

AGENDA ITEM  
12A

Date: August 30, 2020

Council Action Date: September 14, 2020

**TO:** Honorable Mayor and City Council

**FROM:** Alex D. McIntyre, City Manager  
Darin Schindler, Chief of Police

**SUBJECT:** Approve Second Extension - Redflex Traffic Systems Agreement

**SUMMARY**

On March 30, 2015, City Council approved an agreement with Redflex Traffic Systems to provide automated red-light enforcement services (Agreement 2015-022) for a period of three years (2015 – 2018) with the option of two additional two-year extensions. The first two-year extension was approved on May 7, 2018 and the proposed agreement is the final two-year extension available on the original contract.

**RECOMMENDATION**

Approve and authorize the City Manager to execute the Second Extension to the Redflex Traffic System Agreement (Agreement Number 2015-022) for two years, effective May 10, 2020 to May 9, 2022, for \$473,040 annually or \$946,080 over two years.

**DISCUSSION/ANALYSIS**

In April of 2001, the City of Ventura entered a contract with Redflex Traffic Systems (Redflex) to provide automated red-light enforcement at various City intersections. Since 2001, the City of Ventura has been under various contracts and amendments with Redflex. The latest contract between the City and Redflex was executed in March 2015. A provision within the current contract gives the City Council the option to extend the initial term of the agreement for up to two (2) additional consecutive two (2) year time periods.

There are currently eighteen Redflex camera systems throughout the City at various intersections. The purpose of the system is to increase traffic safety and reduce injury traffic collisions. Photo enforcement continues to influence positive driving behavior and awareness, as it relates explicitly to red-light violations throughout the City, not just at the camera-enforced intersections. Automated enforcement programs such as Redflex reduce the potential for prejudicial enforcement ensuring fairness.

In 2018, seven of the eighteen approaches were switched from loop detectors in the ground to a moving radar detection system that is installed on the traffic light pole. In addition, all approaches were upgraded to high definition, continuously recording cameras. The new cameras provide clearer photographs and compelling video recordings of potential violations. Aside from capturing red-light violations, the continuous recording at intersections also assist with accident and criminal investigations not associated to red-light violations.

The Threshold Speed to activate the Redflex system for photo enforcement is thirteen miles per hour. The City's Traffic Engineering Division sets the yellow phase times at each location in accordance with the California Manual on Uniform Traffic Control Devices (MUTCD) Section 4D.26 as required by the California Vehicle Code Section 21455.7. The yellow light duration is based on the results of a valid speed study as specified in the MUTCD or, lacking a valid speed study, the posted speed limit. The system is inspected annually by Public Works and maintained to ensure compliance with MUTCD standards.

A recent review of the yellow light timing at Northbank Drive and Johnson Drive revealed that the speed study for that intersection expired on September 23, 2019. The yellow light timing of 4.7 seconds at this intersection was set based on that speed study and was in compliance with the MUTCD up until the day the study expired. When the speed study expired, the timing should have been changed to 4.8 seconds based on the posted speed limit rather than the speed study as required in the MUTCD. The timing was changed to 4.8 seconds on July 30, 2020, creating a period of approximately ten months when the yellow light interval was 0.1 seconds shorter than it should have been. It's important to note that this error was an administrative error by the City and, in no way, was an operational error of the Redflex system. In addition to correcting the timing at this intersection, Public Works has reverified the yellow light timing at all other Redflex intersections with no discrepancies found. During the 10-month period when the yellow light time was shortened, 222 violations were noted at this intersection. A review of the citations issued showed that 19 citations involved a violation of less than or equal to the 0.1 second timing error. Of the 19 citations, 17 were dismissed prior to any fines being paid, and two were refunded in full.

Traffic Collisions are reported to the Statewide Integrated Traffic Records System (SWITRS). An analysis of SWITRS data shows that from 2015-2019 the annual average for traffic collisions caused by red-light violations was 62. The highest during this time period was 73 in 2015 and the lowest was 51 in 2019. These totals represent all intersections in the City of Ventura with and without cameras. While the collision averages have trended down, citywide traffic volume has increased, indicating the positive impacts of automated enforcement in influencing driving behaviors related to red-light compliance.

In 2019, a total of 43,619,972 vehicles were detected traveling through the eighteen approaches in the City equipped with Redflex cameras. Redflex processed a total of 15,799 potential red-light violations from the cameras in the City of Ventura. Of that amount, 10,673 were referred to the Traffic Unit for review. Of those referred to the Traffic Unit, 9,844 were approved for citations.

The process for issuing a citation begins once the camera system captures a potential violation. The violation is transmitted to Redflex processing staff, who verify that a quality photo/video is captured. A Ventura PD specific Procedural Manual is used by the processors to sift out any incidents that do not meet specified criteria. Some rejections include those that involve a sun glare on the driver's face, any emergency vehicle driving with lights and sirens, driver obstructions, no license plates, or a poor-quality image. Once incidents have gone through the Redflex review process, they are submitted to the Police Department's Criminal Investigative Technician (CIT) for review. The CIT reviews the clarity of the photo to identify the driver and verifies the vehicle information is correct and matches the vehicle pictured. A registration check is also completed to ensure it is current and matches the driver's name. In prior years there were two part-time professional staff who processed Redflex citations for the police department. One conducted the investigations and the other appeared in court for trials. Replacing the two positions with a full-time CIT that handles both the investigation and the courtroom testimony has provided for more expertise of the Redflex system and has enhanced the efficiency and effectiveness of the overall process.

A citation for a red-light violation (automated or otherwise), California Vehicle Code Section 21453(a), carries a state mandated fine of \$490.00, of which approximately one third is allocated to the issuing authority (City of Ventura). As with other violations of the California Vehicle Code, the City of Ventura does not set or control the fine or penalty amounts. The fine, penalty, and related costs for red light violations are set by the Judicial Council of the State of California. In order to establish a standard of uniformity, the Judicial Council mandates the Penalty Assessments per statute to include: Base Fine State of California, County and Court Penalty Assessments, Criminal Surcharge and Criminal Conviction Assessments, and Court Operation and Security Fees.

The Redflex Program is budgeted in the General Fund. The revenue received from the Redflex Program pays for one Traffic Corporal position assigned to oversee the Redflex Program and one Criminal Investigative Technician who processes and investigates the violations, prepares court packets, and testifies in court. In addition, the revenue is used to pay the fixed monthly fee of \$39,420 to Redflex for the operation of the Redflex Traffic Systems.

In FY 2018-2019, the total revenue collected by the Courts from Redflex issued citations was \$1,758,819, which resulted in \$907,760 in net revenue to the City.

<b>2017-2018</b>	
Court Collected Total:	\$1,422,100
Court Collection Fees:	(\$81,792)
Gross Revenue:	\$1,340,308
Redflex Payment:	(\$473,040)
Net Revenue:	\$867,268
The revenue was used for the following:	
1 Police/Traffic Corporal:	\$201,144
Extra Help Traffic Positions:	\$65,346
Miscellaneous Expenses:	\$232
Internal Service Funds:	\$9,612
Revenue over Expenditures:	\$590,934

<b>2018-2019</b>	
Court Collected Total:	\$1,758,819
Court Collection Fees:	(\$97,399)
Gross Revenue:	\$1,661,420
Redflex Payment:	(\$473,040)
Net Revenue:	\$1,188,380
The revenue was used for the following:	
1 Police/Traffic Corporal:	\$203,865
Extra Help Traffic Positions:	\$66,766
Miscellaneous Expenses:	\$377
Internal Service Funds:	\$9,612
Revenue over Expenditures:	\$907,760

### **FINANCIAL IMPACT**

The tables above display the net revenue generated from this agreement over the last two completed fiscal years. For fiscal year FY 2019 - 2020, revenue exceeded the total cost of operating the program. Funds are available in the FY 2020 – 2021 Police Department budget for this extension. For each year of the agreement extension, \$473,040 is requested.

<b>REQUESTED ACTION: Redflex Contract Agreement</b>				
<b>TOTAL ESTIMATED COST:</b>		<b>\$ 946,080</b>		
<b>FUND</b>	<b>DEPARTMENT</b>	<b>PROJECT</b>	<b>AMOUNT</b>	<b>BUDGET</b>
General (01)	Police	43205-Year 1	\$ 473,040	Yes
General (01)	Police	43205 -Year 2	\$ 473,040	Yes*
<b>TOTAL FUNDED:</b>			<b>\$ 946,080</b>	

\* To be programmed in FY 2021-22 budget

### **ALTERNATIVES**

Council could decide not to accept the recommendation to extend the contract. Traffic collisions and related injuries could increase without the Redflex system in operation. This would also result in the loss of annual revenue that currently provides funding for a Police Traffic Corporal and a Criminal Investigative Technician that oversee and administer the Redflex Program.

Prepared by: Rick Murray, Commander

### **ATTACHMENTS:**

- A Second Extension to the Redflex Agreement
- B First Extension to the Redflex Agreement
- C Redflex Agreement

# ATTACHMENT A

## SECOND EXTENSION TO EXCLUSIVE AGREEMENT NO. 2015-022.1 BETWEEN THE CITY OF SAN BUENAVENTURA, a Municipal Corporation, and REDFLEX TRAFFIC SYSTEMS, INC.

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**THIS SECOND EXTENSION** to Exclusive Agreement No. 2015-022.1 (“Agreement”) is made and executed on the dates set forth below by and between the CITY OF SAN BUENAVENTURA (“CITY”), a municipal corporation, and REDFLEX TRAFFIC SYSTEMS, INC. (“REDFLEX”) [collectively, the “Parties”].

Pursuant to Section 2 of the Agreement, attached hereto, executed by the Parties on or about April 2, 2015, the Agreement is being extended by mutual agreement of the parties, as follows: Without changing or modifying any other provisions of the Agreement, CITY and REDFLEX agree, in compliance with and as per the provisions of Section 2 of the Agreement, that the term of the Agreement is hereby extended for two years running from May 10, 2020 to May 9, 2022.


**In witness** whereof, the parties have signed this agreement on the dates set forth below.

### City of San Buenaventura

By: \_\_\_\_\_ Date \_\_\_\_\_  
Alex D. McIntyre  
City Manager

APPROVED AS TO FORM:

Gregory Diaz  
City Attorney

By:  \_\_\_\_\_ Date 7/7/20  
Andy H. Viets  
Sr. Assistant City Attorney

### Redflex Traffic Systems, Inc.

By: \_\_\_\_\_ Date \_\_\_\_\_  
Michael Finn  
Sr. Vice President  
Sales and Marketing

**ATTACHMENT B**

AGREEMENT NO. 2015-022.1  
5/7/2018

**FIRST EXTENSION TO EXCLUSIVE AGREEMENT NO. 2015-022 BETWEEN THE  
CITY OF SAN BUENAVENTURA, a Municipal Corporation, and  
REDFLEX TRAFFIC SYSTEMS, INC.**

**THIS FIRST EXTENSION** to Exclusive Agreement No. 2015-022 ("Agreement") is made and executed on the dates set forth below by and between the CITY OF SAN BUENAVENTURA ("CITY"), a municipal corporation, and REDFLEX TRAFFIC SYSTEMS, INC. ("REDFLEX") [collectively, the "Parties"].

Pursuant to Section 2 of the Agreement, attached hereto, executed by the Parties on or about April 2, 2015, the Agreement is being extended by mutual agreement of the parties, as follows: Without changing or modifying any other provisions of the Agreement, CITY and REDFLEX agree, in compliance with and as per the provisions of Section 2 of the Agreement, that the term of the Agreement is hereby extended for two years running from May 10, 2018 to May 9, 2020.

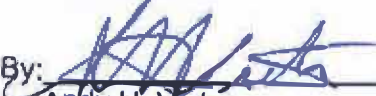
**In witness** whereof, the parties have signed this agreement on the dates set forth below.

**City of San Buenaventura**

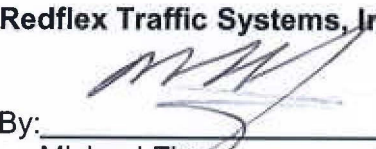
By:  6-28-18  
Dan Paranick Date  
Interim City Manager

**APPROVED AS TO FORM:**

Gregory Diaz  
City Attorney

By:  6/26/18  
Andy H. Viets Date  
Sr. Assistant City Attorney

**Redflex Traffic Systems, Inc.**

By:  6/19/18  
Michael Finn Date  
Sr. Vice President  
Sales and Marketing

## ATTACHMENT C

### EXCLUSIVE AGREEMENT BETWEEN THE CITY OF SAN BUENAVENTURA, CA AND REDFLEX TRAFFIC SYSTEMS, INC. FOR AN AUTOMATED PHOTO ENFORCEMENT PROGRAM

AGREEMENT NO. 2015-022

This Agreement (this "Agreement") is made as of 4-2, 2015 ("Effective Date") between Redflex Traffic Systems, Inc., a Delaware Corporation ("Redflex"), and The City of San Buenaventura, CA, a municipal corporation (the "City" and/or the "City") for an Automated Photo Enforcement Program.

#### RECITALS

- A. Violations of §§ 21453(a) and 21453(c) of the California Vehicle Code, and failing to stop for a red light or failing to stop for a red arrow, have been shown to pose a significant risk to life and property;
- B. It is the objective of the Automated Photo Enforcement Program to reduce the incidents of vehicle collisions at the traffic intersections and city streets are subject to the Program;
- C. Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, and citation processes related to the Automated Photo Enforcement Program; and
- D. The City desires that Redflex furnish and Redflex desires to furnish all equipment, licenses, applications and back office processing related to the Automated Photo Enforcement Program, including digital traffic enforcement cameras and equipment for the monitoring and enforcement of laws regulating red lights and traffic signals.

The Parties accordingly agree as follows:

#### AGREEMENT

1. **DEFINITIONS.** In this Agreement, the words and phrases capitalized below shall have the following meanings:
  - 1.1. "**Authorized Employee**" means the Project Manager or such other individual(s) as the City shall designate to review Potential Violations and to authorize the Issuance of Citations.
  - 1.2. "**Authorized Violation**" means each Potential Violation in the Violation Data for which authorization to issue a citation in the form of an Electronic Signature is given by the Authorized Employee by using the Redflex System.
  - 1.3. "**Automated Photo Enforcement Program**" or "**the Program**" are interchangeable and synonymous and mean the 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 sensor arrays which, collectively, are capable of detecting Violations and recording Violation Data in the form of photographic images of motor vehicles. The Program will comply with the statutory requirements of California Vehicle Code §§ 21453, 21455.5, 21455.6, 21455.7, 40518, 40520, and any future requirements required by law in order to meet the legal mandate for a red light camera automated enforcement program.
  - 1.4. "**Citation**" means the notice of a Violation and notice to appear, as outlined in Vehicle Code § 40518, which is mailed or otherwise delivered by Redflex on behalf of the City to the registered owner or violator on the appropriate Enforcement Documentation for each Authorized Violation. The Citation shall include the information required by California Vehicle Code § 40518 and in a form approved by the California Judicial Council. It shall also include information regarding the methods by which the registered owner of the vehicle or the alleged violator may view and discuss with the issuing agency or Redflex, both by telephone and in person, the evidence used to substantiate the violation, and contact information for that issuing body or Redflex.
  - 1.5. "**City**" means the City and the City's employees and agents, mayors, council members, commissions, committees, departments, officers and volunteers.
  - 1.6. "**Confidential or Private Information**" means, with respect to any Person, any information, matter or thing of a secret, confidential or private nature, whether or not so labeled, which is connected with such Person's business or methods of operation or concerning any of such Person's suppliers,

licensors, licensees, customers or others with whom such Person has a business relationship, and which has current or potential value to such Person or the unauthorized disclosure of which could be detrimental to such Person, including but not limited to:

- 1.6.1. Matters of a business nature, including but not limited to information relating to development plans, costs, finances, marketing plans, data, procedures, business opportunities, marketing methods, plans and strategies, the costs of construction, installation, materials or components, the prices such Person obtains or has obtained from its clients or customers, or at which such Person sells or has sold its services;
  - 1.6.2. Matters of a technical nature, including but not limited to product information, trade secrets, know-how, formulae, innovations, inventions, devices, discoveries, techniques, formats, processes, methods, specifications, designs, patterns, schematics, data, access or security codes, compilations of information, test results and research and development projects. For purposes of this Agreement, the term "trade secrets" shall have the meaning provided under California law; and
  - 1.6.3. Notwithstanding the foregoing, Confidential Information will not include information that: (i) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (ii) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission of a Party in breach of this Agreement, (iii) was lawfully disclosed to a Party by a person other than a Party, (iv) was required by a court of competent jurisdiction to be disclosed, or (v) was required by applicable state law to be disclosed.
- 1.7. "Designated Intersection Approaches" means the Intersection Approaches to be installed with the Redflex System and Equipment. See Exhibit A for the number and list of approaches.
  - 1.8. "Electronic Signature" means the method through which the Authorized Employee indicates his or her approval of the issuance of a Citation for a Potential Violation using the Redflex System.
  - 1.9. "Enforcement Documentation" means the necessary and appropriate documentation related to the Program, including but not limited to warning letters, Citation notices (using the specifications of the California Judicial Council and the City, a numbering sequence for use on all citation notices (in accordance with applicable court rules), instructions to accompany each issued Citation (including in such instructions a description of basic court procedures, payment options and information regarding the viewing of images and data collected by the Redflex System), chain of custody records, criteria regarding operational policies for processing Citations (including for coordinating with the applicable vehicle registry), and technical support documentation for applicable court and judicial officers .
  - 1.10. "Equipment" means any and all approach cameras, sensors, equipment, components, products, software and other tangible and intangible property relating to the Program.
  - 1.11. "Existing Designated Intersection Approaches" means the Designated Intersection Approaches that were installed and in operation prior to the Effective Date.
  - 1.12. "Fine" means a monetary sum assessed for a Citation, including but not limited to bail forfeitures, but excluding suspended fines.
  - 1.13. "Governmental Authority" means any domestic or foreign government, governmental authority, court, tribunal, agency or other regulatory, administrative or judicial agency, commission or organization, and any subdivision, branch or department of any of the foregoing.
  - 1.14. "Installation Date" means the date on which Redflex completes the construction and installation of at least one (1) New Designated Intersection Approach and has completed the Warning Period in accordance with the terms of this Agreement so that such New Designated Intersection Approach is fully operational for the purposes of functioning with the Program.
  - 1.15. "Intellectual Property" means, for any Person, any and all now known or later known tangible and intangible (a) rights associated with works of authorship throughout the world, including but not limited to copyrights and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secrets rights, (d) patents, designs, algorithms and other intellectual or industrial property rights, (e) all other intellectual and industrial property rights (of every kind and nature throughout the universe and however designated), whether arising by operation of law, contract, license, or otherwise, and (f) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues in force (including any rights in any of the foregoing), of such Person.



- 1.16. “Intersection Approach” means a conduit of travel with up to four (4) contiguous lanes from the curb (e.g., northbound, southbound, eastbound or westbound) on which at least one (1) system has been installed for the purposes of facilitating the Program by the City.
- 1.17. “New Designated Intersection Approaches” means the Designated Intersection Approaches that will be installed and put into operation after the Effective Date.
- 1.18. “Operational Period” means the period of time during the Term, commencing on the Installation Date, during which the Program is functional in order to permit the issuance of Citations using the Redflex System.
- 1.19. “Person” means a natural individual, company, Governmental Authority, partnership, firm, corporation, legal entity or other business association.
- 1.20. “PLATESCAN® System” means the license plate scanning system of Redflex.
- 1.21. “Potential Violation” means for any motor vehicle passing through a Designated Intersection Approach, the data collected by the Redflex System concerning such motor vehicle, which data shall be processed by the Redflex System for the purposes of allowing the Authorized Employee to review such data and determine whether a traffic violation has occurred.
- 1.22. “Project Manager” means the project manager appointed by the City in accordance with this Agreement, which shall be an Authorized Employee and shall be responsible for overseeing the installation of the New Designated Intersection Approaches and the implementation of the Program, and which manager shall have the power and authority to make management decisions relating to the City’s obligations pursuant to this Agreement, including but not limited to change order authorizations.
- 1.23. “Proprietary Property” means for any Person, any written or tangible property owned or used by such Person in connection with such Person’s business, whether or not such property is copyrightable or also qualifies as Confidential Information, including without limitation products, samples, equipment, files, lists, books, notebooks, records, documents, memoranda, reports, patterns, schematics, compilations, designs, drawings, data, test results, contracts, agreements, literature, correspondence, spread sheets, computer programs and software, computer print outs, other written and graphic records and the like, whether originals, copies, duplicates or summaries thereof, affecting or relating to the business of such Person, financial statements, budgets, projections and invoices.
- 1.24. “Redflex Marks” means all trademarks registered in the name of Redflex or any of its affiliates, such other trademarks as are used by Redflex or any of its affiliates on or in relation to the Program at any time during the Term, service marks, trade names, logos, brands and other marks owned by Redflex, and all modifications or adaptations of any of the foregoing.
- 1.25. “Redflex Project Manager” means the project manager appointed by Redflex in accordance with this Agreement, who shall be responsible for overseeing the construction and installation of the Redflex System and related equipment at the New Designated Intersection Approaches and the implementation of the Program, and who shall have the power and authority to make management decisions relating to Redflex’s obligations pursuant to this Agreement, including but not limited to change order authorizations.
- 1.26. “Redflex System” means, collectively, the Salus® System, SMARTcam® System, the SMARTscene® System, REDFLEXred® System, REDFLEXradar® System, SMARTops® System, the Program, and all of the other equipment, applications, software, hardware, back office processes, servers, off-site backup systems, cameras, sensors, components, motor vehicles and other related tangible and intangible property, to enable Redflex to enforce a minimum of one lane of travel at a designated location.
- 1.27. “REDFLEXradar®” means the detection and tracking system of Redflex relating to the Program.
- 1.28. “REDFLEXrail® System” means the proprietary digital railroad grade crossing photo enforcement system of Redflex.
- 1.29. “REDFLEXred® System” means the proprietary digital redlight photo enforcement system of Redflex relating to the Program.
- 1.30. “REDFLEXslimline® System” means the proprietary photo enforcement system of Redflex.

- 1.31. “Salus® System” means the proprietary software that controls the systems of Redflex relating to the Program.
- 1.32. “REDFLEXspeed® System” means the proprietary speed enforcement system of Redflex.
- 1.33. “REDFLEXstop® System” means the proprietary stop sign enforcement system of Redflex.
- 1.34. “SMARTcam® System” means the proprietary software system that controls the systems of Redflex relating to the Program.
- 1.35. “SMARTops® System” means the proprietary back-office processes of Redflex relating to the Program.
- 1.36. “SMARTscene® System” means the proprietary digital video camera unit, hardware and software required for providing supplemental violation data relating to the Program.
- 1.37. “Traffic Signal Controller Boxes” means the signal controller interface and vehicle detection owned and operated by the City. This includes the City’s traffic controller, the City’s vehicle detection equipment, the City’s communication equipment, and the City’s controller cabinet.
- 1.38. “Violation” means any traffic violation as provided for in any applicable rule, regulation or law of any other Governmental Authority, including but not limited to operating a motor vehicle contrary to traffic signals, and operating a motor vehicle without displaying a valid license plate or registration.
- 1.39. “Violation Criteria” means the standards and criteria by which Potential Violations will be evaluated by Authorized Employees of the City, which standards and criteria shall include, but are not limited to, the duration of time that a traffic light must remain red prior to a Violation being deemed to have occurred, and the location(s) in an intersection which a motor vehicle must pass during a red light signal prior to being deemed to have committed a Violation, all of which shall be in compliance with all applicable laws, rules and regulations of Governmental Authorities. Should physical criteria change which requires additional modification to the Program or its detection equipment, any costs incurred in connection with such modifications shall be the responsibility of the City.
- 1.40. “Violations Data” means the images and other Violations data gathered by the Redflex System at the Designated Intersection Approaches.
- 1.41. “Warning Period” means the period of time after the installation and activation of each New Designated Intersection Approach during which period only warning notices shall be issued for a period of thirty (30) days as outlined in California Vehicle Code § 21455.5.
2. **TERM.** The term of this Agreement shall commence on the Effective Date and continue for a period of three (3) years (the “Initial Term”), unless terminated earlier as provided for in this Agreement. The City Council of the City of San Buenaventura shall have the option to extend the Initial Term for up to two (2) additional consecutive two (2) year time periods (each a “Renewal Term”). The Initial Term together with each exercised Renewal Term is collectively the “Term.” Each Renewal Term shall be deemed to have been exercised upon the City providing written notice to Redflex at least thirty (30) days prior to the expiration of the Initial Term or the applicable Renewal Term
3. **SERVICES.** Redflex shall provide the following services in connection with the Program:
  - 3.1. **INSTALLATION.** With respect to the construction and installation of the New Designated Intersection Approaches and the installation of the Redflex System at such New Designated Intersection Approaches, the City and Redflex shall have the respective rights and obligations set forth on Exhibit B.
  - 3.2. **MAINTENANCE.** With respect to the maintenance of the Redflex System at the Designated Intersection Approaches, the City and Redflex shall have the respective rights and obligations set forth on Exhibit C.
  - 3.3. **VIOLATION PROCESSING.** During the Operational Period, Violations shall be processed as follows:
    - 3.3.1. All Violations Data shall be stored on the Redflex System;
    - 3.3.2. The Redflex System shall process Violations Data gathered from the Designated Intersection Approaches into a format capable of review by the Authorized Employee via the Redflex System;
    - 3.3.3. The Redflex System will be accessible by Authorized Staff through a secure and encrypted connection by use of a confidential user account on a computer equipped with a high-speed Internet connection and an approved web browser;

- 3.3.4. Redflex shall provide the Authorized Employee with access to the Redflex System for the purposes of reviewing the pre-processed Violations Data within five (5) days of the gathering of the Violations Data from the applicable Designated Intersection Approaches;
- 3.3.5. The City shall cause the Authorized Employee to review the Violations Data in timely manner and to determine whether a Citation shall be issued with respect to each Potential Violation captured within such Violations 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. REDFLEX ACKNOWLEDGES AND AGREES THAT THE DECISION TO ISSUE A CITATION SHALL BE THE SOLE, UNILATERAL AND EXCLUSIVE DECISION OF THE AUTHORIZED EMPLOYEE AND SHALL BE MADE IN SUCH AUTHORIZED EMPLOYEE'S SOLE DISCRETION (A "CITATION DECISION"), AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORIZATION TO MAKE A CITATION DECISION;
- 3.3.6. With respect to each Authorized Violation, Redflex shall print and mail a Citation no later than five (5) days after the Violation date, assuming Redflex has received notification that the Authorized Employee issued the Citation, to the current address of the registered owner of the vehicle on file with the DMV, with a certificate of mailing obtained as evidence of service; provided, however, during the Warning Period, warning violation notices shall be issued in respect of all Authorized Violations;
- 3.3.7. Redflex shall include in or with the Citation an affidavit of nonliability ("Affidavit of Nonliability") and information as to what constitutes nonliability, information as to the effect of executing the Affidavit of Nonliability, and instruction for returning the Affidavit of Nonliability to the issuing agency or Redflex, in accordance with Vehicle Code § 40520(a).
- 3.3.8. Redflex shall file an exact and legible duplicate copy of the Citation, along with any required reports, with the Ventura County Superior Court via electronic means for filing within five (5) days after mailing the Citation;
- 3.3.9. The separate certificate of mailing issued by the United States Postal Service shall be obtained and included in all court packages;
- 3.3.10. Redflex shall notify the Authorized Employees of any Affidavits of Nonliability received by Redflex.
- 3.3.11. Citations returned to Redflex with a forwarding address shall be re-addressed and mailed to the new address by Redflex. The Citation shall not be altered or amended. Returned readdressed mail shall be sent to the Ventura Police Department ("VPD") for further research.
- 3.3.12. Redflex shall provide a toll-free telephone number for the purposes of answering citizen inquiries;
- 3.3.13. Redflex shall provide a website that provides the ability for alleged violators to review citations and color photographs while ensuring confidentiality, general information to the alleged violators regarding the system, and information regarding the status of a specific citation. The public must have the ability to view the citation, the photos and video of the violation on the website 24 hours a day, 7 days a week (California Vehicle Code § 21455.5(f)). City shall review all information contained and provided by the internet site prior to the Redflex's implementation. The website shall also provide alleged violators with the ability to make online payments for their citations;
- 3.3.14. Redflex shall permit the Authorized Employee to generate reports using the Redflex Standard Report System;
- 3.3.15. Upon Redflex's receipt of a written request from the City and in addition to the Standard Reports, Redflex shall provide, without cost to the City, 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 to the City in such format and for such periods as mutually agreed upon;
- 3.3.16. During the six (6) month period following the Installation Date and/or upon Redflex's receipt of a written request from the City at least fourteen (14) calendar days in advance of a court proceeding, Redflex shall provide expert witnesses for use by the City in prosecuting Violations; provided, however, the City shall use reasonable best efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses. After the initial 6 month period, the City shall be obligated to reimburse Redflex for the cost of expert witnesses provided at the City's request.

- 3.3.17. During the three (3) month period following the Installation Date, Redflex shall provide training to City personnel as shall be reasonably necessary to allow City personnel to act as expert witnesses on behalf of the City.
- 3.3.18. The City shall maintain control necessary to ensure that only those Citations that have been reviewed and approved by law enforcement are delivered to violators, as required by Vehicle Code § 21455.5.
- 3.4. RECORDS RETENTION. Redflex shall retain confidential information to include photographic evidence and data associated with the Program consistent with the laws of the State of California. Redflex shall retain confidential photographic records made by the automated enforcement system and confidential information obtained from DMV for administration or enforcement up to six (6) months from the date the information was first obtained, or until final disposition of the citation, whichever date is later, after which time the information shall be destroyed in a manner that will preserve the confidentiality of any person included in the record or information (California Vehicle Code § 21455.5(e)(3)). Redflex shall retain records documenting the issuance of Citations for traffic signal violations exclusive of confidential records and information per California Vehicle Code § 21455.5(e)(3) for two years or final disposition of citation whichever is longer per Government Code § 34090.
- 3.5. PROSECUTION AND COLLECTION; COMPENSATION. The City shall diligently prosecute Citations and the collection of all Fines related to the Citations. Redflex shall have the right to receive, and the City shall be obligated to pay Redflex, the compensation set forth on Exhibit D.
- 3.6. TAXES. Where obligated by applicable law, Redflex shall timely pay all taxes relating to or arising out of the Program. Unless otherwise indicated, the City agrees to pay any applicable taxes including but not limited to use, property or sales taxes required at the municipal, county, state or any other taxing authority level on all applicable consumer services and materials purchased and/or leased. No charge by the City shall be made for federal excise taxes and City agrees to furnish Redflex with an exemption certificate where appropriate for any applicable sales and/or use taxes. For the avoidance of doubt, it is the Parties intent that this Agreement does not alter the tax liability of either Party under the applicable law.
- 3.7. OTHER RIGHTS AND OBLIGATIONS. In addition to all of the other rights and obligations set forth in this Agreement, Redflex and the City shall have the respective rights and obligations set forth on Exhibit E.
- 3.8. CHANGE ORDERS.
- 3.8.1. The City may from time to time request changes to the work required to be performed or the addition of products or services to those required pursuant to the terms of this Agreement by providing written notice to Redflex, setting forth in reasonable detail the proposed changes (a "Change Order Notice"). Upon Redflex's receipt of a Change Order Notice, Redflex shall deliver a written statement describing the cost, if any (the "Change Order Proposal"). The Change Order Proposal shall include (i) a detailed breakdown of the charge and any schedule impact, (ii) a description of any resulting changes to the specifications and obligations of the Parties, (iii) a schedule for the delivery and other performance obligations, and (iv) any other information relating to the proposed changes reasonably requested by the City. Following the City's receipt of the Change Order Proposal, the Parties shall negotiate in good faith and agree in writing to a plan and schedule for implementation of the proposed changes, the time, manner and amount of payment or price increases or decreases, as the case may be, and any other matters relating to the proposed changes; provided, however, in the event that any proposed change involves only the addition of equipment or services to the existing Designated Intersection Approaches, or the addition of Intersection Approaches to be covered by the terms of this Agreement, to the maximum extent applicable, the pricing terms set forth in Exhibit D shall govern. Any failure of the Parties to reach agreement with respect to any of the foregoing as a result of any proposed changes shall not be deemed to be a breach of this Agreement provided each Party acted in good faith.
- 3.8.2. In the event that the change outlined in the Change Order Notice and the Change Order Proposal, and approved by the Parties, concerns moving an installed Redflex System to a New Designated Intersection Approach, then the City shall be responsible for the costs associated with the removal and reinstallation of the Redflex System and the Term of this Agreement shall be temporarily suspended for the period of time in which the Redflex System at issue is inactive, if that period of time is fourteen (14) or more calendar days,

unless the City chooses to continue paying the Fixed Monthly Fee for the inactive Existing Designated Intersection Approach, as outlined in Exhibit D.

- 3.9. **ROAD REPAIRS AND CONSTRUCTION PROJECTS.** The Fixed Monthly Fee of a Designated Intersection Approach, as defined below in Exhibit "D", shall be temporarily suspended as a result of any road repairs, street improvements or stop work order that interrupts, impedes, obstructs or interferes with the successful performance of the Redflex System at that Designated Intersection Approach for a period of fourteen (14) or more calendar days; provided however, that the interruption or interference is not caused by Redflex. The City shall reimburse Redflex the costs of replacing and or modification of operational Designated Intersection Approaches necessitated or caused by road repairs, street improvement or stop work orders.
- 3.10. **FUTURE SERVICES.** If California law allows, now or in the future, a Governmental Authority to suspend the ability to register a vehicle, as controlled by the California Department of Transportation, for Persons with delinquent or unpaid fines, whether criminal or civil, the Parties have the option to execute an amendment to this Agreement for Redflex to provide the City certain automated scofflaw services under its ASP and ASP2 Programs, as applicable, to implement such law.
- 3.11. **ANNUAL REPORT.** Redflex shall, in cooperation with the City, submit an annual report to the California Judicial Council that includes, but is not limited to:
- 3.11.1. The number of Alleged Violations captured by the Redflex Systems.
  - 3.11.2. The number of Citations issued by the law enforcement agency based on information collected from the Redflex System.
  - 3.11.3. For Citations identified in section 3.11.2, the number of Violations that involved traveling straight through the intersection, turning right, and turning left.
  - 3.11.4. The number and percentage of Citations that are dismissed by the court.
  - 3.11.5. The number of traffic collisions at each intersection that occurred prior to, and after the installation of, the Redflex System.

**4. LICENSE; RESERVATION OF RIGHTS.**

- 4.1. **LICENSE.** Subject to the terms and conditions of this Agreement, Redflex grants the City, and the City accepts from Redflex, a non-exclusive, non-transferable license during the Term to: (a) solely within the City, access and use the Redflex System for the sole purpose of reviewing Potential Violations and authorizing the issuance of Citations pursuant to the terms of this Agreement, and to print copies of any related content posted on the Redflex System, (b) disclose that Redflex is providing services to the City in connection with Program pursuant to the terms of this Agreement, and (c) use and display the Redflex Marks on or in marketing, public awareness or education, or other publications or materials relating to the Program, so long as any and all such publications or materials are approved in advance by Redflex.
- 4.2. **RESERVATION OF RIGHTS.** The City acknowledges and agrees that: (a) Redflex is the sole and exclusive owner of the Redflex System, the Redflex Marks, all Intellectual Property arising from or relating to the Redflex System, and any and all related Equipment, (b) the City neither has nor makes any claim to any right, title or interest in any of the foregoing, except as specifically granted or authorized under this Agreement, and (c) by reason of the exercise of any such rights or interests of City pursuant to this Agreement, the City shall gain no additional right, title or interest.
- 4.3. **RESTRICTED USE.** The City covenants and agrees that it shall not (a) make any modifications to the Redflex System, including but not limited to any Equipment, (b) alter, remove or tamper with any Redflex Marks, (c) use any of the Redflex Marks in any way which might prejudice their distinctiveness, validity or Redflex's goodwill, (d) use any trademarks or other marks other than the Redflex Marks in connection with the City's use of the Redflex System pursuant to the terms of this Agreement without first obtaining the prior consent of Redflex, or (e) disassemble, de-compile or otherwise perform any type of reverse engineering to the Redflex System, the Redflex Program, including but not limited to any Equipment, or to any Intellectual Property or Proprietary Property of Redflex, or cause any other Person to do any of the foregoing.
- 4.4. **PROTECTION OF RIGHTS.** Redflex shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of any Intellectual Property of Redflex, including without limitation the filing of applications to register as trademarks in any jurisdiction any of the Redflex Marks, the filing of patent application for any of the Intellectual Property of Redflex, and making any other applications or filings with appropriate Governmental Authorities. The City shall not take any action to remedy or prevent such infringing activities, and shall not in its own name make

any registrations or filings with respect to any of the Redflex Marks or the Intellectual Property of Redflex without the prior written consent of Redflex.

- 4.5. **INFRINGEMENT.** The City shall give Redflex prompt notice of any activities or threatened activities of any Person of which it becomes aware that infringes or violates or potentially infringes or violates the Redflex Marks or any of Redflex's Intellectual Property or that constitute or potentially constitute a misappropriation of trade secrets or act of unfair competition that might dilute, damage or destroy any of the Redflex Marks or any other Intellectual Property of Redflex. Redflex shall have the exclusive right, but not the obligation, to take action to enforce its rights to its Marks and Intellectual Property and to make settlements relating to its Marks and Intellectual Property. In the event that Redflex commences any enforcement action relating to its Marks or Intellectual Property, the City shall provide Redflex with any reasonable cooperation and assistance that Redflex requests. Redflex shall be entitled to any damages or other monetary amount that might be awarded provided that after deduction of Redflex's actual costs and attorney's fees; Redflex shall reimburse the City for any reasonable costs incurred in providing such cooperation and assistance.
- 4.6. **INFRINGING USE.** The City shall give Redflex prompt written notice of any action or claim, whether threatened or pending, against the City alleging that the Redflex Marks, or any other Intellectual Property of Redflex, infringes or violates any patent, trademark, copyright, trade secret or other Intellectual Property of any other Person, and the City shall provide to Redflex reasonable cooperation and assistance as is requested by Redflex; provided, that Redflex shall reimburse the City for its reasonable costs incurred in providing such cooperation and assistance. If Redflex determines, in the exercise of its sole discretion, that an infringement may exist, Redflex shall have the right, but not the obligation, to procure for the City the right to keep using the allegedly infringing items, modify them to avoid the alleged infringement or replace them with non-infringing items.
- 4.7. **INDEMNITY.** Redflex shall save, defend, indemnify, and hold harmless City and any of their agents, officers, employees, elected officials, volunteers, representatives, and successors against any claims, losses, liabilities, causes of action, suits, damages, penalties, demands, judgments, settlements, costs, expenses, attorney fees, and other disbursements (including, but not limited to, expert witnesses) of whatever kind or nature arising out of any claim, claim action, or action alleging that Redflex Marks or any other intellectual property of Redflex, infringes or violates any patent, trademark, copyright, trade secret, or other Intellectual Property of any other person, corporation, entity, or other group. The obligations of this Section are in addition to the indemnity obligation of Section 7 and any subsections thereto.

## **5. REPRESENTATIONS AND WARRANTIES.**

### **5.1. REDFLEX REPRESENTATIONS AND WARRANTIES.**

- 5.1.1. **Authority.** Redflex warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations.
- 5.1.2. **Professional Services.** Redflex warrants and represents that any and all services that it provides pursuant to this Agreement shall be performed in a professional and workmanlike manner and in compliance with applicable law and by agreed upon specifications.

### **5.2. CITY REPRESENTATIONS AND WARRANTIES.**

- 5.2.1. **Authority.** The City warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations.
- 5.2.2. **Professional Services.** The City warrants and represents that any and all services that it provides pursuant to this Agreement shall be performed in a professional and workmanlike manner.

### **5.3. LIMITED WARRANTIES.** EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, REDFLEX MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE REDFLEX SYSTEM OR ANY RELATED EQUIPMENT OR SOFTWARE, OR WITH RESPECT TO THE RESULTS OF THE PROGRAM. THE CITY ACKNOWLEDGES THAT AT TIMES THE REDFLEX SYSTEM MAY MALFUNCTION OR OTHERWISE NOT OPERATE AS ANTICIPATED. REDFLEX SHALL DILIGENTLY ENDEAVOR TO CORRECT ANY SUCH MALFUNCTION IN A TIMELY MANNER.

**6. TERMINATION.**

6.1. **TERMINATION:** Any Party shall have the right to terminate this Agreement by written notice to the other Parties if (i) state statutes are amended or otherwise changed to prohibit or substantially change the operation of the Program; (ii) the Second District Court of Appeals of California, the California Supreme Court, the U.S. 9<sup>th</sup> Circuit Court of Appeals, or the United States Supreme Court. rules that the Violations Data are inadmissible in evidence; or (iii) the other Party commits a material breach of this Agreement. In this event, the breaching Party shall have the right to remedy or cure the material breach within forty-five (45) calendar days (or within such other time period as the Parties shall mutually agree, which agreement shall not be unreasonably withheld or delayed) after receipt of written notice from the terminating Party setting forth in reasonable detail the facts giving rise to the material breach.. Termination of this Agreement based upon an alleged material breach shall not be enforceable or effective unless the terminating Party mails this written notice to the breaching Party not less than forty-five (45) calendar days before the termination date and provides to the breaching Party the opportunity to remedy or cure the breach within the time period provided above. The right to terminate this Agreement shall be without prejudice to any other right or remedy of any Party with respect to the breach concerned (if any) or any other breach of this Agreement except as otherwise provided in this Agreement.

6.2. **PROCEDURES UPON TERMINATION.** The termination of this Agreement shall not relieve either Party of any liability that accrued before termination. Except as set forth in Section 6.2, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:

6.2.1. Redflex shall (i) immediately cease to provide services, including but not limited to work in connection with the construction or installation activities and services in connection with the Program, (ii) promptly deliver to the City any and all Proprietary Property or Confidential Information of the City provided to Redflex pursuant to this Agreement, (iii) promptly deliver to the City a final report to the City regarding the collection of data and the issuance of Citations. The final report shall be in a format and for a period of time mutually agreed upon by Redflex and the City, (iv) promptly deliver to the City a final invoice for all amounts owed by City to Redflex for work performed and Citations issued by Redflex prior to the termination, and (v) provide such assistance as the City may reasonably request from time to time in connection with prosecuting and enforcing Citations issued prior to the termination of this Agreement. Except as required by applicable law or as mutually agreed by Redflex and the City, Redflex shall have no obligation to retain Violations Data after termination of this Agreement. At termination and upon the City's prior written request, Redflex will transfer the Violations Data to the City in accordance with a mutually agreed upon method of transfer. The City shall be responsible for all costs associated with the transfer of the Violations Data including but not limited to administrative costs, storage media and storage media authoring device costs, , and internet bandwidth costs incurred in transferring the Violations Data. Upon completion of the transfer of the Violations Data to the City, Redflex shall have no obligation or responsibility concerning the Violations Data. Redflex makes no warranty or representation regarding the success of a transfer of the Violations Data and shall no liability or responsibility for any errors or failures that occur during a transfer of the Violations Data.

6.2.2. The City shall (i) immediately cease using the Program, accessing the Redflex System and using any other Intellectual Property of Redflex, (ii) promptly deliver to Redflex any and all Proprietary Property or Confidential Information of Redflex provided to the City pursuant to this Agreement, and (iii) promptly pay Redflex any and all fees, charges and amounts that the City owes Redflex for work performed and Citations issued prior to the termination, as outlined in Exhibit D.

6.2.3. Unless the City and Redflex have agreed to enter into a new agreement relating to the Program or have agreed to extend the Term, Redflex shall remove any and all Equipment or other Redflex materials installed in connection with Redflex's performance of its obligations under this Agreement, including but not limited to housings, poles and camera systems, and Redflex shall restore the Designated Intersection Approaches to substantially the same condition that the Designated Intersection Approaches were in immediately prior to this Agreement; provided however, that Redflex's financial obligation under this provision shall not exceed \$5,000 in the aggregate for any Designated Intersection Approach.

6.2.4. The City shall continue to pay to Redflex a pro rata share of all monies or revenue generated, collected and/or received by City after the expiration or termination of the

Agreement that are, in any way, a result of, associated with and/or attributable to, in whole or in part, the products or services that Redflex provided to the City pursuant to this Agreement, notwithstanding the Cost Neutrality provisions outlined in Exhibit D.

- 6.3. **SURVIVAL.** Notwithstanding the foregoing, the definitions provided for in Section 1 and each of the following Sections shall survive the termination of this Agreement: (i) Sections 4.2 (Reservation of Rights), 5.1 (Redflex Representations and Warranties), 5.2 (City Representations and Warranties), 5.3 (Limited Warranties), 7 (Indemnification and Liability), 8 (Notices), 9 (Dispute Resolution), 10.1 (Assignment), 10.17 (Applicable Law) and 10.18 (Jurisdiction and Venue), and (ii) any Section in this Agreement which states, or evidences the intent of the Parties, that the Section survives the expiration or termination of the Agreement, or must survive to give effect to the Section.

**7. INDEMNIFICATION AND LIABILITY.**

- 7.1. **Indemnification by Redflex.** Subject to Section 7.3, Redflex hereby agrees to defend and indemnify the City, and its affiliates, shareholders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and each of their affiliates, and all persons acting by, through, under or in concert with them, or any of them (individually a "City Party" and collectively, the "City Parties") against, and to protect, save and keep harmless the City Parties from, and to pay on behalf of or reimburse the City Parties as and when incurred for, any and all liabilities, obligations, losses, damages, penalties, demands, claims, actions, suits, judgments, settlements, costs, expenses and disbursements (including reasonable attorneys', accountants' and expert witnesses' fees) of whatever kind and nature (collectively, "Losses"), which may be imposed on or incurred by any City Party arising out of or related to (a) any material misrepresentation, material inaccuracy or material breach of any covenant, warranty or representation of Redflex contained in this Agreement or (b) the willful misconduct of Redflex, its employees or agents which results in death or bodily injury to any person or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the willful misconduct or negligence of any City Party.
- 7.2. **Indemnification by City.** Subject to Section 7.3, the City hereby agrees to defend and indemnify Redflex and its affiliates, shareholders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and all persons acting by, through, under or in concert with them, or any of them (individually a "Redflex Party" and collectively, the "Redflex Parties") against, and to protect, save and keep harmless the Redflex Parties from, and to pay on behalf of or reimburse the Redflex Parties as and when incurred for, any and all Losses which may be imposed on or incurred by any Redflex Party arising out of or in any way related to (a) any material misrepresentation, material inaccuracy or material breach of any covenant, warranty or representation of the City contained in this Agreement, (b) the willful misconduct of the City, its employees, contractors or agents which result in death or bodily injury to any person or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the willful misconduct of any Redflex Party.
- 7.3. **Indemnification Procedures.** In the event any claim, action or demand (a "Claim") for which any Party seeks indemnification from the other Party, the Party seeking indemnification (the "Indemnified Party") shall give the Party from whom indemnification is sought (the "Indemnifying Party") written notice of the Claim promptly after the Indemnified Party first becomes aware of the Claim; provided, however, that failure so to give such notice shall not preclude indemnification with respect to such Claim except to the extent of any additional or increased Losses or other actual prejudice directly caused by such failure. The Indemnifying Party shall have the right to choose counsel to defend such Claim (subject to the approval of such counsel by the Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed), and to control, compromise and settle such Claim, and the Indemnified Party shall have the right to participate in the defense at its sole expense; provided, however, the Indemnified Party shall have the right to take over the control of the defense or settlement of such Claim at any time if the Indemnified Party irrevocably waives all rights to indemnification from and by the Indemnifying Party. The Indemnifying Party and the Indemnified Party shall cooperate in the defense or settlement of any Claim, and no Party shall have the right enter into any settlement agreement that materially affects the other Party's material rights or material interests without such Party's prior written consent, which consent will not be unreasonably withheld or delayed.
- 7.4. **LIMITED LIABILITY.** Notwithstanding anything contrary in this Agreement, neither Party shall be liable to the other Party for any special, incidental, indirect, consequential or punitive damages however caused and on any theory of liability arising out of or relating to this Agreement. In the event



of any breach of this Agreement by either Party, the non-breaching Party is entitled to recover its expectation damages from the breaching Party which are defined as the amounts that the non-breaching Party would have received under the Agreement had the breaching Party fully performed pursuant to the terms and conditions of this Agreement.

8. **NOTICES.** Any notices required by this Agreement shall be in writing, and shall be deemed to have been given (a) upon delivery, if delivered by hand, (b) three (3) days after being mailed either first class, certified mail, return receipt requested, postage and registry fees prepaid, or (c) one Business Day after being delivered to a reputable overnight courier service, excluding the U.S. Postal Service, prepaid, marked for next day delivery, in each case addressed or sent as follows:

Notices to Redflex:  
Redflex Traffic Systems, Inc.  
23751 North 23<sup>rd</sup> Avenue, Suite 150  
Phoenix, AZ 85085  
Attention: Legal Department  
Facsimile: (623) 207-2050

Notices to the City:  
City of San Buenaventura  
501 Poli Street  
PO Box 99  
Ventura, CA 93002  
Attention: City Manager  
Facsimile: (805) 641-1046

9. **DISPUTE RESOLUTION.** The Parties shall engage in informal, good faith discussions and attempt to resolve any dispute or disagreement between the Parties arising out of or relating to this Agreement before initiating litigation. In connection with those informal discussions, each Party shall appoint a designated officer and the designated officers of the Parties shall meet in person for the purpose of attempting to resolve and dispute. The designated officers shall meet as often as the Parties shall determine to be reasonably necessary.

10. **MISCELLANEOUS.**

10.1. **ASSIGNMENT.** Neither Party may assign all or any portion of this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed.

10.2. **RELATIONSHIP BETWEEN REDFLEX AND THE CITY.** Nothing in this Agreement shall create, or be deemed to create, a partnership, joint venture or the relationship of principal and agent or employer and employee between the Parties. The relationship between the Parties shall be that of independent contractors, and nothing contained in this Agreement shall create the relationship of principal and agent or otherwise permit either Party to incur any debts or liabilities or obligations on behalf of the other Party (except as specifically provided in this Agreement).

10.3. **AUDIT RIGHTS.** Each of Parties hereto shall have the right to audit the books and records of the other Party (the "Audited Party") solely for the purpose of verifying the payments, if any, payable pursuant to this Agreement. Any such audit shall be conducted upon not less than forty-eight (48) hours' prior notice to the Audited Party, at mutually convenient times and during the Audited Party's normal business hours. Except as otherwise provided in this Agreement, the cost of any such audit shall be borne by the non-Audited Party. In the event any such audit establishes any underpayment of any payment payable by the Audited Party to the non-Audited Party pursuant to this Agreement, the Audited Party shall promptly pay the amount of the shortfall, and in the event that any such audit establishes that the Audited Party has underpaid any payment by more than twenty five percent (25%) of the amount of actually owing, the cost of such audit shall be borne by the Audited Party. If the audit establishes any overpayment by the Audited Party of any payment made pursuant to this Agreement, the non-Audited Party shall promptly refund to the Audited Party the amount of the overpayment.

10.4. **FORCE MAJEURE.** No Party will be liable to the other or be deemed to be in breach of this Agreement for any failure or delay in rendering performance arising out of causes beyond its

reasonable control and without its fault or negligence. Such causes may include but are not limited to, acts of God, war, terrorism, significant fires, floods, earthquakes, epidemics, severe weather, quarantine restrictions, strikes, freight embargoes, or Governmental Authorities approval delays which are not caused by any act or omission of Redflex, . The Party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.

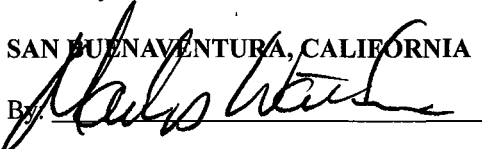
- 10.5. ADDITIONAL SERVICES. This Agreement may be amended, in accordance with Section 10.6, to add additional Redflex systems and products, including, but not limited to, school bus stop arm enforcement and school zone speed enforcement.
- 10.6. ENTIRE AGREEMENT. This Agreement represents the entire Agreement between the Parties, and there are no other agreements (other than invoices and purchase orders), whether written or oral, which affect its terms. This Agreement may be amended only by a subsequent written agreement signed by both Parties.
- 10.7. SEVERABILITY. If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or part, this Agreement shall continue to be valid as to its other provisions and the remainder of the affected provision.
- 10.8. WAIVER. Any waiver by either Party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision of this Agreement.
- 10.9. CONSTRUCTION. This Agreement shall be construed as having been fully and completely negotiated by both Parties and neither the Agreement nor any of its provision shall be construed more strictly against either Party.
- 10.10. HEADINGS. The headings of the sections contained in this Agreement are included for reference purposes only, solely for the convenience of the Parties, and shall not in any way be deemed to affect the meaning, interpretation or applicability of this Agreement or any of its terms, conditions or provisions.
- 10.11. EXECUTION AND COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute only one instrument. Any one of such counterparts shall be sufficient for the purpose of proving the existence and terms of this Agreement and no Party shall be required to produce an original or all of such counterparts in making such proof.
- 10.12. COVENANT OF FURTHER ASSURANCES. All Parties to this Agreement shall, upon request, perform any and all acts and execute and deliver any and all certificates, instruments and other documents that may be necessary or appropriate to carry out any of the terms, conditions and provisions of this Agreement.
- 10.13. REMEDIES CUMULATIVE. Each and all of the several rights and remedies provided for in this Agreement shall be construed as being cumulative and no one of them shall be deemed to be exclusive of the others or of any right or remedy allowed by law or equity, and pursuit of any one remedy shall not be deemed to be an election of such remedy, or a waiver of any other remedy.
- 10.14. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon all of the Parties and their respective executors, administrators, successors and permitted assigns.
- 10.15. COMPLIANCE WITH LAWS. Nothing contained in this Agreement shall be construed to require any act contrary to law, and whenever there is a conflict between any term, condition or provision of this Agreement and any present or future statute, law, ordinance or regulation, the latter shall prevail, but in such event the term, condition or provision of this Agreement affected shall be modified or limited only to the extent necessary to bring it within the requirement of the law, provided that such modification or limitation is consistent with the intent of the Parties as expressed in this Agreement.
- 10.16. NO THIRD PARTY BENEFIT. Nothing contained in this Agreement shall be deemed to confer any right or benefit on any Person who is not a Party to this Agreement.
- 10.17. APPLICABLE LAW. This Agreement shall be governed solely by and construed, in all respects, in accordance with the laws of the State of California.

10.18. JURISDICTION AND VENUE. Any conflict, claim or dispute between the Parties affecting, arising out of or relating to the subject matter of this Agreement shall be filed only in and litigated solely in the Superior Court for Ventura County, California and all Parties specifically consent and agree to the exclusive jurisdiction of that court, and the Parties consent and agree to the jurisdiction of that court.

10.19. PREVAILING WAGE. If required by law or statute, Redflex shall be responsible for complying with the applicable prevailing wage requirements.

“The City”

SAN BUENAVENTURA, CALIFORNIA

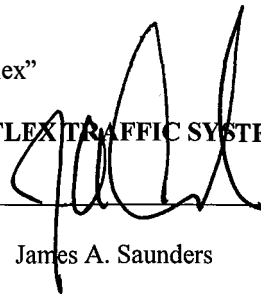
By: 

Name: Mark D. Watkins

Title: City Manager

“Redflex”

REFLEX TRAFFIC SYSTEMS, INC.,

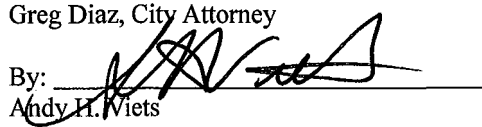
By: 

Name: James A. Saunders

Title: President and Chief Executive Officer

Approved as to Form:

Greg Diaz, City Attorney

By: 

Andy H. Viets

Sr. Asst. City Attorney

EXHIBIT "A"  
Designated Intersection Approaches

The contract is for the implementation of up to forty (40) Intersection Approaches.

Identification of enforced Intersection Approaches will be based on whether the Redflex System is as warranted by community safety and traffic needs and based on guidelines established by the City for the selection of the Intersection Approach. The City will conduct a traffic engineering study of the area intersections as part of this selection process, if required by California law, rules or regulations. The City shall also make and adopt a finding of fact establishing that a Redflex System is needed for reasons related to safety at the Intersection Approaches being considered for installation, as required by California Vehicle Code §§ 21455.5(c)(2)(A) and (d). Installation for each New Designated Intersection approach shall require approval by the City Council of the City of San Buenaventura, except for the three (3) relocated Designated Intersection Approaches outlined below.

The Existing Designated Intersection Approaches:

Johnson Bristol	WB
Main/Lemon Grove	EB
Main/Mills	SB
Mills/Dean	SB
Mills/Telegraph	NB
Thompson/Seaward	NB
Victoria/Moon	SB
Victoria/Olivas Park	NB
Victoria/Ralston	NB
Victoria/Telephone	NB
Victoria/Telephone	SB
Victoria/Telephone	EB
Victoria/Valentine	NB
California St/Thompson Blvd	NB
Telegraph/Day	WB
Main/101	WB
Johnson/Northbank	WB
Foothill/Victoria	WB

After the Effective Date, three (3) Redflex Systems at three (3) Existing Designated Intersection Approaches will be relocated to three (3) New Designated Intersection Approaches, to be determined by the City, which consent shall not be unreasonably withheld. Each relocated Designated Intersection Approach will be assigned a corresponding New Designated Intersection Approach by the City for purposes of determining when to deactivate and remove the Redflex System from the Designated Intersection Approach. Each relocated Designated Intersection Approach Redflex System will be deactivated and removed upon the issuance of the first Citation from its corresponding New Designated Intersection Approach. The foregoing relocations shall be at no cost to the City and the City will not incur the relocation fee outlined in Section 3.8.2.

## EXHIBIT "B"

### Construction and Installation Obligations

#### Timeframe for Installation: Automated Photo Enforcement Program:

Redflex will have each New Designated Intersection Approach installed and activated in phases in accordance with an implementation plan to be mutually agreed to by Redflex Traffic Systems and the City.

Redflex will use reasonable commercial efforts to install the Redflex Systems and the New Designated Intersection Approaches in accordance with the schedule set forth in the implementation plan that will be formalized upon project commencement.

Redflex will use reasonable commercial efforts to install and activate the New Designated Intersection Approaches within sixty (60) days subsequent to the City's request to install a Redflex System at a New Designated Intersection Approach. The City agrees that the estimated timeframe for installation and activation are subject to conditions beyond the control of Redflex and are not guaranteed.

In order to provide the City with timely completion of the new installations, Redflex requires that the City assist with obtaining timely approval of permit requests, including any permits required by the Department of Transportation such as the annual permit. The City acknowledges the importance of the safety program and undertakes that in order to keep the project on schedule the City will provide engineering review(s) of Redflex permit requests and all documentation in a timely manner.

1. **REFLEX 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):
  - 1.1. Appoint the Redflex Project Manager and a project implementation team;
  - 1.2. Request current "as-built" electronic engineering drawings for the New Designated Intersection Approaches (the "Drawings") from the city traffic engineer;
  - 1.3. Develop and submit to the City for approval construction and installation specifications in reasonable detail for the New Designated Intersection Approaches, including but not limited to specifications for all radar sensors, pavement loops, electrical connections and traffic controller connections, as required;
  - 1.4. Seek approval from the relevant Governmental Authorities having authority or jurisdiction over the construction and installation specifications for the New Designated Intersection Approaches (collectively, the "Approvals"), which will include compliance with City permit applications;
  - 1.5. Finalize the acquisition of the Approvals;
  - 1.6. Apply for and pay the business tax and registration tax for a business license, in accordance with San Buenaventura Municipal Code;
  - 1.7. Assist the City in developing a Public Awareness Strategy, which may include media and educational materials;
  - 1.8. Develop the Violation Criteria in consultation with the City;
  - 1.9. Develop the Enforcement Documentation for approval by the City, which approval shall not be unreasonably withheld;
  - 1.10. Complete the installation and testing of all necessary Equipment, including hardware and software, at the New Designated Intersection Approaches;
  - 1.11. Cause an electrical sub-contractor to complete all reasonably necessary electrical work at the New 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;
  - 1.12. Redflex Systems shall be installed and operated independently of the Department of Transportation's equipment and systems;
  - 1.13. The Redflex System shall not interfere with the visibility or operation of the traffic signals;
  - 1.14. Install and test the functionality of the New Designated Intersection Approaches with the Redflex System and establish fully operational Violation processing capability with the Redflex System;

- 1.15. Implement the use of the Redflex System at each of the New Designated Intersection Approaches;
  - 1.16. Deliver the Public Awareness Strategy media and program materials (the "Materials") to the City;
  - 1.17. Citation processing and citation issuance/re-issuance for Authorized Violations;
  - 1.18. Once a year, provide training (i) for up to fifteen (15) personnel of the City, including but not limited to the persons who City shall appoint as Authorized Employees and other persons involved in the administration of the Program, (ii) for up to sixteen (16) hours in the aggregate, (iii) regarding the operation of the Redflex System and the Program, which training shall include training with respect to the Redflex System and its operations, strategies for presenting Violations Data in court and judicial proceedings and a review of the Enforcement Documentation;
  - 1.19. Interact with court and judicial personnel to address issues regarding the implementation of the Redflex System, the development of a subpoena processing timeline that will permit the offering of Violations Data in court and judicial proceedings, and coordination between Redflex, and the City;
  - 1.20. The Redflex Project Manager (or a reasonable alternate) shall be available to the Authorized Officers each day, on a reasonable best efforts basis; and
  - 1.21. Redflex shall obtain access to the DMV database to provide information of the registered vehicle owner and possible matches of Drivers Licenses for comparison to vehicle owner. Confidential information obtained from DMV shall be held confidential, and may not be used for any other purpose (California Vehicle Code § 21455.5(e)(2)).
2. CITY OBLIGATIONS. The City shall do or cause to be done each of the following (in each case, unless otherwise stated below, at City's sole expense):
- 2.1. Appoint the Project Manager;
  - 2.2. Assist Redflex in obtaining the Drawings from the relevant Governmental Authorities;
  - 2.3. Notify Redflex of any specific requirements relating to the construction and installation of any New Designated Intersection Approaches or the implementation of the Program;
  - 2.4. Provide ongoing assistance to Redflex in obtaining access to the records data of the Department of Motor Vehicles in Redflex's capacity as an independent contractor to the City;
  - 2.5. Assist Redflex in seeking the Approvals;
  - 2.6. Provide reasonable access to the City's properties and facilities in order to permit Redflex to install and test the functionality of the Designated Intersection Approaches and the Program;
  - 2.7. Provide reasonable access to the personnel of the City and reasonable information about the specific operational requirements of such personnel for the purposes of performing training;
  - 2.8. Seek approval or amendment of Public Awareness Strategy and provide written notice to Redflex with respect to the quantity of the Materials that the City will require in order to implement the Public Awareness Strategy during the period commencing on the date on which Redflex begins the installation of the first New Designated Intersection Approaches and ending one (1) month after the Installation Date;
  - 2.9. Assist Redflex in developing the Violation Criteria;
  - 2.10. Seek approval of the Enforcement Documentation;
  - 2.11. The City shall provide on an agreed upon frequency, without cost to Redflex, reports regarding the prosecution of Citations, the collection of fines, fees and other monies and available collision data, in such format and for such periods as Redflex may reasonably request;
  - 2.12. Yellow Light Timing Review: The City is responsible to ensure that the yellow or amber light phase timing at all photo enforced Designated Intersection Approaches meets minimum standards according to Federal, California, and local laws, guidelines, and/or rules, as required by Vehicle Code §§ 21455.5 and 21455.7, and the California Department of Transportation;
  - 2.13. The City will allow Redflex to use existing conduit space as available;
  - 2.14. City is responsible for all computer hardware, web browsers and high speed Internet access necessary for the City to access the systems. ;
  - 2.15. . The City is responsible for installing required signage. The City shall be solely responsible for the fabrication, installation and maintenance 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 § 21455.5(a)(1);
- 2.16. The City shall create and submit an evaluation report to the Department of Transportation every five years which will conform with any applicable California laws, rules and regulations governing such report; and

## EXHIBIT "C"

### Maintenance

1. All repair and maintenance of the Program 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.
2. Redflex shall not open the Traffic Signal Controller Boxes without a representative of City Traffic Engineering present.
3. In the event that images of a quality suitable for the Authorized Employee to identify Violations cannot be reasonably obtained without the use of flash units, Redflex shall provide and install such flash units.
4. Redflex may assign specific personnel to provide follow up assistance to the City in the form of the HELPDESK, a designated City Service Representative and a Director of Accounts.
5. Redflex will make commercially reasonable efforts to promote City's successful utilization of the System, including but not limited to providing City with user guides, online help, online training and presentations (as available). Redflex will respond to helpdesk requests for support within 8 hours of the request except where circumstances beyond its control preclude a response within that time. Redflex will use commercially-reasonable efforts to respond to all other support requests within 24 hours for requests received during the period of 8 am to 5 pm Central Standard Time, Monday through Friday. The e-mail support specialist shall be responsible for receiving City reports of errors in the System, and, to the extent practicable over email or telephone, making commercially-reasonable efforts to assist the City in resolving the City's reported problems. If the problem cannot be resolved telephonically, Redflex will use commercially-reasonable efforts to restore functionality in accordance with System specifications within 72 hours of Redflex's receipt of the reported problem.
6. Redflex shall inspect the equipment and the functionality of the Redflex system at each of the Designated intersection Approaches no less than once every two business days and Redflex shall respond to any material malfunction of any of the Redflex system within 24 hours after City provides written notice thereof to Redflex. In the event that Redflex discovers any material malfunction or defect or in the event that Redflex receives a Malfunction Notice, Redflex shall use its best efforts to cause such malfunction or defect to be repaired within 48 hours and in the event that such malfunction or defect has not been substantially repaired within 48 hours, Redflex shall notify the Police Project Manager.
7. Redflex must promptly make available to the City any and all upgrades and technology modifications, including but not limited to software, hardware, camera systems, violation detection systems upon the produces general availability (GA release readiness and not in alpha, beta and testing phases) as Redflex and the City mutually agree. The upgrades and enhancements must be provided to the City at no cost within thirty (30) days of City's acceptance of the upgrade or enhancement.
8. The City shall notify Redflex as soon as possible if any camera system is knocked down or subject to vandalism. During regular business hours, the City will assist, remove and store equipment; during off-hours City may assist but Redflex has the responsibility.



EXHIBIT "D"

COMPENSATION & PRICING

**PRICING PROVISIONS AND OPTIONS:**

- A. Fixed Monthly Fee: Commencing on the Effective Date, the City agrees to pay Redflex Fixed Monthly Fees in the following manner for the Designated Intersection Approaches.

\$2190.00 per month for each Existing Designated Intersection Approach

\$5700.00 per month for each New Designated Intersection Approach

City agrees to pay Redflex within thirty (30) days after an invoice is received. A monthly late fee of 1.5% is payable for amounts remaining unpaid sixty (60) days from date of invoice. This monthly late fee shall not apply to Deferred Monthly Fees accumulated under Cost Neutrality, as discussed below.

- B. City Operating Costs: The City's monthly program operating costs shall be \$1177.00 per active Designated Intersection Approach ("City Operating Costs"). On the anniversary of the Effective Date, the City Operating Costs will increase by the consumer price index or 4%, whichever is greater. The gross receipts received by the City each month from Ventura County through the collection of red light Citations shall first be applied to the City Operating Costs. In order to ensure cost neutrality to the City, City will only be obligated to pay Redflex from the gross cash receipts received from Ventura County after first deducting the City Operating Costs. In the event that balance remains unpaid due to a deficit in gross cash received by the City compared to the invoiced amount, City will provide Redflex, with payments, an accounting of such amounts supporting nonpayment of full invoiced amount and balance remaining.

- C. REDFLEXred™ Halo ("HALO"): HALO is an intelligent collision preemption system that can be added on to any Red Light Camera system. HALO is designed to prevent right angle or "T-bone" crashes—the most deadly type of auto crashes—at any of the City's Enforced Intersections.
- REDFLEXred® Halo Proof of Concept- Redflex will provide, install and maintain one (1) proof of concept HALO system no-cost for the Term of this agreement.
  - REDFLEXred® Halo- Optional add on to any Light Camera Approach \$500 per approach per month.

D. Cost Neutrality:

1. The City shall have the option to make payments to Redflex in accordance with the Cost Neutrality payment option. Under this option, the City may defer payment of that portion of the Fixed Monthly Fee in excess of the amount collected during that month after the deduction of the City Operating Costs, until the City has collected sufficient funds pursuant to this Agreement to pay that portion of the monthly service fee ("Deferred Monthly Fee"). A Deferred Monthly Fee shall be paid from the funds collected in the following month pursuant to this Agreement provided that sufficient funds are collected during that month to pay the Deferred Monthly Fee. Specifically, the funds collected each month pursuant to this Agreement, less the City Operating Costs, shall be applied first to any unpaid Deferred Monthly Fees and then to that month's Fixed Monthly Fee; provided, however, that the City shall never be required to pay in any month an amount in excess of the funds collected that month.
2. Redflex shall maintain an accounting of the net balance of Fixed Monthly Fees and Deferred Monthly Fees owed to Redflex. In all events, the City will not be obligated to pay the full amount of an invoice for any given month unless there is sufficient revenue collected in that month to pay all of the amounts of the prior invoices that were deferred as well as the full amount of the current month's invoice.
3. Cost Neutrality Reconciliation.
  - i. Cost Neutrality will be reconciled at the end of each year on the anniversary of the Effective Date ("Cost Neutrality Reconciliation"). If at that time there is an outstanding balance of Deferred Monthly Fees, the Term of the contract shall be extended by a certain number of days ("Cost Neutrality Days") based on the amount of Deferred Monthly Fees in accordance with the formula below. Cost Neutrality Days will be calculated each year and will be added together at the end of the Term to determine the total amount of the days the Term will be extended (the "Cost Neutrality Term").

X = the total outstanding Deferred Monthly Fees for that year

Y = the average Fixed Monthly Fee for all active Designated Intersection Approaches during the year

For example: If there were 18 active Designated Approaches, all Existing, for the first six months of the year, and 20 active Designated Intersection Approaches (18 Existing and 2 New) for the other six months of the year, then Y would equal \$45,120 based on this calculation:  $[6 \times (18 \times \$2190) + 6 \times ((18 \times \$2190) + (2 \times \$5700))]/12$

X/Y = the ratio of the total Deferred Monthly Fees to the average Fixed Monthly Fee

$(X/Y) \times 30$  days = Cost Neutrality Days to be added to the Cost Neutrality Term for that year rounded up to the nearest full day.

For example: Assume the Agreement is for 3 years with the aforementioned active Designated Intersection Approaches for Year 1 (yielding a Y equal to \$45,120), and the 20 Designated Intersection Approaches remaining active for Years 2 and 3 (yielding a Y equal to \$50,820). Also assume the following Deferred Monthly Fees: Year 1, X = \$50,000; Year 2, X = \$30,000; and Year 3, X = \$10,000. The Cost Neutrality Term will be calculated as follows.

	X	Y	X/Y	(X/Y) x 30	Cost Neutrality Days
<b>Year 1</b>	\$50,000.00	\$45,120.00	1.11	33.24	34 days
<b>Year 2</b>	\$30,000.00	\$50,820.00	0.59	17.71	18 days
<b>Year 3</b>	\$10,000.00	\$50,820.00	0.20	5.90	6 days
<b>Cost Neutrality Term =</b>					<b>58 days</b>

- ii. The outstanding balance of Deferred Monthly Fees will return to zero (\$0) at the end of each year as long as the Cost Neutrality Reconciliation process is in effect.
  - iii. The Cost Neutrality Term will begin upon the last the day of the Term. The Cost Neutrality Reconciliation process will not occur during the Cost Neutrality Term; however, Cost Neutrality will apply.
  - iv. In the event of early termination pursuant to Section 6.1(i) or (ii) of this Agreement, then the total outstanding Deferred Monthly Fees from the calendar year of the termination and the Cost Neutrality Term accrued in prior years shall be waived by Redflex. The foregoing shall also apply to early termination pursuant to Section 6.1(iii) caused by Redflex's material breach of this Agreement.
  - v. In the event of early termination pursuant to Section 6.1(iii) of this Agreement caused by the City's material breach, then the total outstanding Deferred Monthly Fees from the calendar year of the termination shall be owed by City to Redflex, and Cost Neutrality and Cost Neutrality Reconciliation shall not apply to such sums. Furthermore the Cost Neutrality Term accrued in prior years shall begin upon the last day of the forty-five (45) day notice period described in Section 6, effectively extending the notice and performance period by the Cost Neutrality Term.
4. Cost Neutrality is guaranteed except as follows:
    - i. If police or Authorized Employees fail to approve violations by the due date, in good faith and due diligence;
    - ii. If systems are de-activated due to City requirement;
    - iii. If collections are not reasonably pursued, unless, despite attempts by the City to encourage collections by the courts, the courts fail to pursue unpaid collections; or
    - iv. The City fails to enforce right turn violations (from automated red light violations), in good faith and due diligence, if and when systems are configured for this purpose as mutually agreed between Redflex and the City.
  5. Prior Cost Neutrality Balance - Forgiveness. The Parties executed the Agreement between the City of San Buenaventura and Redflex Traffic Systems, Inc. for Photo Enforcement Services on May 21, 2011 (the "Original Agreement"), which Original Agreement was amended on May 21,

2001, January 6, 2003, May 22, 2006 and November 24, 2008 (collectively with the Original Agreement, the "Prior Agreement"). At the end of the term of the Prior Agreement, the Parties had an outstanding Cost Neutrality balance of accumulated Deferred Monthly Service Fees, as outlined in Exhibit D of the Prior Agreement ("Prior Cost Neutrality Balance"). As of the Effective Date of this Agreement, Redflex will forgive the Prior Cost Neutrality Balance and waive its right to collect such balance. The Prior Cost Neutrality Balance shall not apply to this Agreement or any future Cost Neutrality calculations under this Agreement.

**BUSINESS ASSUMPTIONS FOR ALL PRICING PROVISIONS AND OPTIONS:**

1. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole financial responsibility of Redflex.
2. The on-going provision of any and all necessary electrical power to the Designated Intersection Approaches will be the sole financial responsibility of the City; however, the City cannot guarantee that the applicable power company can or will provide uninterrupted electrical power.
3. Required Credit Card fees will not be considered to be revenue received or as payment toward the Fixed Monthly Fee to be paid by the City.
4. Online convenience fees are not considered revenue received or as payment toward the Fixed Monthly Fee to be paid by the City. Online convenience fees are the responsibility of the violator.

EXHIBIT "E"

Additional Rights and Obligations

Redflex and the City shall respectively have the additional rights and obligations set forth below:

1. Redflex shall assist the City in public information and education efforts, including but not limited to the development of artwork for utility bill inserts, press releases and schedules for any public launch of the Program (actual print and production costs are the responsibility of Redflex).
2. The City shall not access the Redflex System or use the Program in any manner other than prescribed by law and which restricts or inhibits any other Person from using the Redflex System or the Program with respect to any Designated Intersection Approaches constructed or maintained by Redflex for such Person, or which could damage, disable, impair or overburden the Redflex System or the, and the City 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 City by means of hacking, password mining or any other method whatsoever, nor shall the City cause any other Person to do any of the foregoing.
3. The City shall maintain the confidentiality of any username, password or other process or device for accessing the Redflex System or using the Program.
4. Redflex and the City 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, Redflex and the City shall obey any and all such rules and regulations.
5. Redflex shall be responsible for repairing or replacing damaged portions of the Redflex System or any Redflex equipment or any property related to the Redflex equipment.
6. The Parties shall agree on specific Business Rules governing the operation of the Redflex System.

## EXHIBIT "F"

### Insurance

1. Redflex shall procure and maintain at Redflex's sole cost and expense the following insurance coverage in connection with the performance of work or services pursuant to this Agreement by Redflex, and each of Redflex's subcontractors, agents, representatives and employees:
  - Commercial General Liability Insurance. Commercial General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury and property damage, Two Million Dollars (\$2,000,000) Products-Completed Operations Aggregate and Two Million Dollars (\$2,000,000) General Aggregate;
  - Business Automobile Liability Insurance. Business Automobile Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) combined single limit per accident for bodily injury or property damage, including but not limited to coverage for all automobiles owned, non-owned and hired by Redflex;
  - Professional Liability (Errors and Omissions) Insurance. Redflex will use its commercial best efforts to procure and maintain Professional Liability (Errors and Omissions) Insurance with coverage of not less than Two Million Dollars (\$2,000,000) each and every claim and in the Aggregate; and
  - Workers' Compensation and Employer's Liability Insurance. Workers' Compensation Insurance with coverage of not less than that required by the Labor Code of the State of California and Employer's Liability Insurance with coverage of not less than:
    - \$1,000,000 Bodily Injury by Accident – Each Accident
    - \$1,000,000 Bodily Injury by Disease – Policy Limit
    - \$1,000,000 Bodily Injury by Disease – Each Employee
2. With respect to the Commercial General Liability Insurance the following additional provisions shall apply:
  - The City or Cities shall be named as additional insureds with respect to the Commercial General Liability insurance; and
  - The Commercial General Liability insurance shall be the primary insurance with respect to the City or Cities in connection with this Agreement, and any insurance or self-insurance maintained by the City or Cities shall be in excess, and not in contribution to, such insurance; and
  - The Commercial General Liability insurance shall include "Separation of Insureds" wording which states that such insurance coverage shall apply separately with respect to each insured against whom claim is made or suit is brought, except with respect to the limits of insurance or any rights or duties specifically assigned to Redflex in such insurance policies.
3. With respect to the insurance described above, if any of the Redflex Parties are notified by any insurer that such coverage will be materially reduced or cancelled, Redflex shall provide written notice within ten (10) business days of receipt of such notice to the City or Cities and shall take all necessary actions to correct such cancellation in coverage limits, and shall provide written notice to the City or Cities of the date and nature of such correction. If Redflex, for any reason, fails to maintain the insurance coverage required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement, and the City or Cities shall have the right, but not the obligation and exercisable in its/their sole discretion, to either (i) terminate this Agreement and seek damages from Redflex for such breach, or (ii) purchase such required insurance, and without further notice to Redflex, deduct from any amounts due to Redflex pursuant to this Agreement, any premium costs advanced by the City or Cities for such insurance. If the premium costs advanced by the City or Cities for such insurance exceed any amounts due to Redflex pursuant to this Agreement, Redflex shall promptly remit such excess amount to the City or Cities upon receipt of written notice thereof.
4. Redflex shall provide certificates of insurance evidencing the insurance required pursuant to the terms of this Agreement, which certificates shall be executed by an authorized representative of the applicable insurer, and which certificates shall be delivered to the City or Cities prior to Redflex commencing any work pursuant to the terms of this Agreement.