Employee benefit program advice**
arising directly or indirectly from any actual or alleged:
 - a) advice given to any person to participate or not to participate in any plan included in **your employee benefit program**; or
 - b) the failure of any investment to perform as represented by **you**.
 25. **Faulty workmanship**
arising from **damage to your property or premises** caused directly or indirectly by misuse, inadequate or inappropriate maintenance, faulty **workmanship**, defective design, the use of faulty materials or whilst being cleaned, worked on or maintained.
 26. **Hazardous devices**
arising directly or indirectly from any **product** which with **your** knowledge is intended for incorporation into the structure, machinery or controls of any aircraft, other aerial device, military vehicle, hovercraft, waterborne craft or any medical equipment.
 27. **Hired or leased vehicles exclusions**
in respect of **INSURING CLAUSE 5 (SECTION F)** only, arising out of or relating directly or indirectly to:
 - a) **damage** to tires or consisting of or caused by mechanical failure or breakdown of any part of an automobile or by rusting, corrosion, wear and tear, freezing or explosion within the combustion chamber; or
 - b) **damage** to contents of trailers or to rugs or robes; or
 - c) **damage** occurring after theft by any person residing in the same dwelling **premises as you**; or
 - d) **damage** caused by any **employee** engaged in the maintenance or repair of the automobile.
 28. **Inadequate server capacity**
in respect of **INSURING CLAUSE 2, SECTION E** only for any business interruption **loss** incurred as a result of **your** servers not having the sufficient capacity to process all of the requests placed upon them solely because the demand for **your** websites is larger than the servers are designed to process, unless the reason for such levels of demand is due to an attack on **your** service levels by any malicious denial of service attack.
 29. **Legal action**
where action for damages is brought in a court of law outside the territories specified in the Declarations, or where action is brought in a court of law within those territories to enforce a judgment outside of those territories whether by way of reciprocal agreement or otherwise.
 30. **Liquidated damages, service credits and penalty clauses**
in respect of **INSURING CLAUSE 1** only, for liquidated damages or service credits, or arising out of penalty clauses.
 31. **Long term leased vehicles**
arising out of or relating directly or indirectly to any automobile or trailer hired or leased by **you** from a **third party** for a period greater than 30 consecutive days.
 32. **Machinery or computer breakdown**
in respect of **INSURING CLAUSE 4** only, arising directly or indirectly from:
 - a) **damage to your** electrical or mechanical plant; or
 - b) loss or distortion of **your data or your computer systems**, television or video equipment, photographic, photocopying, surveying or telecommunications equipment; resulting from its own breakdown, explosion or collapse.

However, **we** will reimburse **you** under **INSURING CLAUSE 4** up to the **amount insured** for **loss** occurring during the **period of the policy** following breakdown of **your computer systems**, but only if **your computer systems** are subject to a manufacturer's guarantee or a maintenance contract providing free parts and labor in the event of a breakdown, and only where the **loss** is not covered under **INSURING CLAUSE 2, SECTION D**, regardless of whether **you** have purchased **INSURING CLAUSE 2, SECTION D** and regardless of any exhaustion of the **amount insured** of **INSURING CLAUSE 2, SECTION D**.
 33. **Misleading advertising**
arising directly or indirectly from any actual or alleged advertisement promoting **your business activities** which is false or misleading.
 34. **Patents**
arising out of the actual or alleged infringement of any patent or inducing the infringement of any patent.
 35. **PCI implementation**
in respect of **INSURING CLAUSE 2** only, as a result of fines or penalties from **your** acquiring bank arising directly from **your** actual or alleged failure to implement security measures in accordance with the PCI Data Security Standard implementation timetable where a data breach has not occurred.
 36. **Programming errors**
in respect of **INSURING CLAUSE 2, SECTIONS D and E** only, arising directly or indirectly from any computer programming error; software bug, software implementation or upgrade error.
 37. **Retroactive Date**
in respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only), 3 and 5 (SECTION H)** only, arising out of any event or actual or alleged **wrongful act** occurring, in whole or in part, before the date specified as the Retroactive Date in the Declarations.
 38. **Telephone system hacking**
in respect of **loss** arising directly out of a **hacking attack** to **your** telephone system that has been initiated by any **third party**.
 39. **Unjust enrichment**
in respect of **INSURING CLAUSE 1 and 3** only, for that part of any **claim** that results in **you** being in a better financial position as a direct result of **your wrongful act** than **you** would have been if **you** had not committed the **wrongful act**.
- However, in respect of **INSURING CLAUSE 3 SECTION C**, and

notwithstanding the agreement to pay claims **CONDITION**, we shall pay **costs and expenses** on **your** behalf unless and until this **EXCLUSION** is determined to apply to all or any part of a **claim** (including by judgment, arbitral award, settlement or agreement between **you** and **us**).

40. **Unlawful surveillance**
in respect of any actual or alleged eavesdropping, wiretapping, audio or video recording.
41. **Unsolicited communications**
notwithstanding part a) of the antitrust **EXCLUSION**, arising directly or indirectly from any actual or alleged violation of:
 - a) the CAN-SPAM Act of 2003 or any subsequent amendments to that Act; or
 - b) the Telephone Consumer Protection Act (TCPA) of 1991 or any subsequent amendments to that Act; or
 - c) any other law, regulation or statute relating to unsolicited communication, distribution, sending or transmitting of any communication via telephone or any other electronic or telecommunications device.
42. **Webscraping and data harvesting**
arising directly from **your** unauthorized use of any web scraping or data harvesting techniques including, but not limited to, the use of any unauthorized Application Programming Interface to automatically collect web based information, or the use of automated tools which directly contravene the target website's terms of use.
43. **Wilful or dishonest acts of senior executive officers**
in respect of **INSURING CLAUSES 1, 2 and 3** only, arising out of any wilful, malicious, reckless or dishonest act or omission by any **senior executive officer**, unless such person had already ceased to be a **senior executive officer** of the company named as the Insured in the Declarations and all **subsidiaries** at the time of their first wilful, malicious, reckless or dishonest act or omission, or unless specifically covered under **INSURING CLAUSE 1, SECTION A**, part (c) or **INSURING CLAUSE 3, SECTION D**, part (c) for which **you** have purchased coverage. **We** will not provide any cover for any **senior executive officer** who condones or ignores any dishonesty.

GENERAL INSURANCE EXCLUSIONS

44. **Antitrust**
for or arising out of any actual or alleged antitrust violation, restraint of trade, unfair competition, false, deceptive or unfair trade practices, violation of consumer protection laws or false or deceptive advertising other than:
 - a) where specifically covered under **INSURING CLAUSE 2** or **INSURING CLAUSE 3** for which **you** have purchased coverage; or
 - b) any covered portion of any **claim** based on **your** alleged unauthorized use of a **third party's** trademark.
45. **Asbestos**
arising directly or indirectly or resulting from or contributed to by the manufacturing, mining, use, sale, installation, removal, distribution of or exposure to asbestos, materials or products containing asbestos, or asbestos fibers or dust.
46. **Associated companies**
 - a) in respect of any **claim** made by any company firm or partnership in which the company named as the Insured in the Declarations has greater than a 10% executive or financial interest, unless such **claim** emanates from an independent **third party**; or
 - b) in respect of any **claim** made by any company firm partnership or individual which has greater than a 10% executive or financial interest in the company named as the Insured in the Declarations or any **subsidiary**, unless such **claim** emanates from an independent **third party**; or
 - c) arising out of or resulting from any of **your** activities as a trustee, partner, officer, director or **employee** of any **employee** trust, charitable organization, corporation, company or business other than that of the company named as the Insured in the Declarations or any **subsidiary**; or
- d) in respect of any **claim** made by or on behalf of the company named as the Insured in the Declarations or any **subsidiary**.
47. **Earthquake**
in respect of **INSURING CLAUSE 4** only, caused by earthquake, except for:
 - a) ensuing **loss** or **damage** which results directly from fire, explosion, smoke or leakage from fire protective equipment; or
 - b) ensuing **damage** to **contents of every description** while in transit.
48. **Electromagnetic fields**
directly or indirectly arising out of, resulting from or contributed to by electromagnetic fields, electromagnetic radiation, electromagnetism, radio waves or noise.
49. **ERISA**
based upon the Employment Retirement Income Security Act of 1974 and any amendment thereto, or any rules or regulations promulgated thereunder.
50. **Fines**
for fines, penalties, civil or criminal sanctions or punitive damages, unless insurable under the applicable law.

However, **we** will apply the most favorable State law to **you** in determining whether the fines, penalties, civil or criminal sanctions or punitive damages are insurable.
51. **Flood**
in respect of **INSURING CLAUSE 4** only, caused by flood, including waves, tides, tidal waves, or the rising of, the breaking out, or the overflow, of any body of water whether natural or manmade, but this **EXCLUSION** does not apply to:
 - a) ensuing **loss** or **damage** which results directly from fire, explosion, smoke or leakage from fire protective equipment; or
 - b) ensuing **damage** to **contents of every description** while in transit.
52. **Insolvency**
arising out of or relating directly or indirectly from **your** insolvency or bankruptcy, or the insolvency or bankruptcy of any **third party**. Furthermore, no coverage is provided under **INSURING CLAUSE 2, SECTION E** or **INSURING CLAUSE 4, SECTION C** if **you**, become insolvent or bankrupt.
53. **Land or water**
arising directly or indirectly from **damage** to land or water within or below the boundaries of any land or **premises** presently or at any time previously owned or leased by **you** or otherwise in **your** care, custody or control.
54. **Miscellaneous property exclusions**
in respect of **INSURING CLAUSE 4** only, arising directly or indirectly from:
 - a) wear and tear, inherent defect, rot, vermin or infestation, or any gradually operating cause; or
 - b) dryness or humidity, being exposed to light or extreme temperatures, unless the **damage** is caused by storm or fire; or
 - c) coastal or river erosion; or
 - d) a rise in the water table; or
 - e) theft from an unattended vehicle unless the stolen item is out of sight; or
 - f) frost, other than **damage** due to water leaking from burst pipes forming part of the permanent internal plumbing provided the **premises** are occupied and in use; or
 - g) unexplained loss or disappearance or inventory shortage of **your** property; or
 - h) a **hacking attack** or **virus**.
55. **Named windstorms**
in respect of **INSURING CLAUSES 2 (SECTION E only)** and **4**, caused:
 - a) directly or indirectly by a windstorm which is given a name by the National Hurricane Center, Miami, FL, regardless of any

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- other cause or event that contributes concurrently or in any sequence to the **loss or damage**; or
- b) by rain, snow, sand or dust, whether driven by wind or not, if that **loss or damage** would not have occurred but for a windstorm which is given a name by the National Hurricane Center, Miami, FL. But if the windstorm results in a cause of **loss or damage** other than rain, snow, sand or dust, and that resulting cause of **loss or damage** is not otherwise excluded under this Policy, **we** will pay for that **loss or damage**. For example, if the windstorm damages a heating system and fire results, the **loss or damage** attributable to the fire is covered subject to any other applicable policy provisions.
56. **Nuclear**
arising directly or indirectly from or contributed to by:
- a) ionizing radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
 - b) the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.
57. **Personal liability**
made against:
- a) any past, present or future **senior executive officer or employee** of the company named as the Insured in the Declarations or any **subsidiary**; or
 - b) any past, present or future officers, committees and members of **your** canteen, social, sports, medical, fire fighting, security services and welfare organizations, unless:
 - i) that **claim** would have been covered under this Policy if it had been made solely against the company named as the Insured in the Declarations or any **subsidiary**; and
 - ii) the act or event which gave rise to the **claim** was committed by a **senior executive officer or employee** acting within the scope of their duties as a **senior executive officer or employee** including **corporate blogging**, when the act or event was committed.
58. **Pollution**
arising directly or indirectly out of **pollution**.
- However, this **EXCLUSION** shall not apply in respect of:
- a) **INSURING CLAUSE 5, SECTION C**; or
 - b) premises leased to, hired by, on loan to or held in trust by **you** or otherwise in **your** care, custody or control in respect of:
 - i) **bodily injury** caused by smoke, fumes, vapor or soot from equipment used to heat the building, or
 - ii) **bodily injury or damage** arising out of heat, smoke or fumes from a **hostile fire**. For the purpose of this **EXCLUSION** a "**hostile fire**" means one which becomes uncontrollable or breaks out from where it was intended to be; or
 - c) **INSURING CLAUSE 4** to the backing up of sewers, sumps, septic tanks or drains.
59. **RICO**
for any actual or alleged violations of the Racketeer Influenced and Corrupt Organization Act 18 USC Sections 1961 et seq and any amendments thereto, or any rules and regulations promulgated thereunder.
60. **SEC**
for any actual or alleged violation of any of the provisions of the Securities Act of 1933, the Securities Exchange Act 1934 or any similar regional, provincial, territorial, federal or State law or any common law relating thereto.
61. **Toxic Mold / Fungus**
arising directly or indirectly from any loss, **bodily injury, damage or costs and expenses**, including, but not limited to, losses,

damage or costs and expenses related to, arising from or associated with clean-up, remediation, containment, removal or abatement, caused directly or indirectly, in whole or in part, by:

- a) any **fungus, mold, mildew** or yeast; or
- b) any **spore** or toxins created or produced by or emanating from such **fungus, mold, mildew** or yeast; or
- c) any substance, vapor, gas, or other emission or organic or inorganic body or substance produced by or arising out of any **fungus, mold, mildew** or yeast; or
- d) any material, **product**, building component, building or structure, or any concentration of moisture, water or other liquid within such material, **product**, building component, building or structure, that contains, harbors, nurtures, or acts as a medium for any **fungus, mold, mildew** yeast, or **spore** or toxins emanating therefrom;

regardless of any other cause, event, material, product or building component that contributed concurrently or in any sequence to that loss, **bodily injury, damage or costs and expenses**.

For the purposes of this **EXCLUSION** the following definitions are added to the Policy:

Fungus includes, but is not limited to, any plants or organisms belonging to the major group Fungi, lacking chlorophyll, and including **moulds, rusts, mildews, smuts** and mushrooms.

Mold includes, but is not limited to, any superficial growth produced on damp or decaying organic matter or on living organisms, and fungi that produced moulds.

Spore means any dormant or reproductive body produced by or arising from or emanating out of any **fungus, mould, mildew, plants, organisms** or microorganisms.

62. **Trade debt**
arising out of or in connection with any trading losses or trading liabilities incurred by any business managed or carried on by **you**, or any **loss of your** profit arising from the loss of any **client**, account or business.
63. **War and terrorism**
directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the **claim, loss, damage, costs and expenses or medical expenses**:
- a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
 - b) any **act of terrorism**.

For the purpose of this **EXCLUSION** an **act of terrorism** means an act, including but not limited to the use of force or violence or the threat thereof, of any person or group of persons, whether acting alone or on behalf of or in connection with any organization or government, committed for political, religious, ideological or similar purposes including the intention to influence any government or to put the public, or any section of the public, in fear.

This **EXCLUSION** also excludes **claims, losses, damage, costs and expenses or medical expenses** of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to a) or b) above.

This **EXCLUSION** does not apply to any **claim, loss or costs and expenses** arising directly from a **hacking attack or virus**.

CONDITIONS

1. What you must do in the event of a claim or loss

Should a **senior executive officer** become aware of any **claim, loss or damage** the following obligations must be complied with by **you**:

- a) **You** must not admit liability for or settle or make or promise any payment in respect of any **claim, loss or damage** which may be covered under this Policy. Neither must **you** incur any **costs and expenses** in connection with such a **claim, loss or damage** without **our** written agreement.

However, **you** should arrange for any urgent repairs following **damage** covered under **INSURING CLAUSE 4, SECTION A** to be done immediately. Before any other repair work begins **we** have the right to inspect **your damaged** property. **We** will notify **you** if **we** intend to do this.

- b) The Claims Managers, as specified in the Declarations, must be notified as soon as is reasonably possible if during the **period of the policy**:

- i) **you** suffer any **loss or damage** that could be covered by this Policy or a **senior executive officer** becomes aware that a **claim** has been made against **you**, whether verbal or made in writing; or
- ii) a **senior executive officer** discovers reasonable cause for suspicion of fraud or dishonesty whether this could give rise to a **claim** under this Policy or not and **we** shall not be liable under this Policy for any **claim or loss** sustained in consequence of any fraudulent or dishonest act or omission committed after the date of such discovery.

We have nominated Claims Managers to accept notice on **our** behalf. Due to the nature of the coverage offered by this Policy, any unreasonable delay by **you** in notifying the Claims Managers of (i), or (ii) above could lead to the size of the **claim, loss or damage** increasing or to **our** rights being restricted. **We** shall not be liable for that portion of any **claim, loss or damage** that is due to any unreasonable delay in **you** notifying the Claims Managers of any **claim, loss or damage** in accordance with this clause.

- c) **We** will expect **you** to provide **us** with full and accurate information about any matter that **you** notify to **us** under **your** obligations set out above. Once notice has been made **you** must give the Claims Managers all the assistance and information that is reasonably required. **You** must follow their advice and do anything that they reasonably require **you** to do to avoid, minimize, settle or defend any **claim, loss or damage**.

If **you** think a crime has been committed **you** must report it to the appropriate law enforcement authorities. **You** must also permit the Claims Managers and any **third party** that is appointed by the Claims Managers to notify the appropriate law enforcement authorities of any **claim, loss or damage** where this action is deemed necessary and **you** must comply with the advice given by those authorities.

If any of **your computer systems** are lost or stolen while they are temporarily removed from **your premises**, **we** will not make any payment unless **you** report the **loss** to the police within 48 hours after **you** become aware of it.

2. What you must do in the event of a circumstance which may give rise to a claim

Should a **senior executive officer** become aware of:

- a) a situation that could give rise to a **claim**; or
- b) an allegation or complaint made or intimated against **you**;

then **you** have the option of whether to report this circumstance to **us** or not. However, if **you** choose not to report this

circumstance **we** shall not be liable for that portion of any **claim** that is greater than it would have been had **you** reported this circumstance.

If **you** choose to report this circumstance, **you** must do so within the **period of the policy**, or the period of any applicable Extended Reporting Period, for it to be considered under this Policy and **we** will require **you** to provide full details of the circumstance, including but not limited to:

- a) the time, place and nature of the circumstance; and
- b) the manner in which **you** first became aware of this circumstance; and
- c) the reasons why **you** believe that this circumstance is likely to result in a **claim**; and
- d) the identity of the potential claimant; and
- e) an indication as to the size of the **claim** that could result from this circumstance.

Based on these details **we** will decide whether to accept this circumstance as one which could reasonably be expected to give rise to a **claim**. If **we** accept this circumstance, **we** will regard any subsequent **claim** that may arise as notified under this Policy.

3. Cease and desist notices

The receipt by **you** of any cease and desist notice does not constitute a **claim or loss** under this Policy or, for the purpose of **CONDITION 2**, a circumstance that may give rise to a **claim or loss**. However, **you** must provide **us** with a full list of such notices upon **our** request and provide this list within 30 days of any such request.

4. Continuous cover

If **you** have neglected, through error or oversight only, to report a **claim** made against **you** during the period of a previous renewal of this Policy issued to **you** by **us**, then provided that **you** have maintained uninterrupted insurance of the same type with **us** since the expiry of that earlier Policy, then, notwithstanding the circumstances known at inception **EXCLUSION**, **we** will permit the matter to be reported under this Policy and will indemnify **you**, provided that:

- a) the indemnity will be subject to the applicable **aggregate limit of liability** or **limit of liability** of the earlier Policy under which the matter should have been reported or the **aggregate limit of liability** or **limit of liability** of the current Policy, whichever is the lower; and
- b) **we** may reduce the indemnity entitlement by the monetary equivalent of any prejudice which has been suffered as a result of the delayed notification; and
- c) the indemnity will be subject to all of the terms, **CONDITIONS**, **DEFINITIONS** and **EXCLUSIONS**, other than the **aggregate limit of liability** or **limit of liability** contained in this current Policy.

5. Fraudulent claims

If **you** notify **us** of any claim knowing that claim to be false or fraudulent in any way, **we** shall have no responsibility to pay that claim or any other claims under this insurance and the Policy will be treated as if it had not been effected.

6. Agreement to pay claims (duty to defend)

We have the right and duty to take control of and conduct in **your** name the investigation settlement or defense of any **claim**. **We** shall also pay on **your** behalf **costs and expenses** incurred with **our** prior written agreement (subject to the Limits of Liability shown in the Declarations) provided that **we** shall not pay for the **costs and expenses** of any part of a **claim** that is not covered by this Policy. **Our** payment of **costs and expenses** shall not be prejudiced by **your** refusal to reveal the identity of a confidential, newsgathering source.

We shall always endeavor to settle any **claim** through negotiation,

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mediation or some other form of alternative dispute resolution and shall pay on **you** behalf the amount so agreed by **us** and the claimant. If **we** cannot settle by such means, **we** shall pay the amount which **you** are found liable to pay either in court or through arbitration proceedings, subject always to the Limit of Liability shown in the Declarations.

If **you** refuse to consent to a settlement **we** recommend and the claimant will accept, **you** may continue the defense and investigation of that **claim**. However, the further **costs and expenses** incurred will be paid by **you** and **us** on a proportional basis, with 80% payable by **us** and 20% payable by **you**.

7. Innocent non-disclosure

We will not seek to avoid the Policy or reject any **claim** on the grounds of non-disclosure or misrepresentation except where the non-disclosure or misrepresentation was reckless or fraudulent or **your senior executive officers** failed to conduct a full inquiry prior to providing the information that forms the basis of this insurance. In the event that **we** seek to avoid the Policy or reject any **claim** on this basis the burden of proving otherwise rests solely with **you**.

8. Your duty to advise us of changes

If a **senior executive officer** becomes aware that any of the information that **you** have given **us** in the Application Form or elsewhere in connection with **your** application for this insurance has materially changed then **you** must advise **us** as soon as is practicable. In this event, **we** reserve the right to amend the terms, conditions or premium of the Policy.

9. Risk management conditions

If **we** attach any additional conditions to **your** Policy regarding any risk survey or risk management timetable or any other similar conditions then it is **your** responsibility to ensure that these conditions are complied with by the deadlines shown in the conditions.

10. Our rights of recovery

If any payment is made under this Policy in respect of a **claim, loss or damage** and there is available to **us** any of **your** rights of recovery against any **third party** then **we** maintain all such rights of recovery. **We** shall not exercise these rights against any **senior executive officer** or **employee** unless such payment is in respect of any wilful, malicious or dishonest acts or omissions.

You must do nothing to impair any rights of recovery. At **our** request **you** will bring proceedings or transfer those rights to **us** and help **us** to enforce them. Any recoveries shall be applied as follows:

- first, to **us** up to the amount of **our** payment on **your** behalf including **costs and expenses**; and
- then to **you** as recovery of **your** Deductible or other amounts paid as compensation or **costs and expenses**.

11. Cancellation

This Policy may be cancelled:

- by **you** at any time on request; or
- by **us** if **we** give **you** 30 days written notice; or
- by **us** if **we** give **you** 15 days written notice, should any amount in default not be paid within 15 days of the due date shown in the Debit Note that accompanies this Policy.

If **you** give **us** notice of cancellation in accordance with a) above, the earned Premium shall be pro rata to the number of days that the Policy is in effect.

If **we** give **you** notice of cancellation in accordance with b) or c) above, the earned Premium shall be pro rata to the number of days that the Policy is in effect.

The Policy Administration Fee shall be deemed fully earned at the Inception Date of the Policy.

12. Additional insureds

We shall indemnify any **third party** as an additional Insured under this Policy, but only in respect of sums which they become legally obliged to pay (including liability for claimants' costs and expenses) as a result of a **claim** arising solely out of a **wrongful act** committed

by **you** or arising solely out of accidental **bodily injury or damage** caused by **you**, provided that:

- you** contracted in writing to indemnify the **third party** for such a **claim** prior to it first being made against them; and
- had the **claim** been made against **you**, then **you** would be entitled to indemnity under this Policy.

As a condition to **our** indemnification of any additional Insured:

- they shall prove to **our** satisfaction that the **claim** arose solely out of a **wrongful act** committed by **you** or arose solely out of accidental **bodily injury or damage** caused by **you**; and
- they shall fully comply with **CONDITION 1(a)** above as if they were **you**.

Where a **third party** is indemnified as an additional Insured as a result of this **CONDITION**, it is understood and agreed that any **claim** made by that **third party** against **you** shall be treated by **us** as if they were a **third party**, not an additional Insured.

13. Prior subsidiaries

In respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only)** and **3**, should an entity cease to be a **subsidiary** after the Inception Date of this Policy, cover in respect of such entity shall continue as if it was still a **subsidiary**, until the termination of this Policy, but only in respect of any **claim** or **loss** that arises out of any **wrongful act** committed by that entity prior to the date that it ceased to be a **subsidiary**.

14. Mergers and acquisitions

During the **period of the policy**, if the company named as the Insured in the Declarations or any **subsidiary**:

- purchases assets or acquires liabilities from another entity in an amount greater than 10% of the assets of the company named as the Insured in the Declarations as listed in its most recent financial statement; or
- acquires another entity whose annual revenues are more than 10% of the annual revenues of the company named as the Insured in the Declarations for their last completed financial year;

then **you** shall have no coverage under this Policy for any **claim, loss or damage** that arises directly or indirectly out of the purchased or acquired entity unless the company named as the Insured in the Declarations gives **us** written notice prior to the purchase or acquisition, obtains **our** written agreement to extend coverage to these additional entities, assets or exposures, and agrees to pay any additional premium required by **us**.

If during the **period of the policy** the company named as the Insured in the Declarations consolidates or merges with or is acquired by another entity, then all coverage under this Policy shall terminate at the date of the consolidation, merger or acquisition unless **we** have issued an endorsement extending coverage under this Policy, and the company named as the Insured in the Declarations has agreed to any additional premium and terms of coverage required by **us**.

15. Automatic extended reporting period

In respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only)**, **3** and **5 (SECTION H)**, an Extended Reporting Period of 60 days following the Expiry Date as shown in the Declarations shall be automatically granted at no additional premium. This Extended Reporting Period shall cover **claims** first made against **you** during the **period of the policy** and reported to **us** during this 60 day Extended Reporting Period but only in respect of any **wrongful act** committed prior to the Expiry Date shown in the Declarations, and subject to all other terms, conditions and exclusions of the policy. No **claim** shall be accepted by **us** in this 60 day Extended Reporting Period if **you** are entitled to indemnity under any other insurance, or would have been entitled to indemnity under such insurance but for the exhaustion thereof.

16. Optional extended reporting period

In respect of **INSURING CLAUSES 1, 2 (SECTIONS A and B only)**, **3** and **5 (SECTION H)**, if **we** or **you** decline to renew or cancel this Policy then **you** shall have the right, upon payment of the

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Optional Extended Reporting Period Premium shown in the Declarations in full and not proportionally or otherwise in part, to have issued an endorsement providing a 365 day Optional Extended Reporting Period which shall be effective from the cancellation or non-renewal date. This Optional Extended Reporting Period shall cover **claims** first made against **you** and notified to **us** during this Optional Extended Reporting Period but only in respect of any **claim** arising out of any **wrongful act** committed prior to the date of cancellation or non-renewal, and subject to all other terms, conditions and exclusions of the policy.

In order for **you** to invoke the Optional Extended Reporting Period option, the payment of the Optional Extended Reporting Period Premium shown in the Declarations for this Optional Extended Reporting Period must be paid to **us** within 45 days of the date of the non-renewal or cancellation.

At the commencement of this Optional Extended Reporting Period the entire premium shall be deemed earned and in the event that **you** terminate the Optional Extended Reporting Period for any reason prior to its natural expiration, **we** will not be liable to return any premium paid.

The right to the Extended Reporting Period or the Optional Extended Reporting Period shall not be available to **you** where:

- a) Cancellation or non-renewal by **us** is due to non-payment of premium, or
- b) Cancellation or non-renewal by **us** is due to **your** failure to pay any amounts in excess of the applicable Limit of Liability or within the amount of the applicable Deductible as is required by this Policy in the payment of **claims**.

At the renewal of this Policy, **our** quotation of different premium, Deductible or Limit of Liability or changes in policy language shall not constitute non-renewal by **us** for the purposes of granting this Optional Extended Reporting Period.

In no event shall the granting of the Extended Reporting Period or the Optional Extended Reporting Period increase the **limit of liability** or **aggregate limit of liability**.

17. Choice of law, jurisdiction and service of suit

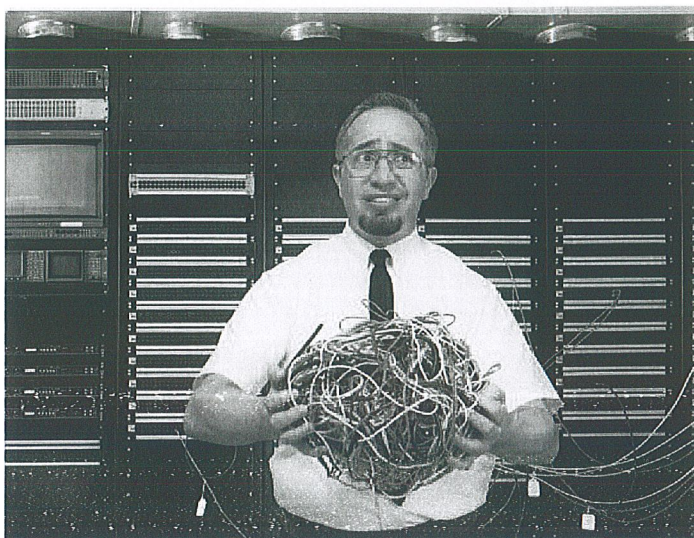
In the event of a dispute between **you** and **us** regarding this Policy, the same shall be governed by the laws of the State of the United States of America shown in the Choice of Law section of the Declarations. **We** agree, at **your** request, to submit to the jurisdiction of a Court of competent jurisdiction within the United States of America.

Nothing in this **CONDITION** constitutes or should be understood to constitute a waiver of **our** rights to commence an action in any Court of competent jurisdiction in the United States of America, to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States of America or the laws of any State of the United States of America.

It is further agreed that service of process in such suit may be made upon the law firm shown in the Declarations and that in any suit instituted against **us**, **we** will abide by the final decision of such Court or of any Appellate Court in the event of an appeal. The law firm shown in the Declarations is authorized and directed to accept service of process on **our** behalf in any such suit and, at **your** request, to give a written undertaking to **you** that they will enter a general appearance on **our** behalf in the event such a suit is instituted.

Additionally, in accordance with the statute of any state, territory or district of the United States which makes such a provision, **we** hereby designate the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as **our** true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by **you** arising out of this Policy. The law firm shown in the Declarations is hereby designated as the firm to whom the above mentioned officer is authorized to mail such process or a copy thereof.

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INSURANCE FOR TECHNOLOGY COMPANIES



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ISO DIFFERENCE IN CONDITIONS CLAUSE

ATTACHING TO POLICY
NUMBER: ESE02169751
THE INSURED: PROUSYS INC
WITH EFFECT FROM: 31 Jan 2016

In respect of **INSURING CLAUSE 5** only, it is understood and agreed that in the event that a claim is made which falls outside of the scope of coverage provided by this Policy but would fall within the scope of coverage provided by the **named ISO forms**, for the purposes of this claim the **named ISO forms**' terms and conditions will apply.

It is further understood and agreed that **named ISO forms** are defined as follows:

CG 00 01 12 04

CG 20 37 07 04

CG 20 10 11 85

CG 24 04 05 09

SUBJECT OTHERWISE TO THE TERMS AND CONDITIONS OF THE POLICY

COMMERCIAL AUTOMOBILE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL AUTOMOBILE BROAD FORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

This endorsement modifies the Business Auto Coverage Form.

1. EXTENDED CANCELLATION CONDITION

Paragraph A.2.b. — CANCELLATION - of the COMMON POLICY CONDITIONS form IL 00 17 is deleted and replaced with the following:

- b. 60 days before the effective date of cancellation if we cancel for any other reason.

2. BROAD FORM INSURED**A. Subsidiaries and Newly Acquired or Formed Organizations As Insureds**

The Named Insured shown in the Declarations is amended to include:

1. Any legally incorporated subsidiary in which you own more than 50% of the voting stock on the effective date of the Coverage Form. However, the Named Insured does not include any subsidiary that is an "insured" under any other automobile policy or would be an "insured" under such a policy but for its termination or the exhaustion of its Limit of Insurance.
2. Any organization that is acquired or formed by you and over which you maintain majority ownership. However, the Named Insured does not include any newly formed or acquired organization:
 - (a) That is an "insured" under any other automobile policy;
 - (b) That has exhausted its Limit of Insurance under any other policy; or
 - (c) 180 days or more after its acquisition or formation by you, unless you have given us written notice of the acquisition or formation.

Coverage does not apply to "bodily injury" or "property damage" that results from an "accident" that occurred before you formed or acquired the organization.

B. Employees as Insureds

Paragraph A.1. — WHO IS AN INSURED — of SECTION II — LIABILITY COVERAGE is amended to add the following:

- d. Any "employee" of yours while using a covered "auto" you don't own, hire or

borrow in your business or your personal affairs.

C. Lessors as Insureds

Paragraph A.1. — WHO IS AN INSURED — of SECTION II — LIABILITY COVERAGE is amended to add the following:

- e. The lessor of a covered "auto" while the "auto" is leased to you under a written agreement if:
 - (1) The agreement requires you to provide direct primary insurance for the lessor; and
 - (2) The "auto" is leased without a driver. Such leased "auto" will be considered a covered "auto" you own and not a covered "auto" you hire. However, the lessor is an "insured" only for "bodily injury" or "property damage" resulting from the acts or omissions by:
 1. You;
 2. Any of your "employees" or agents; or
 3. Any person, except the lessor or any "employee" or agent of the lessor, operating an "auto" with the permission of any of 1. and/or 2. above.

D. Persons And Organizations As Insureds Under A Written Insured Contract

Paragraph A.1 — WHO IS AN INSURED — of SECTION II — LIABILITY COVERAGE is amended to add the following:

- f. Any person or organization with respect to the operation, maintenance or use of a covered "auto", provided that you and such person or organization have agreed under an express provision in a written "insured contract", written agreement or a written permit issued to you by a governmental or public authority to add such person or organization to this policy as an "insured". However, such person or organization is an "insured" only:

- (1) with respect to the operation, maintenance or use of a covered "auto"; and
- (2) for "bodily injury" or "property damage" caused by an "accident" which takes place after:
 - (a) You executed the "insured contract" or written agreement; or
 - (b) The permit has been issued to you.

3. FELLOW EMPLOYEE COVERAGE

EXCLUSION B.5. - FELLOW EMPLOYEE - of SECTION II - LIABILITY COVERAGE does not apply.

4. PHYSICAL DAMAGE - ADDITIONAL TEMPORARY TRANSPORTATION EXPENSE COVERAGE

Paragraph A.4.a. - TRANSPORTATION EXPENSES - of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to provide a limit of \$50 per day for temporary transportation expense, subject to a maximum limit of \$1,000.

5. AUTO LOAN/LEASE GAP COVERAGE

Paragraph A. 4. - COVERAGE EXTENSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to add the following:

c. Unpaid Loan or Lease Amounts

In the event of a total "loss" to a covered "auto", we will pay any unpaid amount due on the loan or lease for a covered "auto" minus:

1. The amount paid under the Physical Damage Coverage Section of the policy; and
2. Any:
 - a. Overdue loan/lease payments at the time of the "loss";
 - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;
 - c. Security deposits not returned by the lessor;
 - d. Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and
 - e. Carry-over balances from previous loans or leases.

We will pay for any unpaid amount due on the loan or lease if caused by:

1. Other than Collision Coverage only if the Declarations indicate that Comprehensive Coverage is provided for any covered "auto";
2. Specified Causes of Loss Coverage only if the Declarations indicate that Specified Causes of Loss Coverage is provided for any covered "auto"; or
3. Collision Coverage only if the Declarations indicate that Collision Coverage is provided for any covered "auto".

6. RENTAL AGENCY EXPENSE

Paragraph A. 4. - COVERAGE EXTENSIONS - of

SECTION III - PHYSICAL DAMAGE COVERAGE is amended to add the following:

d. Rental Expense

We will pay the following expenses that you or any of your "employees" are legally obligated to pay because of a written contract or agreement entered into for use of a rental vehicle in the conduct of your business:

MAXIMUM WE WILL PAY FOR ANY ONE CONTRACT OR AGREEMENT:

1. \$2,500 for loss of income incurred by the rental agency during the period of time that vehicle is out of use because of actual damage to, or "loss" of, that vehicle, including income lost due to absence of that vehicle for use as a replacement;
2. \$2,500 for decrease in trade-in value of the rental vehicle because of actual damage to that vehicle arising out of a covered "loss"; and
3. \$2,500 for administrative expenses incurred by the rental agency, as stated in the contract or agreement.
4. \$7,500 maximum total amount for paragraphs 1., 2. and 3. combined.

7. EXTRA EXPENSE - BROADENED COVERAGE

Paragraph A.4. - COVERAGE EXTENSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to add the following:

e. Recovery Expense

We will pay for the expense of returning a stolen covered "auto" to you.

8. AIRBAG COVERAGE

Paragraph B.3.a. - EXCLUSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE does not apply to the accidental or unintended discharge of an airbag. Coverage is excess over any other collectible insurance or warranty specifically designed to provide this coverage.

9. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT - BROADENED COVERAGE

Paragraph C.2. - LIMIT OF INSURANCE - of SECTION III - PHYSICAL DAMAGE is deleted and replaced with the following:

2. \$2,000 is the most we will pay for "loss" in any one "accident" to all electronic equipment that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:
 - a. Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;
 - b. Removable from a permanently installed housing unit as described in Paragraph 2.a. above or is an integral part of that equipment; or

c. An integral part of such equipment.

10. GLASS REPAIR – WAIVER OF DEDUCTIBLE

Under Paragraph D. - DEDUCTIBLE – of SECTION III – PHYSICAL DAMAGE COVERAGE the following is added:

No deductible applies to glass damage if the glass is repaired rather than replaced.

11. TWO OR MORE DEDUCTIBLES

Paragraph D.- DEDUCTIBLE – of SECTION III – PHYSICAL DAMAGE COVERAGE is amended to add the following:

If this Coverage Form and any other Coverage Form or policy issued to you by us that is not an automobile policy or Coverage Form applies to the same "accident", the following applies:

1. If the deductible under this Business Auto Coverage Form is the smaller (or smallest) deductible, it will be waived; or
2. If the deductible under this Business Auto Coverage Form is not the smaller (or smallest) deductible, it will be reduced by the amount of the smaller (or smallest) deductible.

12. AMENDED DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS

Paragraph A.2.a. - DUTIES IN THE EVENT OF AN ACCIDENT, CLAIM, SUIT OR LOSS of SECTION IV - BUSINESS AUTO CONDITIONS is deleted and replaced with the following:

a. In the event of "accident", claim, "suit" or "loss", you must promptly notify us when the "accident" is known to:

- (1) You or your authorized representative, if you are an individual;
- (2) A partner, or any authorized representative, if you are a partnership;
- (3) A member, if you are a limited liability company; or
- (4) An executive officer, insurance manager, or authorized representative, if you are an organization other than a partnership or limited liability company.

Knowledge of an "accident", claim, "suit" or "loss" by other persons does not imply that the persons listed above have such knowledge. Notice to us should include:

- (1) How, when and where the "accident" or "loss" occurred;
- (2) The "insured's" name and address; and
- (3) To the extent possible, the names and addresses of any injured persons or witnesses.

13. WAIVER OF SUBROGATION

Paragraph A.5. - TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US of SECTION IV – BUSINESS AUTO CONDITIONS is deleted and replaced with the following:

5. We will waive the right of recovery we would otherwise have against another person or organization for "loss" to which this insurance applies, provided the "insured" has waived their rights of recovery against such person or organization under a contract or agreement that is entered into before such "loss".

To the extent that the "insured's" rights to recover damages for all or part of any payment made under this insurance has not been waived, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.

14. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

Paragraph B.2. – CONCEALMENT, MISREPRESENTATION or FRAUD of SECTION IV – BUSINESS AUTO CONDITIONS - is deleted and replaced with the following:

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not void coverage under this Coverage Form because of such failure.

15. AUTOS RENTED BY EMPLOYEES

Paragraph B.5. - OTHER INSURANCE of SECTION IV – BUSINESS AUTO CONDITIONS - is amended to add the following:

- e. Any "auto" hired or rented by your "employee" on your behalf and at your direction will be considered an "auto" you hire. If an "employee's" personal insurance also applies on an excess basis to a covered "auto" hired or rented by your "employee" on your behalf and at your direction, this insurance will be primary to the "employee's" personal insurance.

16. HIRED AUTO – COVERAGE TERRITORY

Paragraph B.7.b.(5).(a) - POLICY PERIOD, COVERAGE TERRITORY of SECTION IV – BUSINESS AUTO CONDITIONS is deleted and replaced with the following:

- (a) A covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 45 days or less; and

17. RESULTANT MENTAL ANGUISH COVERAGE

Paragraph C. of - SECTION V – DEFINITIONS is deleted and replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by any person, including mental anguish or death as a result of the "bodily injury" sustained by that person.

WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

WC 99 03 04 (Ed. 7-08)

**WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT—
CALIFORNIA**

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.

(The following "attaching clause" need be completed only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective on 01/31/16 at 12:01 A. M. standard time, forms a part of
(DATE)

Policy No. (17)7172-52-08 of the FEDERAL INSURANCE COMPANY
(NAME OF INSURANCE COMPANY)

issued to PROUSYS, INC.

Endorsement No.

Authorized Representative

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. The additional premium for the blanket waiver offered by this endorsement shall be 1.00 % of total California premium.

Schedule**Person or Organization**

BLANKET WAIVER - ANY PERSON OR ORGANIZATION
FOR WHOM THE NAMED INSURED HAS AGREED BY
WRITTEN CONTRACT TO FURNISH THIS WAIVER

Job Description

ALL CALIFORNIA OPERATIONS