

AGREEMENT WITH REDFLEX TRAFFIC SYSTEMS, INC., TO PROVIDE RED LIGHT TRAFFIC ENFORCEMENT CAMERAS FOR MONITORING AND ENFORCEMENT OF RED-LIGHT RUNNING VIOLATIONS AT UP TO 9 ADDITIONAL APPROACHES AND MAINTAINING THE EXISTING 14 APPROACHES WITHIN THE CITY (F: 55) (XR: 100.7) (XR: 24.11)

Staff report dated February 13, 2007, was introduced.

It was moved by Council Member Broadwater, seconded by Council Member Rosen, and carried by unanimous vote, that the Professional Services Agreement by and between the City of Garden Grove and Redflex Traffic Systems, Inc. to provide red light traffic enforcement cameras for monitoring and enforcement of red-light running violations at up to 9 additional approaches and maintaining the existing 14 approaches within the city for three years with the option to extend the Agreement for two years, one year at a time, be and hereby is approved; and the City Manager and City Clerk are authorized to execute the agreement.

Selection of future intersections and approaches for expansion of Redflex's system will be based on evaluations by the City and Police Department based on public safety improvements that are likely to result, such as reductions in accidents that result from red-light violations. The proposed agreement meets all the requirements set forth in the CVC.

FINANCIAL IMPACT

Installing up to nine (9) additional approaches and maintaining the existing fourteen (14) approaches at high accident intersections will result in no direct cost to the City nor will the addition of two (2) police officers. Based on past experience of revenue generated at existing intersections, Staff believes the entire project cost will be paid for with the revenue generated from citations issued through the program.

COMMUNITY VISION IMPLEMENTATION

This project is consistent with the community vision for improving the transportation system as well as the safe and efficient flow of traffic.

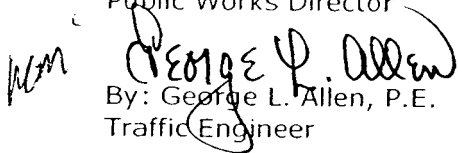
RECOMMENDATION

Staff recommends the City Council:

- Approve the agreement with Redflex Traffic Systems, Inc. for three (3) years with the option to extend the Agreement for two (2) years, one year at a time.



KEITH G. JONES
Public Works Director



By: George L. Allen, P.E.
Traffic Engineer

- Attachments: 1. Redflex Traffic Systems, Inc. Agreement
2. Location map of existing and proposed locations

Recommended for Approval



Matthew Fertal
City Manager



CITY OF GARDEN GROVE

(714) 741-5040

April 17, 2007

Redflex Traffic System, Inc.
Attn: Karen Finley
15020 North 74th Street
Scottsdale, AZ 85260

Enclosed is a copy of the Agreement by and between the City of Garden Grove and Redflex Traffic System, Inc., to furnish all equipment, license, applications, and back office processor related to the SMARTCAM digital red light traffic enforcement cameras for monitoring and enforcement of red-light running violations at up to 25 approaches within the City of Garden Grove.

The Agreement was approved by the City Council on February 13, 2007.

Sincerely,

Ruth E. Smith
City Clerk

By: Kathleen Bailor
Deputy City Clerk

Enclosure

c: Finance Department
Finance Department/Purchasing
Public Works/Engineering

PROFESSIONAL SERVICES AGREEMENT

REDFLEX TRAFFIC SYSTEM, INC.

THIS AGREEMENT is made this 13 day of February, 2007, by the CITY OF GARDEN GROVE, a municipal corporation, ("CITY"), and Redflex Traffic System, Inc., a Delaware corporation, ("SERVICE PROVIDER")

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Garden Grove City Council authorization.
2. CITY desires to utilize the services of SERVICE PROVIDER to furnish all equipment, licenses, applications and back office processor related to the SMARTCAM digital red light traffic enforcement cameras for monitoring and enforcement of red-light running violations at up to 25 approaches within the City of Garden Grove.
3. SERVICE PROVIDER is qualified by virtue of experience, training, education and expertise to accomplish services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** The term of this agreement shall be for a period of three (3) years commencing upon the date of execution of the agreement.
 - a) Following expiration of the original term as described above, the Agreement shall be automatically extended for two (2) additional one (1) year terms, (from the date of execution), unless either party provides sixty (60) day notification prior to expiration of any such term, or unless the parties do not agree as to compensation pursuant to Section 3.1 below.
2. **Services to be Provided.** The services to be performed by SERVICE PROVIDER shall consist of the following: install, maintain, and administer red-light traffic surveillance system, as more particularly set forth in Exhibit "A" and "C" attached and incorporated herein by reference.
3. **Compensation.** For work under this Agreement, payment shall be made per monthly invoice. It is specifically understood by the parties hereto that the monthly fee covers any and all upgrades and replacements to any existing and future systems. It is also specifically understood by the parties that the intersection of Brookhurst Street and Westminster Avenue will be upgraded to add coverage for left-turn lanes in North/South approaches at no cost to

City, and that monthly payments for this intersection shall remain \$2,900, as adjusted in the "Business Assumptions for All Pricing Options" section set forth in Exhibit "A".

3.1 Compensation shall be made per fixed monthly fee as follows:

A monthly fee of \$2900.00 for each of the functioning fourteen (14) existing approaches, as identified in Exhibit D.

A monthly fee of \$6030.00 per each functioning approach added to the system during the first thirty-six (36) months after the date of execution, but the monthly fee for each such approach shall not commence until the date that such Designated Intersection Approach is first determined to have a functioning approach and be operational in accordance with Section 3.2 of the agreement. Beginning 36 months after the date of execution of this Agreement, the monthly fee shall be determined and mutually agreed by both parties. If the parties do not agree to the monthly fee to apply after the 36th month, the Agreement shall not be automatically extended.

3.2 A system shall be deemed to have a functioning approach and be operational for purposes of this agreement when the Garden Grove Police Department and the Project Manager determines that the system is then issuing citations under the California Motor Vehicle code without defect and malfunction and has delivered a final acceptance form for a particular functioning approach. In the event a system is not deemed by the Garden Grove Police Department to have a functioning approach or is not operational for a part of a month for part of a month the monthly fee for such a month the fee shall be prorated based upon a thirty-day month.

3.3 It shall be the sole responsibility of the City Project Manager to determine the start of the thirty-day (30) warning period of a new installation so that the start of issuances of valid citations shall begin at or as close to the first of a month as possible. If the installation is installed mid-month the City and SERVICE PROVIDER may mutually agree upon the start of the warning period and prorate the monthly fee described in section 3.1 of this agreement.

3.4 If equipment is relocated or removed by mutual consent the SERVICE PROVIDER shall be solely responsible for restoring the street, sidewalk and/or any other appurtenance back to its original state. If the City directs the SERVICE PROVIDER to remove, relocate and/or replace without mutual consent between the SERVICE PROVIDER and CITY and absent any

conditions outlined in the termination of section 32 of this agreement the CITY shall have the sole responsibility for all associated costs.

- 3.5 SERVICE PROVIDER will promptly make available to City any and all upgrades and/or technology modifications, including but not limited to software, hardware, camera systems, violation detection systems, if said upgrade or technology modification provides some significant improvement in service or performance of the system,. Such upgrades and enhancements shall be provided at no cost to City within 30 days of the product's general availability (GA release readiness and not in alpha, beta, and testing phases) upon City's acceptance of such upgrades or enhancements.
- 3.6 SERVICE PROVIDER shall keep complete and accurate records of payroll costs, travel and incidental expenses. These records will be made available at reasonable times to CITY to the extent that expenses are directly reimbursable.

4. **Insurance Requirements.**

4.1 Commencement of Work. SERVICE PROVIDER shall not commence work under this Agreement until it has obtained all insurance required and this insurance has been approved by CITY. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify CITY of any cancellation or termination at least thirty (30) days in advance.

4.2 Workers' Compensation Insurance. During the duration of this Agreement, SERVICE PROVIDER and all subcontractors shall maintain Workers' Compensation Insurance if applicable.

4.3 Insurance Amounts. SERVICE PROVIDER shall maintain the following insurance for the duration of this Agreement:

- a. Commercial general liability in the amount of \$1,000,000 per occurrence; (claims made and modified occurrence policies are not acceptable); Insurance companies must be admitted and licensed in California and have a Best's Guide Rating of A-Class VII or better, as approved by the CITY.

b. An Additional Insured Endorsement for the policy under section 4.3 (a) shall designate CITY as an additional insured. SERVICE PROVIDER shall provide to CITY proof of insurance and endorsement forms, as approved by CITY.

5. **Non-Liability of Officials and Employees of the CITY.** No official or employee of CITY shall be personally liable to SERVICE PROVIDER in the event of any default or breach by CITY, or for any amount, which may become due to SERVICE PROVIDER.
6. **Non-Discrimination.** SERVICE PROVIDER covenants there shall be no discrimination against any person or group due to race, color, creed, religion, sex, marital status, age, handicap, national origin or ancestry, in any activity pursuant to this Agreement.
7. **Independent SERVICE PROVIDER.** It is agreed to that SERVICE PROVIDER shall act and be an independent SERVICE PROVIDER and not an agent or employee of CITY, and shall obtain no rights to any benefits which accrue to CITY'S employees.
8. **Compliance With Law.** SERVICE PROVIDER shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.
9. **Disclosure of Documents.** All documents or other information developed or received by SERVICE PROVIDER are confidential and shall not be disclosed without authorization by CITY, unless disclosure is required by law.
10. **Ownership of Work Product.** All documents, data, or other information developed or received by SERVICE PROVIDER shall be the property of CITY. SERVICE PROVIDER shall provide CITY with copies of these items upon demand or upon termination of this Agreement.
11. **Conflict of Interest and Reporting.** SERVICE PROVIDER shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.
12. **Notices.** All notices shall be personally delivered or mailed to the below listed addresses, or to such other addresses as may be designated by written notice. These addresses shall be used for delivery of service of process.

- (a) Address of SERVICE PROVIDER is as follows:
Redflex Traffic Systems, Inc.

Attention: Karen Finley, President

15020 North 74th Street

Scottsdale, AZ 85260

(b) Address of CITY is as follows (with a copy to):
George L. Allen Tom Nixon
11222 Acacia Parkway City Attorney
P.O. Box 3070 City of Garden Grove
11222 Acacia Parkway 11222 Acacia Parkway
Garden Grove, CA 92840 Garden Grove, CA 92840

13. **SERVICE PROVIDER'S Proposal.** This Agreement shall include SERVICE PROVIDER'S proposal or bid which shall be incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.
14. **Licenses, Permits and Fees.** At its sole expense, SERVICE PROVIDER shall obtain a **Garden Grove Business License**, all permits and licenses as may be required by this Agreement.
15. **Familiarity With Work.** By executing this Agreement, SERVICE PROVIDER warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the facilities, difficulties and restrictions of the work under this Agreement. Should SERVICE PROVIDER discover any latent or unknown conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY of this and shall not proceed, except at SERVICE PROVIDER'S risk, until written instructions are received from CITY.
16. **Time of Essence.** Time is of the essence in the performance of this Agreement.
17. **Limitations Upon Subcontracting and Assignment.** The experience, knowledge, capability and reputation of SERVICE PROVIDER, its principals and employees were a substantial inducement for CITY to enter into this Agreement. SERVICE PROVIDER shall not contract with any other entity to perform the services required without written approval of the CITY. This Agreement may not be assigned voluntarily or by operation of law, without the prior written approval of CITY. If SERVICE PROVIDER is permitted to subcontract any part of this Agreement, SERVICE PROVIDER shall be responsible to CITY for the acts and omissions of its subcontractor as it is for persons directly employed. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor and CITY. All persons engaged in the work will be considered employees of SERVICE PROVIDER. CITY will deal directly with and will make all payments to SERVICE PROVIDER.
18. **Standards of Performance.** SERVICE PROVIDER shall meet the following Standards of Performance in the installation and operation of the Redflex System.

- a) City will establish minimum red light signal timing for each Designated Intersection Approach. SERVICE PROVIDER warrants that its camera systems will detect and capture all red light violations that occur at such approach. SERVICE PROVIDER further warrants that not less than 50% of the violations detected and captured by the camera systems (for vehicles for which DMV information is obtainable) at each approach, based on mutually agreeable intersections and approved intersection configurations as dependent on intersection geometries and characteristics; will be of sufficient content and quality so as a Citation may be issued by City. Any anticipated constraints which might produce less than a 50% capture rate shall be set forth in the Final Acceptance form and both parties shall acknowledge any such constraint; and
- b) Should a camera system fail to produce at least a 50% capture rate of violations detected (absent any identified constraints pursuant to the Final Acceptance form) upon receipt of written notice from City, SERVICE PROVIDER shall have sixty- (60) days to bring the camera systems into compliance with this Standard of Performance. If SERVICE PROVIDER fails or is unable to correct such cause, City shall have the right, but not the obligation to terminate this Agreement.

19. Authority to Execute and Terminate. The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement and that by executing this Agreement, the parties are formally bound. This Agreement may be terminated as set forth in Section 32 hereinbelow, and CITY may terminate this Agreement without cause by providing SERVICE PROVIDER thirty (30) days written notice of termination, provided that termination without cause shall not take effect unless and until the termination is approved by the CITY's City Council.

20. Indemnification. SERVICE PROVIDER agrees to protect, defend and hold harmless CITY and its elective or appointive boards, officers, agents and employees from any and all claims, liabilities, expenses or damages of any nature, including attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, arising out of, or in any way connected with performance of the Agreement by SERVICE PROVIDER, SERVICE PROVIDER'S agents, officers, employees, subcontractors or independent contractor(s) hired by SERVICE PROVIDER. The only exception to SERVICE PROVIDER'S responsibility to protect, defend and hold harmless CITY is due to the sole negligence of CITY, or any of its elective or appointive boards, officers, agents or employees.

This hold harmless agreement shall apply to all liability regardless of whether any insurance policies are applicable. The policy limits do not act as a

limitation upon the amount of indemnification to be provided by SERVICE PROVIDER.

Limitation of Liability. NEITHER PARTY WILL BE LIABLE TO THE OTHER FOR CONSEQUENTIAL, PUNITIVE, SPECIAL, INDIRECT, OR INCIDENTAL DAMAGES, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY TOTAL, CUMULATIVE DAMAGES EXCEEDING CONTRACT VALUE.

21. **Modification.** This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified only by subsequent mutual written agreement executed by CITY and SERVICE PROVIDER.
22. **Scope of Agreement.** During the term of this Agreement, SERVICE PROVIDER will provide to the CITY the products and services described in Exhibit "A" and "C" hereto (the "Products" and "Services", respectfully) in accordance with the terms and conditions set forth herein, and the terms and conditions of any other documents referenced in or incorporated into these terms and conditions (collectively referred to as the "Agreement").
23. **Project Manager.** To facilitate effective communication and to achieve order and accountability in the performance of SERVICE PROVIDER's obligations under this Agreement, SERVICE PROVIDER shall designate the individual set forth below as the SERVICE PROVIDER's "Project Manager". The Project Manager shall have the power and authority to make management decisions relating to SERVICE PROVIDER's obligations there under and shall provide, at the request of the CITY and in a timely manner, such management decisions. SERVICE PROVIDER may change its designated Project Manager from time to time upon notice to CITY. SERVICE PROVIDER's Project Manager is Seth Fogel.
24. **Change Orders.** CITY may, from time to time, request changes to the work required to be performed or the addition of products by SERVICE PROVIDER by providing SERVICE PROVIDER written notice of such changes ("Change Order") or constructive changes may require the initiation of the change order process by SERVICE PROVIDER. In either event, SERVICE PROVIDER shall implement the required changes immediately following negotiations on Change Order pricing and terms.
25. **Delivery Orders.** CITY may from time to time request, and SERVICE PROVIDER may propose the addition of equipment and/or services pertaining to the scope subject matter of this Agreement. Such additional, in scope equipment and/or services may be obtained via Delivery Orders in a manner consistent with the Change Order mechanism stated in Section 23 Change

Orders. Pricing shall be determined in accordance Exhibit "A"-Pricing of it not listed in Schedule "A", by mutual agreement.

26. **Rules and Regulations.** The employees of CITY and SERVICE PROVIDER shall obey all pertinent rules and regulations of the other party while on the premises of the other party, including those relating to the safeguarding of confidential or proprietary information.
27. **Return of Property/Restoration of Site.** The parties acknowledge that SERVICE PROVIDER shall retain full ownership right to all equipment used by SERVICE PROVIDER in the performance of this Agreement. SERVICE PROVIDER reserves the right to remove any and all SERVICE PROVIDER and/or subcontractor hardware (including but limited to housings, poles, and camera systems) upon discontinuance of its services in whole or in part. SERVICE PROVIDER also reserves the right to substitute any equipment in furtherance of its performance under this Agreement. Upon removal of equipment from each site, SERVICE PROVIDER shall cover any hole cavities (if SERVICE PROVIDER owned poles are removed), disconnect any wiring as appropriate, and return the approach/direction to its original condition.
28. **Waiver.** All waivers of the provisions of this Agreement must be in writing by the appropriate authorities of the CITY and SERVICE PROVIDER.
29. **California Law.** This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the central branch of the Orange County Superior Court.
30. **Interpretation.** This Agreement shall be interpreted as though prepared by both parties.
31. **Preservation of Agreement.** Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.
32. **Default and Termination.**
 - a) Failure or delay by any party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with reasonable diligence and during any period of curing shall not be in default.
 - b) In addition, the City reserves the right to unilaterally terminate the Agreement without cause and without any liability owed to SERVICE PROVIDER at any time in the event that the digital red light traffic enforcement program authorized under State law is in

some manner declared legally deficient by any court of law, or otherwise repealed by the state legislature.

33. **Assignment.** Neither party may assign all or any portion of this Agreement without prior written consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, the CITY hereby acknowledges and agrees that the execution (as outlined in Exhibit B), delivery and performance of SERVICE PROVIDER's rights pursuant to this Agreement shall require a significant investment by SERVICE PROVIDER, and that in order to finance such investment, SERVICE PROVIDER may be required to enter into certain agreements or arrangements ("Financing Transactions") with equipment lessors, banks, financial institutions or other similar persons or entities (each a "Financial Institution" and collectively, "Financial Institutions"). The CITY hereby agrees that SERVICE PROVIDER shall have the right to assign, pledge, hypothecate or otherwise transfer ("Transfer") its rights, or any of them, under this Agreement to any Financial Institution in connection with any Financing Transaction between SERVICE PROVIDER and any such Financial Institution, subject to the CITY's prior written approval, which approval shall not be unreasonably withheld or delayed. The CITY further acknowledges and agrees that in the event that SERVICE PROVIDER provides written notice to the CITY that it intends to Transfer all or any of SERVICE PROVIDER's rights pursuant to this Agreement, and in the event that the CITY fails to provide such approval or fails to object to such Transfer within ten (10) business days after its receipt of such notice from Redlfex, for the purposes of this Agreement, the CITY shall be deemed to have consented to and approved such Transfer by SERVICE PROVIDER. Notwithstanding the above, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto, and their respective successors or assigns.

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

(Signature block on next page)

Dated: 3/14/07, 2007

**"CITY"
CITY OF GARDEN GROVE**

By: [Signature]
City Manager

ATTEST

[Signature]
City Clerk

Dated: March 13, 2007

**"SERVICE PROVIDER"
NAME OF SERVICE PROVIDER**

By: Karen Jenly

Title: President and CEO

Dated: February 7, 2007

APPROVED AS TO FORM:

Omar Sandoval for
Garden Grove City Attorney

Dated: _____, 2007

EXHIBIT A

COMPENSATION & PRICING

Terms

A Fixed Fee of \$2900.00 Per Month Per Approach for the existing fourteen (14) approaches installed prior to the execution of this agreement.

Fixed Fee of \$6,030.00 Per Month Per Designated Intersection Approach constructed after the execution of the agreement, as full remuneration for performing all of the services contemplated in this Agreement. The fixed fee for each Designated Intersection Approach shall commence upon the date that Designated Intersection Approach is first determined to have a functioning approach and be operational in accordance with Section 3.2 of the agreement.

Implementation

The customer agrees to approve the implementation of a minimum of five (5) new intersection approaches within the first six months following the execution of this agreement at intersection approaches mutually agreed upon by the Customer and Redflex.

The fee paid to Redflex Traffic Systems under this contract are for a full turnkey program, inclusive of all hardware, software, and support services required to implement and maintain a functional photo enforcement program. Including but not limited to a program and process by which the monitoring, identification and enforcement of Violations is facilitated by the use of certain equipment, applications and back office processes of Redflex, including but not limited to cameras, flashes, central processing units, signal controller interfaces and detectors (whether loop, radar or video loop) which, collectively, are capable of measuring Violations and recording such Violation data in the form of photographic images of motor vehicles and/or their drivers. Redflex Traffic Systems shall have and maintain a valid California contractor's license prior to the installation of equipment or facilities, and shall use California licensed subcontractors. Services include Training Services, Citation Processing, Expert Witness, and System Maintenance.

BUSINESS ASSUMPTIONS FOR ALL PRICING OPTIONS:

1. Each year the pricing will increase by the Consumer Price Index ("CPI"), as published by the Bureau of Labor Statistics for the United States Department of Labor. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the

same result as would be obtained if the Index had not been discontinued or revised. Any increase in compensation, other than as provided in the Agreement, shall be limited to the aforementioned CPI increase.

Exhibit B

FORM OF ACKNOWLEDGMENT AND CONSENT

This Acknowledgement and Consent, dated as of _____, 2007, is entered into by and between the City of Garden Grove (the "City") and Redflex Traffic Systems, Inc., ("Redflex"), with reference to the Agreement for Photo Red Light Enforcement Program, dated as of _____, by and between the City and Redflex (the "Agreement").

1. Redflex has entered into a Credit Agreement, dated as of August 3, 2004 (the "Harris-Redflex Credit Agreement"), with Harris Trust and Savings Bank (the "Bank"), pursuant to which the Bank has provided certain working capital credit facilities to Redflex. Such credit facilities will provide Redflex the working capital that it needs to perform its obligations to the City under the Agreement.

2. Pursuant to the Harris-Redflex Credit Agreement, Redflex has granted Harris a security interest in all of Redflex's personal property as collateral for the payment and performance of Redflex's obligations to the Bank under the Harris-Redflex Credit Agreement. Such security interest applies to and covers all of Redflex's contract rights, including, without limitation, all of Redflex's rights and interests under the Agreement.

3. Redflex will not, by virtue of the Harris-Redflex Credit Agreement, be relieved of any liability or obligation under the Agreement, and the Bank has not assumed any liability or obligation of Redflex under the Agreement.

4. The City hereby acknowledges notice of, and consents to, Redflex's grant of such security interest in favor of the Bank in all of Redflex's rights and interests under the Agreement pursuant to the Harris-Redflex Credit Agreement.

5. The City further acknowledges and agrees that this Acknowledgement and Consent shall be binding upon the City and shall inure to the benefit of the successors and assigns of the Bank and to any replacement lender which refinances Redflex's obligations to the Bank under the Harris-Redflex Credit Agreement.

IN WITNESS WHEREOF, the City and Redflex have caused this Acknowledgement and Consent to be executed by their respective duly authorized and elected officers as of the date first above written.

Dated: _____, 2007

"CITY"
CITY OF GARDEN GROVE

By: _____
City Manager

ATTEST

City Clerk

Dated: _____, 2007

"SERVICE PROVIDER"
NAME OF SERVICE PROVIDER

By: _____

Title: _____

Dated: _____, 2007

APPROVED AS TO FORM:

Garden Grove City Attorney

Dated: _____, 2007

EXHIBIT C

Scope of Services

1. SERVICES. Redflex shall provide the Redlight Photo Enforcement Program to the Customer with respect to the Designated Intersection Approaches, in each case in accordance with the terms and provisions set forth in this Agreement.

a. INSTALLATION. With respect to the construction of the Designated Intersection Approaches and the installation of the Redflex System at such Designated Intersection Approaches, the Customer and Redflex shall have the respective rights and obligations set forth herein and in the Professional Services Agreement to which this Exhibit C is attached.

b. MAINTENANCE. With respect to the maintenance of the Redflex System at the Designated Intersection Approaches, the Customer and Redflex shall have the respective rights and obligations set forth herein.

c. VIOLATION PROCESSING. Violations shall be processed as follows:

- i. All Violations Data shall be stored on the Redflex System;
- ii. The Redflex System shall process Violations Data gathered from the Designated Intersection Approaches into a format capable of review by the Authorized Officer via the Redflex System;
- iii. The Redflex System shall be accessible by the Authorized Officer through a virtual private network in encrypted format by use of a confidential password on any computer equipped with a high-speed internet connection and a web browser;
- iv. Redflex shall provide the Authorized Officer with access to the Redflex System for the purposes of reviewing the pre-processed Violations Data within six (6) days of the gathering of the Violation Data from the applicable Designated Intersection Approach;
- v. The Customer shall cause the Authorized Officer to review the Violations Data and to determine whether a citation shall be issued with respect to each Potential Violation captured within such Violation Data, and transmit each such determination in the form of an Electronic Signature to Redflex using the software or other applications or procedures provided by- Redflex on the Redflex System for such purpose, and REDFLEX HEREBY ACKNOWLEDGES AND AGREES THAT THE DECISION TO ISSUE A CITATION SHALL BE THE SOLE, UNILATERAL AND EXCLUSIVE DECISION OF THE AUTHORIZED OFFICER AND SHALL BE MADE IN SUCH AUTHORIZED OFFICER'S SOLE DISCRETION (A "CITATION DECISION"), AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORIZATION TO MAKE A CITATION DECISION;

- vi. With respect to each Authorized Violation, Redflex shall print and mail a Citation within five (5) days after Redflex's receipt of such authorization; provided, however, during the Warning Period, warning violation notices shall be issued in respect of all Authorized Violations;
- vii. Redflex shall provide a toll-free telephone number for the purposes of answering citizen inquiries, responding to complaints and scheduling appointments during which recipients of Citations may view the applicable Violations Data, and Redflex shall provide necessary personnel for such purpose;
- viii. Redflex shall permit the Authorized Officer to generate monthly reports using the Redflex Standard Report System.
- ix. Upon Redflex's receipt of a written request from the Customer and in addition to the Standard Reports, Redflex shall provide, without cost to the Customer, reports regarding the processing and issuance of Citations, the maintenance and downtime records of the Designated Intersection Approaches and the functionality of the Redflex System with respect thereto to the Customer in such format and *for* such periods as the Customer may reasonably request; provided, however, Redflex shall not be obligated to provide in excess of six (6) such reports in any given twelve (12) month period without cost to the Customer;
- x. Upon the Customer's receipt of a written request from Redflex, the Customer shall provide, without cost to Redflex, reports regarding the prosecution of Citations and the collection of fines, fees and other monies in respect thereof in such format and *for* such periods as Redflex may reasonably request; provided, however, the Customer shall not be obligated to provide in excess of six (6) such reports in any given twelve (12) month period without cost to Redflex;
- xi. During the three (3) month period following the Installation Date and upon Redflex's receipt of a written request from the Customer at least fourteen (14) calendar days in advance of court proceeding, Redflex shall provide expert witnesses *for* use by the Customer in prosecuting Violations; provided, however, the Customer shall use reasonable best efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses; and
- xii. During the three (3) month period following the Installation Date, Redflex shall provide such training to police personnel as shall be reasonably necessary in order to allow such personnel to act as expert witnesses on behalf of the Customer with respect to the Redlight Enforcement Program.

2. Designated Intersection Approaches: The contract is for the implementation or continued implementation of up to twenty-five (25) intersection approaches, including fourteen (14) existing intersection approaches, five (5) new intersection approaches to be installed in accordance with the schedule set forth in Exhibit A, and, at City's discretion, up to six (6) additional intersection approaches installed thereafter. Identification of enforced intersections will be based on mutual agreement between Redflex and the City as warranted by community safety and traffic needs.

3. Construction Obligations & Timelines. Timeframe for Installation. Redflex will have each specified intersection installed and activated in phases in accordance with an implementation plan to be mutually agreed to by Redflex Traffic Systems and the Municipality. Redflex will use reasonable commercial efforts to install the system in accordance with the schedule set forth in the implementation plan that will be formalized upon project commencement. Redflex shall have and maintain a valid California contractor's license prior to the installation of systems, and shall utilize subcontractors licensed by the State of California. Redflex will use reasonable commercial efforts to install and activate the first specified intersection within the first ninety (90) days subsequent to formal project kick-off. The Municipality agrees that the estimated timeframe for installation and activation are subject to conditions beyond the control of Redflex and are not guaranteed.

a. Redflex Obligations. Redflex shall do or cause to be done each of the following (in each case, unless otherwise stated below, at Redflex's sole expense):

- i. Appoint the Redflex Project Manager and a project implementation team consisting of between one (1) and four (4) people to assist the Redflex Project Manager;
- ii. Request current "as-built" electronic engineering drawings for the Designated Intersection Approaches (the "Drawings") from the city traffic engineer;
- iii. Develop and submit to the Customer for approval construction and installation specifications in reasonable detail for the Designated Intersection Approaches, including but not limited to specifications for all radar sensors, pavement loops, electrical connections and traffic controller connections, as required; and
- iv. Seek approval from the relevant Governmental Authorities having authority or jurisdiction over the construction and installation specifications for the Designated Intersection Approaches (collectively, the "Approvals"), which will include compliance with City permit applications.

- v. Finalize the acquisition of the Approvals;
- vi. Complete the installation and testing of all necessary Equipment, including hardware and software, at the Designated Intersection Approaches (under the supervision of the Customer);
- vii. Cause an electrical sub-contractor to complete all reasonably necessary electrical work at the Designated Intersection Approaches, including but not limited to the installation of all related Equipment and other detection sensors, poles, cabling, telecommunications equipment and wiring, which work shall be performed in compliance with all applicable local, state and federal laws and regulations;
- viii. Install and test the functionality of the Designated Intersection Approaches with the Redflex System and establish fully operational Violation processing capability with the Redflex System;
- ix. Implement the use of the Redflex System at each of the Designated Intersection Approaches;
- x. Deliver the Materials to the Customer; and
- xi. Redflex shall comply with Customer-developed guidelines for processing and storage of confidential information as those guidelines may be revised from time to time; and
- xii. In order to ensure that Customer maintains overall control and supervision of the system, Redflex shall maintain records of the following services, and shall deliver quarterly reports to Customer summarizing: (A) regular inspections of the equipment; and (B) certification of proper installation and calibration, and operation of equipment.

b. CUSTOMER OBLIGATIONS. The Customer shall do or cause to be done each of the following (in each case, unless otherwise stated below, at Customer's sole expense):

- i. Appoint the Police Project Manager;
- ii. Assist Redflex in obtaining the Drawings from the relevant Governmental Authorities;
- iii. Notify Redflex of any specific requirements relating to the construction and installation of any Intersection Approaches or the implementation of the Redlight Photo Enforcement Program;
- iv. Provide reasonable access to the Customer's properties and facilities in order to permit Redflex to install and test the functionality of the Designated Intersection Approaches and the Redlight Photo Enforcement Program;

- v. Provide reasonable access to the personnel of the Customer and reasonable information about the specific operational requirements of such personnel for the purposes of performing training;
- vi. Maintenance. All repair and maintenance of camera systems and related equipment will be the sole responsibility of Redflex, including but not limited to maintaining the casings of the cameras included in the Redflex System and all other Equipment in reasonably clean and graffiti-free condition.
- vii. Redflex shall not open the Traffic Signal Controller Boxes without a representative of city Traffic Engineering present.
- viii. The provision of all necessary electrical services to the Designated Intersection Approaches will be the sole responsibility of the Customer.
- ix. In the event that images of a quality suitable for the Authorized Officer to identify Violations cannot be reasonably obtained without the use of flash units, Redflex shall provide and install such flash units.
- x. The Redflex Project Manager (or a reasonable alternate) shall be available to the Police Project Manager each day, on a reasonable best efforts basis.

4. Business Assumptions.

- a. Redflex construction can utilize existing conduit for installation where space is available. Where it is determined by both parties that additional conduit is necessary, cost and access for use of such additional conduit shall be equally shared by Redflex and the Customer. Any such additional conduit shall become the exclusive property of the Customer upon termination of this Agreement.
- b. The Customer agrees to pay RTS within thirty (30) days after the invoice is received. A monthly late fee of 1.5% is payable for payments past due 60 days.
- c. Prices do not include supply of power and supply of DSL, cable or other broadband services. The Customer shall be solely responsible for power and communication infrastructure.
- d. Each year the pricing will increase by the CPI. CPI will be derived from the publication of the U.S. Department of Labor Consumer Price Index for U.S. City average. The index to be used is the 'West A'. (1,500,000 residents or more)
- e. If the City Fine allocation increases, Redflex will garner a pricing increase in direct proportion to the fine increase.

5. Additional Rights & Obligations - Redflex and the Customer shall respectively have the additional rights and obligations set forth below:

- a. Redflex shall assist the Customer in public information and education efforts
- b. The Customer shall be solely responsible for the fabrication of any signage, notices or other postings required pursuant to any law, rule or regulation of any Governmental Authority ("Signage"), including but not limited to the California Vehicle Code, and shall assist in determining the placement of such Signage, and the Customer hereby acknowledges and agrees that the Customer shall be solely responsible for installing such Signage.
- c. The Customer shall be solely responsible for the installation of LED lights at enforced intersections.
- d. The Redflex Project Manager (or reasonable alternate) and the City's Project Manager shall meet on a weekly basis during the period commencing as of the date of execution hereof and ending on the Installation Date, and on a monthly basis for the remainder of the Term, at such times and places as the Redflex Manager and the Customer Manager shall mutually agree.
- e. The Customer shall not access the Redflex System or use the Redlight Photo Enforcement Program in any manner other than prescribe by law and which restricts or inhibits any other Person from using the Redflex System or the Redflex Photo Enforcement Program with respect to any Intersection Approaches constructed or maintained by Redflex for such Person, or which could damage, disable, impair or overburden the Redflex System or the Redflex Photo Enforcement Program, and the Customer shall not attempt to gain unauthorized access to (i) any account of any other Person, (ii) any computer systems or networks connected to the Redflex System, or (iii) any materials or information not intentionally made available by Redflex to the Customer by means of hacking, password mining or any other method whatsoever, nor shall the Customer cause any other Person to do any of the foregoing.
- f. The Customer shall maintain the confidentiality of any username, password or other process or device for accessing the Redflex System or using the Redlight Photo Enforcement Program.
- g. Each of Redflex and the Customer shall advise each other in writing with respect to any applicable rules or regulations governing the conduct of the other on or with

respect to the property of such other party, including but not limited to rules and regulations relating to the safeguarding of confidential or proprietary information, and when so advised, each of Redflex and the Customer shall obey any and all such rules and regulations.

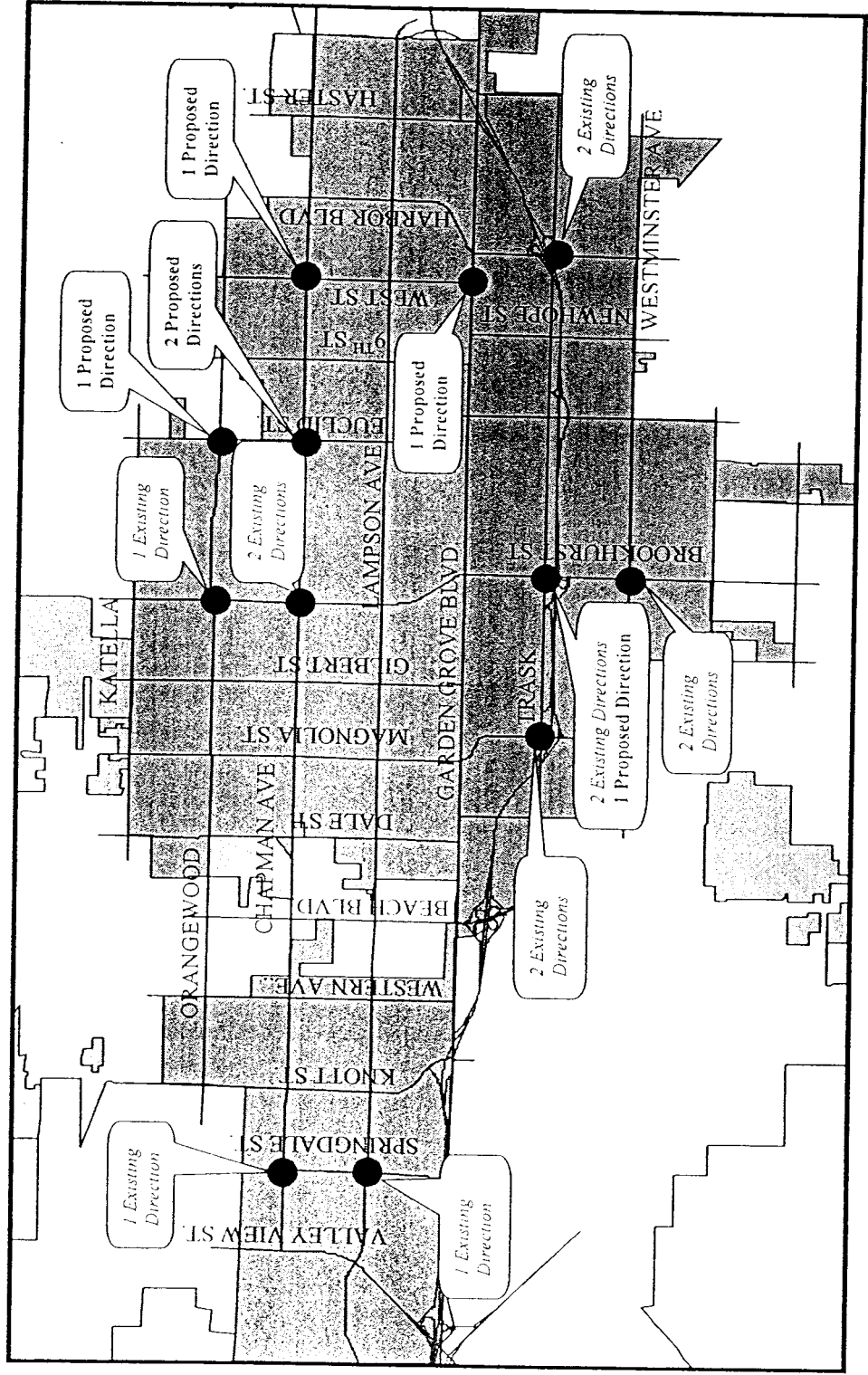
h. The Customer shall promptly reimburse Redflex for the cost of repairing or replacing any portion of the Redflex System, or any property or equipment related thereto, damaged directly or indirectly by the Customer, or any of its employees, contractors or agents.

EXHIBIT D

IDENTIFICATION OF FOURTEEN EXISTING APPROACHES
BY DIRECTION AND TURN ON DATES

Valley View / Lampson	SB	10/05/04
Brookhurst / Trask	EBLT	12/31/03
Trask / Brookhurst	WBLT	12/31/03
Brookhurst / Chapman	SB Straight	01/01/04
Chapman / Brookhurst	WBLT	01/01/04
Trask / Magnolia	WBLT	01/14/04
Magnolia / Trask	EBLT	01/08/04
Trask / Harbor	SBLT	02/23/04
Harbor / Trask	EB THRU	02/20/04
Brookhurst / Westminster	SB THRU	07/99
Westminster / Brookhurst	NB THRU	07/99
Valley View / Chapman	NB/ SB	5/26/05
Brookhurst / Orangewood	NB	7/01/05

EXISTING AND PROPOSED RED LIGHT CAMERA ENFORCEMENT LOCATION MAP



ACORD CERTIFICATE OF LIABILITY INSURANCE

CSR KM
REDFL-1

DATE (MM/DD/YYYY)
03/14/07

PRODUCER
Crist Elliott Machette Ins.
License #OB17224
2201 Broadway, Suite 725
Oakland CA 94612 *Karcomills K118*
Phone: 510-832-8000 Fax: 510-832-5054

INSURED

Redflex Traffic Systems, Inc.
15020 N. 74th St.
Scottsdale AZ 85260

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

INSURERS AFFORDING COVERAGE NAIC #

INSURER A Continental Casualty Company *AXV*

INSURER B Continental Insurance *AXV*

INSURER C AMERICAN *name Assurances* INTERNATIONAL GROUP *AXV*

INSURER D Lloyds of London Insurance *AXV*

INSURER E Travelers Casualty & Surety Co *A+XV*

COVERAGES

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

INSR ADD'L LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
GENERAL LIABILITY						
A	X	COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR	2092673062	03/15/07	03/15/08	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/PROP AGG \$ 2,000,000 Emp Ben. 1,000,000
X Empl Benefits Lia GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT X LOC						
AUTOMOBILE LIABILITY						
B	X	ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	2092673059	03/15/07	03/15/08	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	X	Comp-\$1000 ded				
B	X	Coll-\$1000 ded				
GARAGE LIABILITY						
ANY AUTO AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC \$ AGG \$						
EXCESS/UMBRELLA LIABILITY						
A	X	OCCUR CLAIMS MADE DEDUCTIBLE X RETENTION \$10,000	2092673045	03/15/07	03/15/08	EACH OCCURRENCE \$ 19,000,000 AGGREGATE \$ 19,000,000 \$ \$ \$
WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						
C		ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	WC9689300 (CA) WC9689229 (ALL OTHER STS)	05/01/06	05/01/07	X WC STATUTORY LIMITS OTH-ER E L EACH ACCIDENT \$ 1000000 E L DISEASE - EA EMPLOYEE \$ 1000000 E L DISEASE - POLICY LIMIT \$ 1000000
OTHER						
D		Errors&Omissions& Cyberliability	SP000320B	03/15/07	03/15/08	E&O 2,000,000 Deductibl 35,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Reviewed and approved as to insurance language and/or requirements.
Fam Valentine 4/16/07
Risk Management

Certificate holder is added as an Additional Insured as respects to Liability coverages as their interests may appear per attached form.

CERTIFICATE HOLDER

CITYGAR

City of Garden Grove
Attn: George Allen
City Traffic Engineer
11222 Acacia Pkwy.
Garden Grove CA 92842

CANCELLATION

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

AUTHORIZED REPRESENTATIVE
Robert Mamone

NOTEPAD:

INSURED'S NAME Redflex Traffic Systems, Inc.

REDFL-1

CSR KM

PAGE 2

DATE 03/14/07

Certificate holder is also included as an insured on a primary basis as respects auto liability coverage per policy wording.

(Company A) 2092673062 3/15/07 to 03/15/08

Installation Floater: \$1,000,000 Limit Per Occurrence
\$250,000 Limit Per Jobsite
\$10,000 Deductible

Valuable Papers & Records including Cost of Research: Included in Blanket
Business Personal Property limit of \$940,000. Deductible: \$5,000

(Company E) 104861759 12/22/06 to 12/22/07

Third Party Fidelity: \$300,000 limit per claim
\$ 5,000 deductible/claim



IMPORTANT: THIS ENDORSEMENT CONTAINS DUTIES THAT APPLY TO THE ADDITIONAL INSURED IN THE EVENT OF OCCURRENCE, OFFENSE, CLAIM OR SUIT. SEE PARAGRAPH C.1. OF THIS ENDORSEMENT FOR THESE DUTIES.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONTRACTOR'S SCHEDULED AND BLANKET ADDITIONAL INSURED ENDORSEMENT WITH PRODUCTS-COMPLETED OPERATIONS COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Person or Organization: Designated Project:

City of Garden Grove, CA, its agents, representatives, officers, directors and employees
PROJECT: SMARTCAM DIGITAL RED LIGHT TRAFFIC ENFORCEMENT CAMERAS

(Coverage under this endorsement is not affected by an entry or lack of entry in the Schedule above.)

- A. **WHO IS AN INSURED (Section II)** is amended to include as an insured any person or organization, including any person or organization shown in the schedule above, (called additional insured) whom you are required to add as an additional insured on this policy under a written contract or written agreement; but the written contract or written agreement must be:
 - 1. Currently in effect or becoming effective during the term of this policy; and
 - 2. Executed prior to the "bodily injury," "property damage," or "personal and advertising injury".
- B. The insurance provided to the additional insured is limited as follows:
 - 1. That person or organization is an additional insured solely for liability due to your negligence specifically resulting from "your work" for the additional insured which is the subject of the written contract or written agreement. No coverage applies to liability resulting from the sole negligence of the additional insured.
 - 2. The Limits of Insurance applicable to the additional insured are those specified in the written contract or written agreement or in the Declarations of this policy, whichever is less. These Limits of Insurance are inclusive of, and not in addition to, the Limits of Insurance shown in the Declarations.
- 3. The coverage provided to the additional insured by this endorsement and paragraph f. of the definition of "insured contract" under **DEFINITIONS (Section V)** do not apply to "bodily injury" or "property damage" arising out of the "products-completed operations hazard" unless required by the written contract or written agreement.
- 4. The insurance provided to the additional insured does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of an architect's, engineer's, or surveyor's rendering of or failure to render any professional services including:
 - a. The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - b. Supervisory, or inspection activities performed as part of any related architectural or engineering activities.
- C. As respects the coverage provided under this endorsement, **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** are amended as follows:

Pam Valentine 4/16/07
Risk Management

1. The following is added to the Duties In The Event of Occurrence, Offense, Claim or Suit Condition:

e. An additional insured under this endorsement will as soon as practicable:

- (1) Give written notice of an occurrence or an offense to us which may result in a claim or "suit" under this insurance;
- (2) Tender the defense and indemnity of any claim or "suit" to any other insurer which also has insurance for a loss we cover under this Coverage Part; and
- (3) Agree to make available any other insurance which the additional insured has for a loss we cover under this Coverage Part.

f. We have no duty to defend or indemnify an additional insured under this endorsement until we receive written notice of a claim or "suit" from the additional insured.

2. Paragraph 4.b. of the Other Insurance Condition is deleted and replaced with the following:

4. Other Insurance

b. Excess Insurance

This insurance is excess over any other insurance naming the additional insured as an insured whether primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance be either primary or primary and noncontributing.

Reviewed and approved as to Insurance language
and/or requirements.
Sam Valentine 4/16/07
Risk Management



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**CHANGES – NOTICE OF CANCELLATION
OR MATERIAL COVERAGE CHANGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

In the event of cancellation or material change that reduces or restricts the insurance afforded by this Coverage Part (other than the reduction of aggregate limits through payment of claims), we agree to mail prior written notice of cancellation or material change to:

SCHEDULE

1. Number of days advance notice: 30
2. Name: City of Garden Grove
3. Address: 11222 Acacia Prwy, Garden Grove, CA 92842

Reviewed and approved as to insurance language
and/or requirements.

Pam Valentine 4/16/07
Risk Management

BROKER COG		BROKER L.P.S.O. No 738		CURRENCY INSD		GROSS PREMIUM IN ALL MARINE WAR	
ATTACHING TO POLICY NO SP000320B			ENDORSEMENT REF 02		TOTAL		
REGISTRATION			V A T	T O C TRIBUNAL		LLOYD'S	
SERIAL	BINDING AUTHORITY REG No & DATE		SETT DUE DATE	DEF	ADJ	I.L.U.	
						LIRMA	
ASSURED/ACCOUNT Redflex Traffic Systems Inc			LEADING UWR		OTHER COMPANIES		

Endorsement No: 02
Tracking No: 87624

It is hereby noted and agreed that with effect from 15th March 2007, Underwriters agree to give 30 days Notice of Cancellation of Policy SP000320B, to the following entity.

The City of Garden Grove
11222 Acacia Parkway
Garden Grove
California, 92842

All other terms, clauses and conditions remain unaltered.

INITIAL							
SYND/COY							
L.P.S.O. NUMBER AND DATE				I.L.U. NUMBER AND DATE			
				L.I.R.M.A. NUMBER AND DATE			
PLANNED SETTLEMENT DATE:							

Reviewed and approved as to insurance language
and/or conditions.

Pam Valentine 4/17/07
Risk Management

ACORD CERTIFICATE OF LIABILITY INSURANCE

CSR KM
REDFL-1

DATE (MM/DD/YYYY)
05/08/06

PRODUCER
Crist Elliott Machette Ins.
License #OB17224
2201 Broadway, Suite 725
Oakland CA 94612
Phone: 510-832-8000 Fax: 510-832-5054

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

INSURED

Redflex Traffic Systems, Inc.
15020 N. 74th St.
Scottsdale AZ 85260

INSURERS AFFORDING COVERAGE		NAIC #
INSURER A	Zurich NA AXV	
INSURER B	Texas Workers Compensation <i>EMM</i>	
INSURER C	Admiral Insurance Company AXV	
INSURER D	State Compensation Fund NR-4	
INSURER E	FIREMAN'S FUND INS. COS. AXV	21873

COVERAGES

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

INSR ADD'L	LTR	INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	X	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS MADE <input checked="" type="checkbox"/> OCCUR X Empl Benefits Lia GEN'L AGGREGATE LIMIT APPLIES PER POLICY <input checked="" type="checkbox"/> PRO. <input type="checkbox"/> JECT <input type="checkbox"/> LOC.	CPO 370334100	03/15/05	03/15/06	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. 1,000,000
A		X	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	CPO 370334100	03/15/05	03/15/06	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
			GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY EA ACC \$ AGG \$
A		X	EXCESS/UMBRELLA LIABILITY OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE X RETENTION \$ 10,000	UMB534493500	03/15/05	03/15/06	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$ \$ \$
C		D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	SBP0001154838 (TX) 157341806 (CA)	02/07/05 02/06/05	02/07/06 02/06/06	X WC STATU- TORY LIMITS <input type="checkbox"/> OTH- ER <input type="checkbox"/> E L EACH ACCIDENT \$ 1000000 E L DISEASE - EA EMPLOYEE \$ 1000000 E L DISEASE - POLICY LIMIT \$ 1000000
C			OTHER Errors & Omissions	E000000224002	05/26/05	05/26/06	Limit/clm 2,000,000 Ded 2,500/clm

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder is added as an Additional Insured as respects to Liability coverages as their interests may appear per attached form.

Reviewed and approved as to insurance language and/or requirements.

Pam Valentine 6/13/06

CERTIFICATE HOLDER

CANCELLATION

Risk Management

CITYGAR
City of Garden Grove
Attn: George Allen
City Traffic Engineer
11222 Acacia Pkwy.
Garden Grove CA 92842

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

AUTHORIZED REPRESENTATIVE

Robert J. Manone

NOTEPAD

INSURED'S NAME Reflex Traffic Systems, Inc

REDEL-1
CSR: KM

PAGE 2
DATE 05/08/06

(E) EXCESS LIABILITY POLICY # XTM00077066702 \$9,000,000 EXCESS OVER
ZURICH'S \$11,000,000 FOR A TOTAL OF \$20,000,000
EFFECTIVE 10/26/05 TO 3/15/06



ZURICH

Policy No.	Eff. Date of Pol	Exp. Date of Pol	Eff. Date of End	Producer	Add'l. Prem	Return Prem.
CPO370334100	03/15/05	03/15/06	03/15/05		\$n/a	\$n/a

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:
Commercial General Liability Coverage Part

SCHEDULE

Name of Person or Organization

City of Garden Grove, CA

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A. **WHO IS AN INSURED (Section II)** is amended to include as an insured the person or organization shown in the **SCHEDULE** above whom you are required to add as an additional insured on this policy under a written contract or written agreement.
- B. The insurance provided to the additional insured applies only to "bodily injury", "property damage" or "personal and advertising injury" covered under **Section I, Coverage A, BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and **Coverage B, PERSONAL AND ADVERTISING INJURY LIABILITY**, but only if:
 - 1. The "bodily injury" or "property damage" results from your negligence; and
 - 2. The "bodily injury", "property damage" or "personal and advertising injury" results directly from:
 - a. Your ongoing operations; or
 - b. "Your work" completed as included in the "products-completed operations hazard", performed for the additional insured, which is the subject of the written contract or written agreement.
- C. However, regardless of the provisions of paragraphs **A.** and **B.** above:
 - 1. We will not extend any insurance coverage to the additional insured person or organization:
 - a. That is not provided to you in this policy; or
 - b. That is any broader coverage than you are required to provide to the additional insured person or organization in the written contract or written agreement; and
 - 2. We will not provide Limits of Insurance to the additional insured person or organization that exceed the lower of:
 - a. The Limits of Insurance provided to you in this policy; or The Limits of Insurance you are required to provide in the written contract or written agreement.
- D. The insurance provided to the additional insured does not apply to:
 - 1. "Bodily injury", "property damage" or "personal and advertising injury" that results solely from negligence of the additional insured; or,
 - 2. "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering or failure to render any professional architectural, engineering or surveying services including:
 - a. The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
 - b. Supervisory, inspection, architectural or engineering activities.
- E. The additional insured must see to it that:
 - 1. We are notified as soon as practicable of an "occurrence" or offense that may result in a claim;
 - 2. We receive written notice of a claim or "suit" as soon as practicable; and
 - 3. A request for defense and indemnity of the claim or "suit" will promptly be brought against any policy issued by another insurer under which the additional insured also has rights as an insured or additional insured.
- F. The insurance provided by this endorsement is primary insurance and we will not seek contribution from any other insurance available to the person or organization shown in the Schedule unless the other insurance is provided by a

Reviewed and approved as to insurance language and/or requirements.

Pam Valentine 6/13/06
Risk Management

contractor other than you for the same operations and job location. Then we will share with that other insurance by the method described in paragraph 4.c. of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Any provisions in this Coverage Part not changed by the terms and conditions of this endorsement continue to apply as written.

ACORD CERTIFICATE OF LIABILITY INSURANCE

CSR KM
REDFL-1

DATE (MM/DD/YYYY)
03/09/06

PRODUCER
Crist Elliott Machette Ins.
License #OB17224
2201 Broadway, Suite 725
Oakland CA 94612
Phone: 510-832-8000 Fax: 510-832-5054

INSURED

Redflex Traffic Systems, Inc.
15020 N. 74th St
Scottsdale AZ 85260

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INSURERS AFFORDING COVERAGE		NAIC #
INSURER A	ZURICH, NA	
INSURER B	State Compensation Fund	
INSURER C	FIREMAN'S FUND INS. COS.	21873
INSURER D	Admiral Insurance Company	
INSURER E		

COVERAGES

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

INSR ADD'L	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Empl Benefits Lia GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	CPO370334101	03/15/06	03/15/07	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 Emp Ben. 1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	CPO370334101	03/15/06	03/15/07	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY AGG \$
A	EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	UMB534574801	03/15/06	03/15/07	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 ExcessUMB \$ see below
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	157341806 (CA)	02/06/06	02/06/07	<input checked="" type="checkbox"/> WC STATUTORY LIMITS E.L. EACH ACCIDENT \$ 1000000 E.L. DISEASE - EA EMPLOYEE \$ 1000000 E.L. DISEASE - POLICY LIMIT \$ 1000000
D	OTHER Errors & Omissions	EO00000224002	05/26/05	05/26/06	Limit/clm 2,000,000 Ded/clm 2,500

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

(C) SHX00069302131 3/15/06 TO 3/15/07 \$9,000,000 xs liability
 Certificate holder is added as an Additional Insured as respects to Liability coverages as their interests may appear per attached form.

Reviewed and approved as to insurance language and/or requirements.
Sam Valentin 6/13/06
 Risk Management

CERTIFICATE HOLDER

CITYGAR
 City of Garden Grove
 Attn: George Allen
 City Traffic Engineer
 11222 Acacia Pkwy.
 Garden Grove CA 92842

CANCELLATION

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

AUTHORIZED REPRESENTATIVE
Robert Manone



ZURICH

Policy No	Eff. Date of Pol	Exp. Date of Pol	Eff. Date of End	Producer	Add'l Prem	Retum Prem
CPO370334101	03 15 06	03 15 07	03 15 06		\$n a	\$n a

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:
Commercial General Liability Coverage Part

SCHEDULE

Name of Person or Organization

City of Garden Grove, CA

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A. WHO IS AN INSURED (Section II) is amended to include as an insured the person or organization shown in the SCHEDULE above...
B. The insurance provided to the additional insured applies only to "bodily injury", "property damage" or "personal and advertising injury" covered under Section I, Coverage A, BODILY INJURY AND PROPERTY DAMAGE LIABILITY and Coverage B, PERSONAL AND ADVERTISING INJURY LIABILITY...
C. However, regardless of the provisions of paragraphs A. and B. above:
D. The insurance provided to the additional insured does not apply to:
E. The additional insured must see to it that:

Reviewed and approved as to insurance language and/or requirements. Pam Valentine 6/13/06 Risk Management

F The insurance provided by this endorsement is primary insurance and we will not seek contribution from any other insurance available to the person or organization shown in the Schedule unless the other insurance is provided by a contractor other than you for the same operations and job location. Then we will share with that other insurance by the method described in paragraph 4.c of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**.

Any provisions in this Coverage Part not changed by the terms and conditions of this endorsement continue to apply as written.