

**AGREEMENT BETWEEN
THE CITY OF RICHMOND
AND
SF GLOBAL, LLC
FOR
THE OPERATION AND MANAGEMENT OF
THE CITY OF RICHMOND MUNICIPAL
IDENTIFICATION PROGRAM**

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ATTACHMENTS

- Attachment 1 – Ordinance 16-11 N.S. amending Chapter 2.64 authorizing a Municipal Identification Program-conformed
- Attachment 2 – City of Richmond Insurance Requirement Richmond Municipal Stored Identification Stored Value Card
- Attachment 3 – City of Richmond Business Opportunity Ordinance
- Attachment 4 – City of Richmond Local Employment Ordinance
- Attachment 5 – City of Richmond Living Wage Ordinance
- Attachment 6 – Financial and Operational Stability Requirements

EXHIBITS

- Exhibit A – Schedule of Program Operations
- Exhibit B – City of Richmond Municipal ID/Stored Value Card Fee Schedule
- Exhibit C – City of Richmond Municipal ID Card Mock-up
- Exhibit D – Richmond, CA Bank/Credit Union Accounts Services Comparison

THIS AGREEMENT, hereinafter "Agreement" is made and entered into this 20th day of February, 2014, by and between **SF GLOBAL, LLC**, a Florida limited liability company, (referenced hereinafter as "Operator") and the **CITY OF RICHMOND**, a municipal corporation, (referenced hereinafter as "City"), for the Operator to develop and implement a municipal identification card program with OPTIONAL prepaid debit card functions through an FDIC insured financial institution approved by both parties (referenced hereinafter as "Issuing Bank").

In exchange for the Operator's management and operation of the City of Richmond ID Prepaid Mastercard Program (referenced hereafter as "the Program"), the City agrees to license its municipal corporate name, logo, and other identifying information to the Operator for use on the City of Richmond Municipal Identification Card (Card) and to allow the Operator to offer prepaid debit card services to applicants at the rates specified in this Agreement. This Agreement consists of the general terms and conditions and all Attachments and Exhibits attached to this Agreement or incorporated by reference. In the event of a direct conflict between the general terms and conditions of the Agreement and the terms and conditions of any Attachment or Exhibit, the terms and conditions of the given Attachment or Exhibit shall control.

RECITALS

WHEREAS, the City of Richmond is a California municipal corporation with all the rights and authorities assigned thereto; and

WHEREAS, as a state municipal corporation the City of Richmond has the right to license, contract and/or assign its name to agents when the assignment is in the best interests of its residents; and

WHEREAS, in 2011, the City of Richmond City Council passed an ordinance authorizing a municipal identification program to provide Richmond residents with an alternative method to traditional methods to demonstrate identity, which would display at minimum the cardholder's name, photograph, address, date of birth, and an expiration date (codified at Richmond Municipal Code, Chapter 2.64, Article II); and

WHEREAS, many Richmond residents – including but not limited to immigrants, children and students, the homeless, transgender, the indigent, the disabled, the elderly, runaway youth, adult survivors of domestic violence, and others – currently suffer from the lack of official identification, which restricts their access to law enforcement, financial institutions, jobs, housing, and home and workplace protections; and

WHEREAS, many marginalized communities lack a valid form of identification and without identification are afraid to report crimes to the police; and

WHEREAS, those who lack a valid form of identification are also often afraid to report labor and housing violations – such as blighted properties, slum landlords, and workplace health, safety, and wage violations – to the appropriate authorities; and

WHEREAS, without appropriate identification, it is difficult to open bank accounts, and unbanked city residents carrying large amounts of cash are therefore specifically targeted for robbery and other violent crimes; and

WHEREAS, lack of a valid form of identification translates into limited access to financial institutions and fear of police and other city officials, thus resulting in decreased participation in the formal city economy and other civic matters; and

WHEREAS, the City wishes to create a reliable form of identification for many Richmond residents who currently lack one; and

WHEREAS, a Richmond Municipal Identification Card and Prepaid Mastercard will make it easier for all residents to participate in local and regional commerce and government; and

WHEREAS, the Cities of New Haven, Connecticut and San Francisco and Oakland, California have implemented such municipal ID programs; and

WHEREAS, the Richmond Municipal ID Card will be unique to the City of Richmond and will be produced with privacy and security measures built in to protect the public safety and against counterfeit reproduction; and

WHEREAS, the City wishes to take appropriate measures – including but not limited to implementing meaningful benefits and uses for the Richmond Municipal Identification Card and developing substantial partnerships for its implementation – to ensure that the card is widely used and thereby of the greatest benefit to its residents and the aforementioned marginalized populations; and

WHEREAS, the City wishes to grant to Operator the exclusive right and privilege of designing, implementing, producing and issuing the City of Richmond ID Prepaid MasterCard and operating the Program for the benefit of residents and those disenfranchised communities which the City seeks to empower; and

WHEREAS, the City wishes to implement the Program at no net cost to the City; and

NOW, THEREFORE, pursuant to the terms and conditions set forth in this Agreement by and between the City of Richmond and Operator for and in consideration of the faithful performance of the Licensing and production of a City of Richmond ID Prepaid MasterCard with the terms, covenants and conditions hereof the City and Operator hereby agree as follows:

SECTION 1 **GENERAL**

A. Definitions

“ACH” means Automated Clearing House system and is the primary electronic fund transfer (“EFT”) system used by agencies to make payments, and to collect funds.

“AML” means anti-money laundering, and is a term used as a part of the federal Bank Secrecy Act (“BSA”), which was amended by the United States PATRIOT Act, Public Law 107-56 to insure that banking and lending institutions verify identities to prevent fraud, money laundering, use of funds for illegal acts and or diversion to support terrorism.

“ATM” means an automatic teller machine that consumers use to withdraw funds from their checking, savings or other bank accounts.

“Banking Services” means the services provided by a financial institution to customers/cardholders such as accepting deposits and providing customers access to their deposited funds through a financial network.

“BIS” means the United States Bureau of Industry Security.

“CID” means Consular Identification as issued by the consulate office of an applicant’s home country.

“CIP” means Customer Identification Program.

“City” means City of Richmond, or any department, board, commission or agency thereof.

“DHS” means the United States Department of Homeland Security.

“DRP” means Disaster Recovery Plan.

“EFT” means Electronic Fund Transfer.

“EITC” means the Earned Income Tax Credit, which is a refundable federal income tax credit for low to moderate income working individuals and families.

“FDIC” means the Federal Deposit Insurance Corporation, which is responsible for preserving and promoting public confidence in the U.S. financial system by insuring deposits in banks and thrift institutions up to the coverage levels (currently, \$250,000 for individual accounts); identifying, monitoring and addressing risks to the deposit insurance funds; and limiting the effect on the economy and the financial system when an insured institution fails.

“Fulfillment Vendor” means a secure shop and unique printer of the Richmond City ID Prepaid MasterCard used by the Operator.

“Green card” means United States Permanent Resident Card.

“ID Number” means an individual’s identification number assigned by the Issuing Bank through the Municipal Identification Card Program, which will be a unique number relating to the account number of the Municipal Identification Card holder.

“Intake Center” means one of a number of designated community-based locations in Richmond which the Operator will establish, manage and operate to accept applications and information for a Muni ID Card.

“Intake Center Software” means the software and/or technology that will be used at Intake Centers will be used to submit the information of applicants for a municipal identification card.

“ITIN” means United States Individual Taxpayer Identification Number(s).

“IVR” means the interactive voice response system which is a way for people to interact with a company’s database via a telephone keypad or by speech recognition.

“Municipal Identification Card” means an identification card issued by the Program Operator in accord with the requirements of Richmond Municipal Code Chapter 2.64, § 2.64.010, that displays the cardholder’s name, photograph, address, date of birth, an expiration date in addition to any other information essential for the card to be enabled for debit card banking services. This card may be referenced as “Municipal Identification Card” or “Muni ID Card” herein.

“Richmond Municipal Code” means the municipal code of the City of Richmond, California.

“OFAC” means Office of Foreign Assets Control of the US Department of the Treasury which administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

“Program Administrator” shall mean the City Manager or such other person within a City Department or Agency that the City Manager may designate, who shall be responsible for coordinating with the Third Party Administrator selected to implement and administer the Municipal Identification Card program.

“RMIC” means Richmond Municipal Identification Cardholders.

“Operator” shall mean the Third Party Administrator, SF Global, LLC.

“WCCUSD” refers to the West Contra Costa Unified School District.

“PIN” means personal identification number.

“Pooled account” means a single account in which all RMIC monies will be stored.

“POS” means point of sale.

“Program” means the system administered by the Operator for the City of Richmond involving 1) the issuance of Municipal Identification Cards as defined in Richmond Municipal Code Chapter 2.64, Article II) the provision of debit card banking services to said cardholders at the rates set forth herein.

“Proof of Residency” means the requirements stated in Richmond Municipal Code Section 2.34.040.A.2 that must be demonstrated by applicants to qualify for a Richmond Municipal Identification Card.

"Resident" means a person who can demonstrate that he or she has been present in the City of Richmond for at least 15 continuous days and who presents "proof of residency" as specified in Richmond Municipal Code Chapter 2.64, Article II, Section 2.64.030 (A)(2).

“Senior” means a person at least 65 years of age or older.

“SSN” means social security number.

“Youth” means a person under the age of 18.

SECTION 2 **TERM OF AGREEMENT**

This Agreement does not convey Operator any rights or responsibilities other than to provide residents of Richmond with a City of Richmond Municipal Identification Card and debit banking services at the rates set forth herein. Operator shall have no right or authority to contract with or bind the City to any third party agreements. Operator shall hold the City harmless and indemnify the City as detailed in Section 4.

The term of this Agreement shall commence with the first day of the month immediately following the date of execution of this Agreement by both parties.

Operator’s services shall be completed by two (2) calendar years from the date of execution of this agreement (the “Initial Term”). Upon expiration of initial term, the City will review the performance of Operator and Issuing Bank and reserves the right to renew for an additional two years (the “Renewal Term”). The Agreement will automatically expire unless at least 90 days prior to the expiration date the City Manager has notified the Operator in writing that the City will extend the Agreement for an additional two years.

SECTION 3

**PROGRAM ADMINISTRATION RESPONSIBLE PARTIES,
NOTICES AND COMMUNICATION**

For the duration of this Agreement or until such time as otherwise notified by the City of Richmond, the City's Project Manager for the Program is LaShonda White, Management Analyst in the City Manager's Office. The Operator has designated Mr. Jaime Suriano as the Project Director who will be responsible for communications with the City's Project Manager, City, the City Working Group and the party to whom any notices or other communications that may be necessary in connection with this Agreement.

If either party shall desire or be required to give notice to the other, such notice shall be given in writing, via facsimile and concurrently by prepaid U.S. certified or registered postage, addressed to recipient as follows:

LaShonda White
Management Analyst
City Manager's Office
City of Richmond
450 Civic Center Plaza, 3rd Floor
Richmond, CA 64804

SF Global LLC
Jaime Suriano
Chief Operating Officer
250 Frank H. Ogawa Plaza
6TH Floor, Suite 6301
Oakland, CA 94612

Any party to this Agreement may change the name or address of representatives for purpose of this Section by providing immediate written notice to the other party.

SECTION 4

INDEMNIFICATION: LIMIT OF CITY LIABILITY

The City of Richmond, its City Council, and its officers, agents, and its employees shall not be answerable or accountable in any manner for any loss or damage that may occur by reason of the operations of the Operator for any supplies or equipment used by the Operator, his agents or employees, or for injury or death to any person or persons, either employees, workmen, or the public, or for damage to property or loss of use thereof from any cause whatsoever arising out of the conduct of this Agreement. The Operator shall defend, indemnify and hold harmless the City of Richmond, the City Council, City officers, agents and employees from and against any lawsuits, claims, or actions brought by any person or persons for or on account of any property damage, bodily injury, disease, illness or death sustained by or arising from the provision of a Municipal Identification Card and the use by Operator of the City's name.

The City of Richmond shall not be liable for any injury or damage that may result from acts of God, natural disaster (including but not limited to earthquake, fire and flood), storms and any leaks caused by same or from any damage done or occasioned by or from plumbing, water, or pipes, or other apparatus or electrical wiring out of repair.

Notwithstanding any other provision of this Agreement, Operator shall indemnify and hold harmless (and at City's request, defend) City, and each of their respective Councilmember's, officers, partners, agents, and employees (each of which persons and organizations are referred to collectively herein as "Indemnitees" or individually as "Indemnitee") from and against any and all liabilities, claims, lawsuits, losses, damages, demands, debts, liens, costs, judgments, obligations, administrative or regulatory fines or penalties, actions or causes of action, and expenses (including reasonable attorneys' fees) caused by or arising out of any:

- A. Breach of Operator's obligations (including failure to meet performance/service level standards), representations or warranties under this Agreement;
- B. Act or omission in the course of performance by Operator under this Agreement;
- C. Negligent or willful acts or omissions in the course of performance by Operator under this Agreement;
- D. Claims for personal injury (including death) or property damage to the extent based on the strict liability or caused by any negligent act, error or omission of Operator;
- E. Unauthorized use or disclosure by Operator of Confidential Information as provided in Section 6; or
- F. Claim of infringement or alleged violation of any United States patent right or copyright, trade secret, trademark, or service mark or other proprietary or intellectual property rights of any third party.
- G. For purposes of the preceding Subsections (A) through (F), the term "Operator" includes Operator, its officers, directors, employees, representatives, agents, servants, consultants and subcontractors.
- H. City shall give Operator prompt written notice of any such claim of loss or damage and shall cooperate with Operator, in the defense and all related settlement negotiations to the extent that cooperation does not conflict with City's interests.
- I. Notwithstanding the foregoing, the City shall have the right if Operator fails or refuses to defend City with counsel acceptable to City to engage its own counsel for the purposes of participating in the defense. In addition, City shall have the right to withhold any payments due Operator in the amount of anticipated defense costs plus additional reasonable amounts as security for Operator's obligations under this Section 4. In no event shall Operator or Issuing Bank agree to the settlement of any claim described herein without the prior written consent of City.
- J. Operator acknowledges and agrees that it has immediate and independent obligations to indemnify and defend Indemnitees from any action or claim which potentially falls within these indemnification provisions, which obligations shall arise at the time any action or claim is tendered to Operator and/or Issuing Bank by City and continue at all times thereafter, without regard to any alleged or actual contributory negligence of any Indemnitee. Notwithstanding anything to the contrary contained herein, Operator's liability under this Agreement shall not

apply to any action or claim arising from the sole gross negligence or sole willful misconduct of an Indemnitee.

- K. All of Operator's obligations under this Section 4 are intended to apply to the fullest extent permitted by law (including, without limitation, California Civil Code Section 2782) and shall survive the termination of this Agreement.
- L. City's liability, if any is established, to Operator under this Agreement shall be limited to direct actual damages for material breaches by the City of its obligations under this Agreement and shall exclude any liability whatsoever for consequential or indirect damages, even if such damages are foreseeable.

SECTION 5 **OPERATOR'S INSURANCE**

Unless a written waiver is obtained from the City's Risk Manager, Operator must maintain the insurance coverage specified in Attachment 2, Insurance Requirements, which is attached and incorporated by reference into this Agreement.

SECTION 6 **FINANCIAL GUARANTEES AND FINANCIAL AND OPERATIONAL STABILITY REQUIREMENTS**

Operator agrees to monitor the Issuing Bank's financial health per Attachment 1 and at all times to meet the applicable Financial and Operational Stability Requirements set forth in Attachment 6 and any failure to do so shall constitute a material breach of this agreement.

SECTION 7 **CITY OBLIGATIONS FOR IMPLEMENTATION OF MUNICIPAL IDENTIFICATION CARD PROGRAM (LICENSES FOR USE OF CITY OF RICHMOND NAME, OUTREACH & EDUCATION, CITY WORKING GROUP AND OFFICE SPACE)**

- A. License – Exclusive Right and Privilege to Use City of Richmond Name, Identification and Logo: Subject to the terms of this Agreement to be entered into and only during the term of the Agreement, the City will grant to Operator the exclusive right and privilege of the use of the City's corporate name, identification, and logo to produce and disseminate a Richmond City ID Prepaid MasterCard to any qualified City of Richmond resident who applies for said Card. Said exclusive license shall be used solely for the purpose of administering the City of Richmond Municipal Identification Card Program as described herein.
- B. Outreach and Education: The City will provide reasonable assistance and support to the Operator for outreach and education efforts to Richmond residents regarding the process of applying for a Card. This will include at minimum promoting the Card and Program through avenues available to the City, including but not limited to, City websites, City sponsored events, and City publications. Promotional costs will be

borne by the Operator except for those items which the City can provide at little to no expense based on the City's current capacity. (For example, promotion of program information on City website via a link on City's main webpage).

- C. City Oversight and Coordination: The City will coordinate a Working Group comprised of the Operator, representatives from each of the following City departments: City Manager's Office, City Attorney's Office, Richmond Police Department, City Finance Department, and other City or outside agencies as determined by the Working Group, for the express purpose of monitoring the development, implementation and outreach of the Program. The Working Group will meet as needed during the implementation phase of the program. The Working Group will determine the frequency of meetings necessary for continued oversight of the program.
- D. Office Space: The City may provide office space at a negotiated price to be paid by Operator or help the Operator locate office space in the location and with the build-out and such square footage as the City and Operator determine to be reasonable for the intended usage. If feasible, the City will aim to locate office space in the Richmond Civic Center or its vicinity for the purposes of establishing the first (1st) Intake Center for the Program. If required, City and Operator will enter into a separate facility lease/license agreement for use of any City facility, which shall be attached hereto as a separate agreement, the terms of which shall be incorporated as if fully set forth herein.

SECTION 8 **RICHMOND MUNICIPAL IDENTIFICATION CARD AND PREPAID MASTERCARD RELATED DEBIT CARD BANKING SERVICES**

The Operator will develop and implement a municipal identification program, using a debit card platform to implement the Program through a FDIC insured financial institution. The City of Richmond's City Manager's Office, along with members of the City's Working Group, will monitor the Operator's administration of the Program. The Card must be unique to the City of Richmond and be produced with industry standard integrated security measures to protect against counterfeit reproduction. The Program will be developed and implemented in conformance with the performance schedule set forth in the Exhibit A, Schedule of Program Operation. Further, the Operator will provide at minimum the following scope of services:

A. **ROLES OF OPERATOR IN IMPLEMENTING THE MUNICIPAL IDENTIFICATION PROGRAM (Program)**

Operator shall administer the Program. The Program shall consist of the following:

- i. The Operator will be responsible for leading the day-to day work with regards to the implementation of the Program. This will include, but is not limited to, full program

development, satellite site safety and security, security and confidentiality of identification applicants information, and implementation in consultation with the Office of the City Manager. The Operator will also be responsible for staff recruitment, intake, training, assessment, data collection, tracking and reporting, performance measures, payroll and program evaluation. Operator or its authorized party will provide safety training, that includes cash handling and other security concerns for loader, and other pre-employment training as deemed necessary;

- ii. Operator shall establish an office in the City of Richmond to ensure support for customers, partners and merchants is provided. Operator shall designate a Project Director who will act as the liaison between City agency officials and commercial partners to implement the Program and will oversee Operator's compliance with all elements of the contract. In addition, the Project Director will be responsible for the hiring and training of staff for all required positions. Wherever possible, Richmond residents will be recruited for hire to all positions;
- iii. Operator shall design and produce financial education materials to all applicants and make such materials available through the Intake Center's websites and through its alliances with community groups. At each Intake Center, educational materials must be on hand to help residents better understand the services available through Operator's program. In addition, the Card must come with a user guide which provides full instruction on the use of the card. Upon being ready for deployment, a mobile user guide which describes how the customer can use their cell phone to make transactions and check their balance on their account should also be provided;
- iv. Intake of personal information from any Richmond resident interested in obtaining a City of Richmond Municipal Identification/Debit Card;
- v. Operation of at least one (1) office/intake center in the City of Richmond. Within 90 days of executing this Agreement, Operator will have identified a location for its first Intake Center making sure it is accessible to city residents of the Northern, Central and Southern Districts;
- vi. Protection of confidentiality and security of applicants' personal information per the requirements of federal Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.), the California Financial Information Privacy Act (California Financial Code Section 4050 et seq.), and other state and federal laws and regulations;
- vii. Provision of the Program in accordance with all applicable federal and state laws and regulations including, but not limited to privacy, data security, security breach notification, Regulation E, consumer protection requirements, Bank Secrecy Act, OFAC requirements and state unclaimed property requirements;
- viii. Issuance of Richmond City ID Prepaid MasterCard Cards for qualified applicants with City's corporate name, identification and logo;

- ix. Cards issued under the Program will have electronic prepaid debit card banking features enabling holders to engage in prepaid debit card banking upon activating the prepaid debit card features of the card;
- x. Offer prepaid debit card banking services that include card association with one of the major card networks, Visa, MasterCard or Discover and one of the major interbank networks such as Maestro, Plus or Cirrus to all qualified cardholders;
- xi. Customer support services provided in accordance with the requirements of this Agreement;
- xii. Operator will establish at least one intake center in Richmond. The intake centers will be staffed with full-time contract workers paid by Operator to process card applications. Intake centers may be established either at City agencies or at organizations which have contracted with Operator to provide these services. To the extent possible, such intake centers shall be dispersed among City districts, in neighborhoods such as East Richmond, West Richmond, in order to more effectively reach the target populations for Operator. Operator must provide the details of the intended Intake Center locations to the Working Group for approval prior to executing an agreement to open the location. A location may be changed at the request of the Operator and upon approval by the Working Group; and
- xiii. Operator shall administer the Program in accordance with the Program Requirements below and other requirements set forth in this Agreement.

B. PROGRAM COSTS

Except for application and processing fees required from applicants to apply for the Card, and banking fees required for participation in the optional prepaid debit/banking component by cardholders, the parties agree that the Operator shall manage and operate the Program at its own cost and shall be responsible for and pay all costs of the Program, including, but not limited to, facilities and staff costs, materials, training of staff, computer and telephone equipment and services and all other costs associated with operating the Intake Center.

- i. Operator fees: Charges for all services shall be subject to adjustments from time to time which shall not exceed, in aggregate effect, the greater of an annual rate of five percent (5%). Notwithstanding the foregoing, Operator agrees that there shall not be any adjustments to the charges for the Services provided for a period of twelve (12) months from the issuance date of the first Municipal ID Card. Operator agrees to submit to the City's Working Group for its approval any proposed changes to the cardholder fee schedule at least 60 days prior to its desired implementation. Depending on the change to the Charges for all Services, Richmond City Council may have to amend Ordinance 16-11. City agrees approval of proposed changes will not be unreasonably withheld, provided any proposed fee increases conform to industry standards and practices while not overly burdening the holders of the

Richmond City ID Prepaid MasterCard.

- ii. On an annual basis, Operator shall conduct an industry benchmarking analysis of the fees imposed on cardholders in connection with the Program and use best efforts to more efficiently provide the Services to cardholders at fees on the lower end of what other industry providers charge for comparable Services.
- iii. Operator shall charge fees as set forth under City of Richmond Municipal Code Chapter 2.64, Article II (and/or the City of Richmond annual Master Fees Schedule Ordinance), unless otherwise approved by Richmond City Council. Fees not governed by RMC Chapter 2.64 and/or the City of Richmond Annual Master Fees Schedule Ordinance, will be as described in Attachment B or as amended as detailed above.
- iv. The Operator will assume 100% of the total cost of the Program for the duration of this Agreement. This includes reimbursement to the City for time spent by City staff working on the project. The City of Richmond shall not be responsible for and shall not provide funding, facilities, or resources of any type to operate the Program other than the limited facilities and support activities identified herein.
- v. The Operator will offer the debit card component solely as an option. City residents shall not be required to activate the financial services to apply for the card. For those cardholders choosing to activate and use the prepaid debit card account, fees will be charged as referenced in the "Fee Schedule" in Exhibit B.
- vi. Card Fee: At inception, the fee for the provision of a Card shall be as follows:
 1. Tiered pricing. Richmond Municipal Cards will be sold at two different prices:
 - Full price for Adults 18 and older: \$15.00
 - Reduced price for Seniors 65 and over: \$10.00
 - Reduced price for Youth 14-17: \$10.00
(no financial services available at this time)

C. SECURITY SPECIFICATIONS

- i. All information about the Resident must be entered into a secure database which is maintained by the Operator or its authorized party. This information must be stored consistent with the data security requirements of the Gramm-Leach-Bliley Act (15 U.S.C. 6501 et seq.) and other applicable federal and state data security laws and regulations.
- ii. Although it is not expected or assured that the Richmond City ID Prepaid MasterCard will be recognized by federal or state authorities as a valid form of identification, the Operator will provide at minimum the following security features:
 - Fine line pattern background (aka guilloche graphic created by vector graphic imaging software)

- Embedded watermark
- Embossed stamp of City Seal
- Optical Variable Ink, including ultraviolet or invisible ink, on certain areas of the card.
- Card association security holograms
- Tamper proof magnetic stripe
- Tamper proof signature panel
- Optical character Reader-Type B
- Card stock of certain thickness

In addition, Operator will guarantee that Richmond Police Department Officers will be able to scan the card visually, and to be able to verify that the information on the face of the card matches the information used to register the card, either by swiping the magnetic stripe and/or by checking the name and ID number in the Operator's ID verification database.

- iii. The Card will be printed by Operator's card personalization and fulfillment vendor, which shall be a card association certified shop and unique printer of the City of Richmond ID Prepaid MasterCard . The card manufacturing, fulfillment, printing, personalization, and issuance must all comply with all applicable federal and state laws, including the Customer Identification Program ("CIP") requirements (31 CFR Part 103.121) of the Bank Secrecy Act, and the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.).

D. TRAINING & ACCESSING CARD INFORMATION

Operator will work with Richmond Police Department's (RPD) command staff to provide training and training bulletins at least 30 days prior to issuance of the first card. RPD Officers and other City Agents will review the form of the card to be issued prior to the opening of any intake center for the program to test and approve all security features of the card so that the City agents can easily recognize valid cards, as well as check them against the Operator's card database.

The magnetic stripe on the card shall contain information about the cardholder, such that when the card is swiped, the individual's name and ID number will appear so that a RPD Officer or City agent will be able to verify that the personal information on the face of the card corresponds to the information used to register the card and the prepaid debit account.

The unique identification number on the Card shall provide access to a web-based system that is owned, housed, and operated by the Operator or its authorized party for Identity Verification purposes only. Access will be controlled by a unique user ID and password that is to be established by the Operator to grant authorized access to city agencies including but not limited to the Richmond Police Department. In situations where there is no card reader for the card's magnetic stripe, the ID number may be used to enter the read-only Identity Verification system application where the officer

or agent may verify the information on the account with the information on the face of the card. The system should allow the City's agent to verify that the name and ID number on the face of the card corresponded to the information which is held by the issuing Bank for that individual. As an example, although the card will not and cannot replace a driver's license issued by the State of California or any other state, if a RPD Officer were to pull over a resident on the road, and the resident were to offer his/her Card as proof of ID, the RPD Officer could either look up the information through a web based system or call Police Headquarters or a designated City location at which the card database can be accessed to verify the information.

E. IDENTIFICATION CARD SPECIFICATIONS

Card association's rules and regulations permitting, Operator will provide a card where the front of the card shall bear the following information for the cardholder:

- ID Number is a 10-digit unique identifier of the cardholder. The number can be used to access the cardholder's account on line and during intake or customer support)
- Full legal name (last name, first name, middle initial)
- Date of birth (month/day/year)
- Residential address (corresponding to a Proof of Residency)
- Photo
- 16 digit Prepaid Debit Account Number
- Expiration date (of the card and account); the Expiration Date is determined by adding two years to the date of issuance
- Applicant's Signature
- Eye Color
- Hair Color
- Weight
- Height
- Organ Donor option

F. GOVERNMENT INTEROPERABILITY

- i. City Systems. Operator agrees to work with operators of the following City Systems to determine the feasibility of card interoperability in the shortest time possible:
 - a. Recreation: Interoperability could be achieved by allowing the Card to replace identification card that the Recreation Department assigns to participants or by allowing the Recreation Department's current reader system to read the Cards magnetic stripe.
 - b. Library: Interoperability could be achieved by either having the Library add a barcode sticker to the card or by having the current Library Innovative

Systems operator upgrading the system to enable it to read the Richmond City ID Prepaid MasterCard's magnetic stripe.

- c. Employment and Training (E&T) and Office of Neighborhood Safety (ONS): The Card could be used in the future to pay stipends to participants involved in E&T and/or ONS programs.
- ii. Government Agency Systems. Operator agrees to work with other existing government Agencies in the City to expand card interoperability over time. These could include but are not limited to:
 - a. West Contra Costa Unified School District: If feasible for the WCCUSD, the Richmond City ID Prepaid MasterCard could be used in lieu of a student ID card by adding to it a unique sticker or barcode at the beginning of each new term. Debit card component shall be restricted for students under age 18. If feasible, Operator agrees to cooperate with WCCUSD to allow the Richmond City ID Prepaid MasterCard to be read in card readers at its locations.
 - b. AC Transit: Upon activation the Richmond City ID Prepaid MasterCard, could be used to purchase AC Transit passes at any location where MasterCard debit is accepted.
 - c. Contra Costa College: If feasible for Contra Costa College, the Muni ID card could be used in lieu of a student ID card by adding to it a unique sticker or barcode at the beginning of each new term. Operator agrees it would work with Contra Costa Colleges to allow Muni ID to be read in card readers at its locations.
 - d. Contra Costa County Social Services: Operator agrees to explore potential opportunities to utilize the Richmond City ID Prepaid MasterCard as an alternative channel for city residents to access county services.

G. SECURITY VERIFICATION SPECIFICATIONS

- i. Service must include processes and technologies for verifying the validity of the issued cards on a 24/7 basis under secure conditions. Operator must be able to work with City departments and authorized personnel to establish a workable validation process, which may require access to a secure database for ID verification purposes and/or the development of interfaces between the service provider and City systems via API.
- ii. Richmond Municipal ID card database must be available on a 24/7 basis to Richmond Police Department Dispatch Facilities for identity verification.

H. FINANCIAL SERVICES: PREPAID DEBIT CARD SERVICES: RELOADABLE/ACCOUNT-BASED PREPAID DEBIT CARD COMPONENTS

- i. POS interface. Operator's card shall be compliant with the Unified POS standards lead by the National Retail Foundation.

- ii. **Card Association.** The card will be part of the Mastercard network and its corresponding interbank networks Cirrus and Maestro that include millions of ATM and POS locations throughout the US where the Richmond City ID Prepaid MasterCard can be used to make purchases, payments and withdrawals. Additional financial Networks card association could include but not be limited to: Star, Pulse, GreenDot, Allpoint and MoneyPass networks.
- iii. **Operator will provide a Reloadable/Individual Cardholder Account-based Prepaid Debit Card (Card) to interested residents.** The Card will have all the functionality of both a signature card and PIN card which includes the acceptance of the card on ATM/POS networks, and which requires that transactions are verified by PIN or cardholder signature. Residents will be able to use their Card in order to:
 - Load cash onto their Card via POS at participating businesses and other locations;
 - Load checks onto Card at participating merchants;
 - Load the card via Direct Deposit;
 - Check balance 24/7 on Internet, voice systems (IVR) and soon, their mobile device (if they opt in to the program by signing up for secure mobile services);
 - Make purchases at POS terminals and withdraw cash at ATM's;
 - Make purchases and reservations over the phone and on the Internet;
 - Pay bills over the phone, on the Internet and through the mail using the 16-digit card number or the setting up an ACH debit to the card;
 - As soon as practicable, make economical domestic and international money transfers through website and mobile phone applications; including card-to-card transfers to other Richmond City ID Prepaid MasterCard cardholders; and
 - As soon as practical, link card to their cell phone to enable secure mobile financial transactions.
- iv. **Operator will work with the local merchant community in the implementation of Merchant reward/discount programs to incentivize cardholders of the City of Richmond ID Prepaid MasterCard to shop locally.**
- v. **Fee Schedule:** The Fee Schedule for Operator shall be as detailed in Attachment B. Fees are subject to reasonable change and or modification from time to time pending notice to and approval by the City Working Group. Operator agrees to submit, for review and approval, to the City Working Group any suggested changes to the Fee Schedule at least 60 days prior to the date the Operator anticipates to begin implementing such changes. City agrees such approval will not be unreasonably withheld if proposed fee modifications comply with the Operator's goal of keeping the program fee schedule at the lower end of the industry spectrum for General Purpose Reloadable cards offering similar services.

- vi. Technological and systems components of the Operator's City ID Prepaid MasterCard program will be handled by the Operator or its authorized party, and have the following technological and systems components:
 - a. Each Richmond City ID Prepaid MasterCard shall be linked to an individual prepaid debit account at the Issuing Bank, held in the cardholder's name.
 - b. All funds on individual card accounts shall be FDIC-insured, up to applicable federal deposit insurance limits.
 - c. All information on the cardholder shall be stored by the Operator or its authorized party and accessed using account management software that is approved, regulated and monitored by the Issuing Bank or its authorized party.
 - d. Issuing Bank's or its authorized party processing platform shall manage all transactions and movements of money on and off the card/in and out of the prepaid debit card account. If the cardholder is using the mobile platform, Issuing Bank or its authorized party shall manage all mobile instructions and transactions and do so, in a secure fashion.
 - e. Customer support shall be accessible through a call center that has contracted with Operator to provide support services on a 24/7 basis via IVR and customer support representatives.
 - f. Operator shall have obtained or be in the process to secure all required permits and certifications from the proper parties to enable cardholders to execute remittances, both domestically and abroad, provided however, that the Services can be offered in full compliance with applicable U.S. and foreign anti-money laundering laws and regulations. The remittance transactions shall be limited in the amounts that can be remitted on a daily basis; no more than \$1000 a day for all transfer transactions (U.S. or non-U.S.) can be made by any cardholder. Operator shall inform cardholders periodically or as often as it deems necessary of which countries are eligible for money transmittal services.
 - g. Card fulfillment and personalization (production and printing of the card as well as all materials included in the card envelope) will be provided by Operator's Fulfillment Vendor.
 - h. The cards issued shall be signature cards. Once the card and the card envelope have been printed, the card personalization vendor will mail the card package to the address provided by the cardholder.

- vii. The card package sent to the cardholder shall include the following materials within a single envelope:
 - a. The card itself, personalized with all identification components and including the 16 digit account number, attached to a 'card carrier'.
 - b. A 10-digit ID number unique to each cardholder used on Issuing Bank's or its authorized party secure web-based system for online

- account management.
- c. A 4-digit temporary 'access code' which the cardholder uses to enter the interactive voice response system (IVR) and call center line. This is not the same as a 4-digit PIN, which is chosen by the customer upon activation of the card, and which is used to verify transactions at the POS or ATM. Card activation will require:
 - 16 digit account number
 - Date of Birth
 - CVC code
 - d. A fee schedule
 - e. A form for direct deposit indicating the ABA routing and transit number and the funding "bank" account number unique to the card that acts as an ACH address.
 - f. A cardholder agreement, with the terms of the agreement between the cardholder and Issuing Bank including any applicable privacy notices. All disclosures provided to cardholders must be clear, concise, compliant with applicable federal and state legal requirements in accordance with industry standards.
- viii. Operator shall provide cardholders with the following additional documentation at the time of cardholder registration:
- A user guide
 - Upon service availability a mobile user guide
 - Materials describing the Richmond Municipal ID Card program, where the card can be loaded, instructions on where customers can access their account information, the benefits of the using the Card with local vendors (if applicable), and how they can access cardholder support.
- ix. Upon card manufacture, all temporary photo and signature files created by the intake center staff as part of the application process will be "securely deleted" and a "secure" file destruction log kept by the Operator and be made available to the city upon request.
- x. Card design shall be approved by City Staff, including RPD, and will incorporate all card security features, financial card features and identification specifications for the design of the front and back of the card; the design must comply with the requirements set by the card networks (i.e., Visa or Mastercard) as well as typical financial card layout. Operator will also incorporate, as permissible under banking and card networks rules and regulations, design specifications identified by City staff. Operator shall monitor which intake center is selling the most cards, as well as track how many Residents are using the card and which transactions are the most popular among card users. Operator shall provide the City a monthly report with this same information by the 30th of each month. Operator or its designated party shall, as soon as feasible, deploy a proprietary load network to service cardholders. Operator or it's designated party agrees to

hold the City harmless and not liable for any loss or liability incurred in the implementation and deployment of its proprietary load network.

I. LOADING CAPABILITIES FOR CARDHOLDERS

Operator shall provide for card holders, who qualify to activate the OPTIONAL financial services, to load their Muni ID cards in any of the following four methods:

- i. With cash at the Operator's or its designated party's load points: To load a card with cash the customer gives the authorized merchant the cash for the load plus the load fee.
- ii. Through Direct Deposit: Direct deposit can be set up by the customer as soon as she/he receives his/her card and activates his/her account any funds that can be direct deposited to a bank account can be deposited to the card including pay, tax refunds, or benefits such as Social Security or SDI. By filling out the form in the card envelope and giving it to his/her employer, the customer can have the full or a partial amount of his/her salary deposited automatically onto their card each pay period. Direct deposit of the cardholder's salary allows the customers to avoid the normal load limits placed on the card, as well as the load fee.
- iii. Through a card to card transfer: A customer's card can be loaded through a domestic card-to-card transfer.

All load points are considered "merchants" for the purposes of simplicity and for compliance with Payment Network regulations. Load points shall be equipped with a POS machine or a Virtual Terminal and PIN pad with the Operator's or its authorized party load application downloaded to it. Each merchant will be trained to accept the Richmond City ID Prepaid MasterCard card as a signature MasterCard.

J. RISK MANAGEMENT

Operator shall provide the City a copy of their process for regular and risk assessment and management. Risk management must include training for all merchants processing loads to be conducted by the Operator's proprietary load network. The Issuing Bank's systems will record all individuals processing loads and will grant access to authorized parties to process loads. Access to load system will be controlled by merchant, who will be assigned a unique identification (ID) # and password. The Issuing Bank or its authorized party will be responsible for compliance with all Bank Secrecy Act requirements, including monitoring for suspicious activity and submitting Suspicious Activities Reports ("SARs"), and Currency Transaction Reports (CTR) reporting. Such processes shall include systems to appropriately identify, assess, measure, monitor and control the various risks which arise from the expansion and diversification of the technical, sales, marketing, business development, customer service and operations activities associated with the Program. Since Operator will be operating and managing the intake centers, Intake center employees, will be hired after appropriate background checks and managed by

Operator. All merchants wishing to participate in the Operator's proprietary load network will contract with Operator or its authorized party and will be trained by Operator's or its authorized party's staff on the loading process and reporting requirements.

K. PRIVACY CONSIDERATIONS AND SECURITY MEASURES

Operator and Issuing Bank or their authorized parties will provide reasonable privacy and data security protection measures for cardholder information, such measures shall meet the requirements of applicable federal and state privacy and data security laws and shall be documented in a written information security plan ("WISP") which shall be updated periodically. A copy of the WISP shall be provided to the City upon execution of this Agreement and at least annually thereafter. The WISP shall include:

- i. **Storing of cardholder information:** All information on the cardholder will be securely maintained in the Issuing Bank's or its authorized party's database, and shall afford the security of the cardholder's information as required by the Gramm-Leach-Bliley Act (15 U.S.C. 6801 et seq.), the California Financial Information Privacy Act, and other applicable federal and state laws and regulations.
- ii. Operator will provide an encrypted and safe method for delivering private and confidential information to the Issuing Bank.
- iii. At a minimum, Operator must be able to provide software at the satellite offices which:
 - a. Provides an encrypted and safe method for delivering private and confidential information to the Issuing Bank.
 - b. Provide software and hardware designed to not store the private and confidential information of the applicants at the satellite service centers computers or servers.
 - c. Provide a secure method of establishing that there will be no identification duplication and or mismanagement of information so as to provide the City with fraud protection guarantees.
 - d. Provide types of security checks/access controls that intake workers and individuals with access to identification systems will be required to go through before they can access the system.
 - e. Neither the cardholder's information nor the photo or signature, shall be saved or kept on the computer used by the intake agent at any time. In the case of theft of a computer or a California Public Records request, Operator's security practices shall ensure that there will be no possibility for the divulgence of card applicants' private information.
 - f. The web-based systems used by the Operator shall be protected with a username and password, multi-factor authentication and layered security controls, and only personnel designated by Operator will be granted a username and password.
 - g. Every movement on the web-based system shall be recorded by the Operator

or its authorized party and should be traceable. The web-based registration system will be owned, maintained, and operated by the Operator or its authorized party.

- h. Intake agents shall be trained to always return any documents, including any forms which may aid the Resident in remembering their ID number following pre-registration over the phone or web, to the Resident.
- i. WISP shall include a security breach incident response plan, which shall provide for, among other things, notice to affected cardholders promptly after the discovery of a known or suspected breach.

L. PRIVACY

Cardholder information shall be protected under a privacy policy which will be disclosed along with the cardholder agreement mailed with the card, as well as posted on the websites. The privacy policy shall meet all applicable federal and state legal requirements. The privacy policy shall be consistent with the model privacy notice form issued on an interagency basis by the federal banking agencies. 12 CFR Part 40 (Appendix A). A copy of the privacy policy shall be provided to the City for its review prior to any card being issued.

M. DISASTER RECOVERY AND BUSINESS CONTINUITY PLAN (“Business Continuity Plan” or “DRP”)

Operator shall establish, implement and periodically test and update appropriate disaster recovery plans designed to ensure the continued viability of the Program and address at least the areas below. The Business Continuity Plan shall be documented in writing. A copy of the Business Continuity Plan shall be provided to the City prior to the execution of this Agreement and at least annually thereafter.

- i. Evaluation and declaration of the emergency
- ii. Notice to individuals
- iii. Critical lapse to system recovery or the window time frame to resume the business operation
- iv. Emergency actions to follow presented in a clear and understandable way
- v. Recovery of system to the point of right before the interruption of the service
- vi. Manual process to recover other automatic processes that can’t recover as quickly as possible
- vii. Employee Directory (list of contacts with clear instructions of who to call first)
- viii. Updates to the Plan (at least 2 times per year the person in charge of the DRP will ask to the managers to update and modify the plan, if necessary)
- ix. Diffusion of the Plan to all personnel (the person in charge of the DRP will communicate to all the personnel the contents of the plan, so everyone will know what are their responsibilities)
- x. Testing of the Plan (The manager will schedule a full test of the DRP plan at least one time per year)
- xi. Results of the Testing and Evaluation: the testing process will produce a report with the results.

- xii. Load of the equipment
- xiii. Actual Time of recovery
- xiv. If results are not satisfactory, a new test will be scheduled within 30 working days.

N. ANTI-REPLCIATION AND FALSIFICATION

- i. During the application process, the cardholder must provide both a proof of identity and a proof of residency. The address that is taken for the individual will correspond to that on his/her proof of residency document. Thus, only the person whose ID is shown and who has a valid proof of residency with a matching name will be granted a card.
- ii. Operator shall allow only one active Card account per customer. The registering agent will not be able to register another card account to someone with an active account in the bank's system.
- iii. The security features on the front and back of the card shall prevent the card from being 'washed' and a new photo or new text to appear on the card.
- iv. If the front of the card is tampered with, a swipe of the card must confirm whose name, ID number, etc. belongs on the account, and whether this information corresponds with the information on the front of the card.

O. SECURITY OVER PREPAID DEBIT CARD ACCOUNT FUNDS

- i. The cardholder shall receive his/her Muni ID in the mail; When the customer calls the customer care center to activate his/her card, she/he uses the access code to enter the system, and then they must provide additional identification criteria to activate the card. Once activation is completed, the customer must be transferred to the IVR system where they then select a secret, 4-digit PIN number. PIN numbers must never be included in mailings, and cannot be known or disclosed by a customer service representative.
- ii. Either the cardholder's PIN or signature must be used to verify POS purchases, loads and ATM withdrawals of funds from the card. At the time of purchase, when applicable, the signature on the receipt must be compared against that on the signature panel on the back of the card as well as that on the front of the card.
- iii. The Issuing Bank shall restrict access to a Cardholder Account if it believes that suspicious or possibly unauthorized activity may be taking place with a card.
- iv. All card funds are stored in a FDIC insured pooled account at the Issuing Bank. In the case of loss or theft of the card, the customer should be able to call the customer service line on a 24/7 basis to report the loss. The lost card

should be deactivated and the customer's claim then investigated in accordance with Regulation E of the Federal Reserve Board (FRB). The customer's funds shall be recuperated, with the balance transferred to a replacement card.

- v. If the customer connects his/her card to his/her cell phone, theft of the cell phone shall not endanger the customer's debit card account.
- vi. Money transfers shall require verification by PIN numbers.
- vii. Card Network should have a policy that maintains that customers are NOT responsible for unauthorized purchases on their cards. Customers who feel that purchases have been made on their card in error (through theft or loss of the card) should be able to call Operator to report their dispute, with the Operator investigating and responding consistent with the requirements of Regulation E of the FRB. The card network will reconcile with the merchant.

P. IDENTITY THEFT MANAGEMENT

- i. Issuing Bank must comply with all applicable requirements under the Bank Secrecy Act, including with respect to the requirements of Section 326 of the USA PATRIOT Act, which sets final regulations implementing customer identification and verification requirements. Issuing Bank shall utilize the service "*InstantID*", provided by LexisNexis, or other industry approved service as a compliance tool. LexisNexis shall conduct a negative database search which flags discrepancies in customer data. Information that LexisNexis should flag includes, but is not limited to:
 - 1. Invalid Social Security Number (SSN)
 - 2. Deceased SSN
 - 3. SSN issued prior to birth
 - 4. SSN associated with a different person
 - 5. Disconnected phones (cell or land lines)
 - 6. Invalid address(es)
 - 7. Addresses designated as campground, school, or other non-residential addresses.
- ii. OFAC Checks. Operator shall cause its Issuing Bank or its authorized party to conduct an Office of Foreign Asset Control (OFAC) screening upon opening of the account and regularly while the account remains open. OFAC Screening investigates former names, aliases, or anything else in a customer's record that might indicate a risk. OFAC Screening allows financial institutions to scan customer names against such international watch lists as the Bank of England List and the Bureau of Industry and Security (BIS) Export Control List.
- iii. AML. In compliance with Section 352 of the USA PATRIOT Act Operator shall cause its Issuing Bank or its authorized party to maintain an anti-money

laundering program which at a minimum must include:

1. The development of internal policies, procedures and controls;
 2. Designation of a compliance officer;
 3. An ongoing employee training program; and
 4. An independent audit function to test programs.
- iv. **Collecting information:** As part of a Customer Identification Program (CIP), Operator shall cause its Issuing Bank or authorized party to implement procedures to collect relevant identifying information including the customer's name, address, date of birth, and a taxpayer identification number. Foreign nationals without a U.S. taxpayer identification number should be able to provide a reliable government-issued identification number, such as a passport number.
- v. **Verifying identity:** The CIP should also implement procedures to verify the identity of customers opening accounts.
- vi. **Maintaining records:** As part of a CIP, Operator shall cause its Issuing Bank or authorized party to maintain records including customer information and methods taken to verify the customer's identity.
- vii. **Limits on card amounts:** In addition to its CIP Policy, the limit on the amount of cash that can be loaded on a Muni ID card at any time shall be (\$2999.00) (except in the case of direct deposit), the amount that can be loaded at one time (\$1000 per day for all transactions), or transferred in the US or abroad (\$1000 per day for all transactions) shall be measures that mitigate the risks of money laundering.

Q. STATE ESCHEATMENT REQUIREMENTS

- i. Under the terms and conditions of the cardholder agreement with the Operator's Issuing Bank, each Card issued by the Issuing Bank may remain the property of the Bank. The Issuing Bank may revoke a card at any time without cause or prior notice. If a card is revoked, the customer must cease using it and surrender or destroy it immediately upon learning that it is revoked.
- ii. Within sixty (60) days of the expiration or revocation or other termination of the customer's Card, Issuing Bank must remit to the customer, after deducting any outstanding transactions and all applicable fees, or within such longer period as may be reasonably necessary to protect Issuing Bank against the risk of reversal of a charge or other liability, any amount remaining in the "Issuing Bank Agency Pooled Account" which credited to the customer. Issuing Bank may require the customer to surrender their Card to Issuing Bank as a condition to sending the customer any remaining value. Each party has the right to terminate the cardholder agreement. Regardless of how this Agreement is terminated, when

this agreement is terminated, the customer must surrender their Card within 30 days and Issuing Bank will return any account residue.

- iii. If a customer activates the card's optional financial services but does not access their City Card account for 90 days from the date of activation, the card and cardholder's financial services account may be cancelled and, if available, Issuing Bank shall use the most recent information it has on file to return the remaining funds to the customer. The card expires two years from the date it was ordered. However, for registered cardholders, if that information is unavailable or out of date and Issuing Bank cannot otherwise return the funds to the customer with certainty, the remaining funds due may be subject to applicable state laws regarding escheat (or forfeiture) to the state government of unclaimed property. These escheatment requirements shall be disclosed to the customer in the cardholder agreement.

R. PROGRAM OUTREACH, EDUCATION AND INFORMATION DISTRIBUTION

The process by which customers acquire information about the City Of Richmond ID Card shall be:

- i. Brochures: Operator shall produce and make available for distribution a bi-lingual English/Spanish brochure to inform city residents of the requirements to apply for the card, its uses, and the location/s where they can apply for the card. Such brochure should be made available free of charge for distribution to City residents, to any City agency, community or faith based organization and any other stake holders interested in informing their constituencies about the card.
- ii. Leaflet and Poster: Operator shall produce and make available for distribution a bi-lingual English/Spanish leaflet and poster as part of its outreach efforts to inform city residents about the benefits of the card and the locations where they can apply. Such materials should be made available free of charge to any city agency, community or faith based organization and any other stake holder wishing to promote the card amongst its constituents.
- iii. Toll Free Number: Operator shall make a toll free number available to city residents who wish to contact the Operator for information regarding the Program application process or other information regarding the Program. The toll free number shall be able to handle both English and Spanish speakers.
- iv. Website: Operator shall establish a bilingual, English and Spanish, website to offer cardholders, city residents and other stake holders a single point of contact to access card program information including but not limited to application process and requirements, cardholders account management portal, applicable card fees schedule, and cardholders terms and conditions.

S. OPERATOR MUNI ID REGISTRATION PROCESS

- i. At Intake Center locations, a staff person must check that the resident has all appropriate documents. An appointment is recommended but shall not be necessary to complete application, rather the resident may wait until an intake agent is available.
- ii. The Intake Center agent shall receive the resident and verify that the Resident's documents comply with the eligibility requirements for the Card. Then, the Intake Center agent must enter the applicant's information directly into the Operator's or its authorized party's online application form without making any copies of the applicant's documentation. Upon finalizing the electronic application, the intake agent shall submit an electronic copy of the proof of identity and residency to be uploaded with the electronic application as part of the issuing bank's mandatory Know Your Customer policy. The intake operator shall then take the applicant's photo and capture the applicant's signature via a signature pad and upload them as part of the application process. Finally the intake agent shall collect the appropriate fee from the applicant. Upon submission of the resident application for the Card, the resident shall receive his/her card in the mail within 7-10 business days.
- iii. When his/her card is received, in the event he/she wishes to use the card's OPTIONAL financial services, the resident shall be able to call the Operator's or its authorized party's customer care center to activate the prepaid debit component of the Card.

T. DOCUMENTS FOR IDENTITY VERIFICATION

The City of Richmond has determined the proof of identity requirements to be used to obtain a Municipal Identification Card and Operator agrees that the same requirements shall be used for the issuance of the City of Richmond ID Prepaid MasterCard Said requirements, as set forth in Richmond Municipal Code Chapter 2.64, Article II, are as follows:

i. Proof of Identity

City residents wishing to receive a Municipal Identification Card and/or activate the card's OPTIONAL prepaid debit card financial services (for applicants eighteen years of age or older) must present ONE of the following documents showing the applicant's photo, date of birth, address and expiration date or a valid US Social Security card:

- Current U.S. Passport
- Social Security Card
- Current Driver's License issued by any state or territory of the United States
- Current State ID issued by any state or territory of the United States
- Current U.S. Permanent Resident Card (Green Card)

- Current Consular Identification (Mexico only)
- Current foreign Government issued National Identity card for the following countries: El Salvador, Guatemala, Nicaragua and Mexico
- Current foreign Passport (OFAC countries prohibited)
- Current US military ID card
- Current US Tribal ID card
- Any other US government issued ID which is current and contains a photograph.

ii. Secondary Proof of Identity

All applicants can use any of the following documents as secondary proof of identity if required:

- Certified Copy of US or Foreign Birth Certificate (must be translated into English)
- Social Security Card
- Confirmation of US Taxpayer Identification Number
- US. School Photo ID
- US Work Photo ID
- US Utility Bill*
- US Lease or Rental Agreement
- Current US Paystub*
- Property Tax Statement
- Mortgage Statement/payment stub*
- Bank Account Statement*
- Insurance Bill*
- US Voter Registration Card
- Vehicle Registration
- Applications made to Department of Homeland Security (DHS)

Documents must be current within 60 days and show cardholder's name and address which must match name and address provided.

iii. Expired Documents

Applicants whose proof of identity documentation is expired at the time of applying for the Richmond City Municipal Identification Card will not be eligible to activate the OPTIONAL prepaid debit card functions of the card until submitting a valid proof of identification at any of the Operator's intake centers while their card is valid.

iv. Applicants Under Age 17

- a. Applicants 17 and younger are not eligible for financial services and will receive a Richmond City ID Prepaid MasterCard without the OPTIONAL financial services function.
- b. Operator agrees to work with Issuing Bank on the development of a “teen” financial services card for applicants 14 -17 years old.

U. DOCUMENTS FOR RESIDENCY VERIFICATION

The City of Richmond has determined the proof of residency requirements to be used to obtain a Municipal Identification Card and Operator agrees that the same requirements shall be used for the issuance of the City of Richmond ID Prepaid MasterCard Said requirements, as set forth in Richmond Municipal Code Chapter 2.64, Article II, are as follows:

i. Proof of Residency

City residents wishing to receive a Municipal Identification Card and/or activate the card’s OPTIONAL prepaid debit card financial services (for applicants eighteen years of age or older) must present ONE of the following documents showing the applicant’s name and residential address within the City of Richmond:

- a. Utility bill dated within the last 30 days
- b. Local property tax statement or mortgage payment receipt dated within the last 30 days
- c. Bank account statement dated within the last 30 days
- d. Proof of a minor currently enrolled in a Richmond school
- e. Employment pay stub dated within the last 30 days
- f. Jury summons or court order issued by a state or federal court and dated within the last 30 days
- g. Federal or state income tax or refund statement dated within the last 30 days
- h. Insurance bill (homeowner’s, renter’s, health, life or automobile insurance) dated within the last 30 days
- i. Written verification confirming at least 15 days residency within the last 30 days issued by a:
 - 1) Homeless shelter that is (i) operated by the State or County, (ii) holds a business license with the City of Richmond, or (iii) meets criteria established by the City Manager by regulation
 - 2) Hospital health clinic or social service agency that is (i) is operated by the State or County, (ii) holds a business license with the City of Richmond, or (iii) meets criteria established by the City Manager by regulation
- j. A homeless resident will need to present written verification issued by a hospital, health clinic or social services agency that receives City funding

- confirming at least 15 days residency within the last 30 days
- k. If a certified copy of a marriage certificate is presented at the time of application, an applicant may prove residency using documents bearing the name of his/her spouse.
 - l. Any document from the list of approved Secondary ID Document list that includes the applicant's home address and its issued within the last 30 days.

V. PROOF OF PERMISSION FOR MINOR APPLICANTS (PEOPLE UNDER THE AGE OF 18)

Parent or legal guardian must accompany minor during the verification phase of the application. Parent must sign sworn affidavit attesting to the granting of permission (providing consent under COPPA) and submit supporting identifying information.

W. CARD EXPIRATION AND REPLACEMENT

- i. At least thirty (30) days prior to the Expiration Date of a cardholder's Card, Operator shall require the cardholders to produce proof of continuing residency in the City of Richmond. In the event that a cardholder moves out of the City of Richmond, the cardholder shall be not have the option to renew his/her Richmond City ID Prepaid MasterCard upon expiration. Further, in the event that a cardholder who is no longer a resident in the City of Richmond also has a debit card account established through the Richmond City ID Prepaid MasterCard Program, the Operator shall notify the cardholder that his/her debit card account shall be closed, or alternatively, at the Operator's option and the cardholder's request, a commercial debit card account shall be independently established for the cardholder with any of the Operator's Issuing Banks.
- ii. Muni ID expires two years from the date of issuance, per the expiration date printed on the face of the card. At that time, customers will be required to call the customer care center to request a new card. They will pay a fee for replacing the card, similar or equal to the amount they paid at the time of original registration. They may pay the fee over the phone if they are paying by funds on their prepaid account or by credit card. Residents must return to an intake center if they wish to pay with cash. If they do not wish to change the photo or information on the face of the card, a new card will be mailed to them. If they do wish to change the photo or information, they will return to an intake center to take the photo, verify their new proof of residency, change of name, etc. The card will then be mailed to them.

X. CUSTOMER CARE ACCESS

- i. Customer care support center shall be available via a toll free 1-800 number. Call center hours are 24/7.

- ii. Customer support services shall include multilingual customer call center representatives in both English and Spanish available during regular business hours.
- iii. Customer care shall include 24 hour multi-lingual IVR (Interactive voice response) system accessible through the same 1-800 number.
- iv. Operator shall provide a City of Richmond branded Customer-oriented website: www.richmondcityid.com. At this site, residents should be able to securely access the online account management portal.
- v. Intake centers will have language appropriate staff and be open during normal business operating hours. However, at a minimum, these intake centers are required to provide intake for 40 hours a week. Operator will work with City staff to determine the most feasible operating hours.
- vi. Residents should be able to call the Operator customer care center to register a complaint. Complaints should be resolved within 10 days after being contacted by cardholder. If more time is needed Operator may take up to 45 days to investigate cardholder's complain or question. For complaints involving point-of-sale or foreign-initiated transactions, Operator may take up to 90 days to investigate cardholder's complain or question. The Terms and Conditions of the Cardholder Agreement shall be included in the card package and make clear the responsibility of Issuing Bank for customer errors and complaints, consistent with the requirements of Regulation E of FRB.
- vii. At a minimum, the Cardholder Agreement and customer statements should indicate what customers can do in "Case of Errors" and include how to contact Operator at its customer care number, as well as appropriate steps to take to dispute charges and or activity. Such information should be made available in the Residents' native language.

Y. MERCHANT CONTRACTS

- i. The process by which a community, professional or business organization contracts with Operator to become a load point shall be as follows:
 - a. Credit check of merchant by Operator
 - b. Merchant signs a contract with the operator or its authorized party granting the operator or its authorized party permission to withdraw card related funds from the merchant's designated account.

Z. LIABILITY LIMITATION FOR CUSTOMERS AND ISSUING BANK

- i. Liability protection for cardholder: Issuing Bank shall be liable for the loss of the cardholder's funds up to the amount that is actually lost, if that loss was a result of Issuing Bank's nonperformance or that of its affiliates, service providers, employees, agents or Operators, subject to certain limitations.

- ii. **Liability of Issuing Bank:** If a Program service is not provided in accordance with this Agreement, Issuing Bank will be liable for the loss of cardholders' funds up to the amount that is actually lost, but only if that loss results solely from Issuing Bank's nonperformance or that of its affiliates, service providers, employees, agents or Operators, subject to the following limitations.
- iii. **Limitations of Liability.** Notwithstanding the foregoing, Issuing Bank will not be liable for any loss or damage residents suffer in the following circumstances:
 - a. If through no fault of Issuing Bank, a merchant refuses to honor the customer's Card.
 - b. Inability to access funds when Issuing Bank restricts a customer's card, after card has been reported lost, stolen, or as a result of unauthorized use.
 - c. If through no fault of Issuing Bank, Resident does not have enough funds in Cardholder Account to make the purchase, withdrawal or transfer or to otherwise use a Program service.
 - d. If the ATM where Resident is withdrawing funds from does not have enough cash.
 - e. If the POS Terminal, ATM or other electronic device used to effect a transaction does not work properly.
 - f. If circumstances beyond Issuing Bank's control (such as fire, war, strikes and other labor troubles, civil unrest, flood, earthquake and other natural disasters, terrorism, court order, injunction or other judicial action or legal process, or failure of the IVR system or the computer network used by the issuing bank or its authorized party and service providers) prevent providing program services despite reasonable actions and precautions by the Issuing Bank.
 - g. Loss and damage resulting from errors by cardholder, including unintentional errors, such as providing an incorrect PIN or access code, an error in providing the name of a recipient of a money transfer or providing incorrect information preventing verification or completion of a transaction.
 - h. Loss and damage resulting from illegal, fraudulent or other wrongful conduct by cardholder, including providing the Issuing Bank with erroneous or inaccurate information or using Program services to violate any applicable laws or regulations or to perpetrate fraud on other persons.
 - i. Loss and damage resulting from the cardholder's breach or other non-performance under the terms of this Agreement, including failure to register properly and failure to properly use the IVR system and other communication systems the issuing bank or its designee/s have arranged for cardholder's use.
 - j. Loss and damage resulting from restrictions imposed by laws and

regulations or restrictions imposed on the Issuing Bank due to suspicious or possibly unauthorized activity involving cardholder's Card.

- iv. **Limitation of Damages.** In no event will Issuing Bank, their affiliates, service providers, employees, or agents be liable to a cardholder for any indirect, consequential, special, incidental or punitive damages or losses resulting from or caused by cardholder's use of, or inability to use Card or Program services. This provision is for the benefit of each of Issuing Bank's affiliates, service providers, employees, and agents, and may be enforced by each of them.

AA. COPIES OF PROPOSED CONSUMER DISCLOSURES

Each card package envelope will include:

- i. Cardholder agreement (between cardholder and the issuing bank)
- ii. Privacy Notice
- iii. Card carrier with direct deposit form
- iv. User guide
- v. Mobile user guide (Upon service deployment)
- vi. Fee schedule
- vii. Frequently asked questions

BB. LANGUAGES

Operator will offer services in multiple languages by:

- i. Hiring intake agents who can speak the languages of the diverse populations of Richmond. Operator agrees to insure both English and Spanish speaking staff is available at all times to service the public. City staff will work with Operator to determine if staff speaking additional languages is required at the Intake Center(s).
- ii. The deployment of Issuing Bank's or its authorized party's IVR system can support English and Spanish. At its sole discretion Operator agrees to either add staff who speak additional languages or contract on demand translation services for other than Spanish and English for any language in which a substantial number of limited-English-speaking persons group" or "group" of at least ten thousand (10,000) limited-English-speaking City residents who speak a shared language other than English.

CC. CHANGES TO CURRENT TECHNOLOGY AND SYSTEMS

Improvements to the mobile platform, customer interfaces, website and card management platform may be made at any time, but they shall not disrupt service to customers unless they are required for improved service to cardholders, compliance with banking or card association regulations or federal law. These changes shall be

made with no impact on the City. When required, changes to Operator's program shall be implemented only after a process of consultation with the City has resulted in their approval unless they are mandatory to comply with banking or card association regulations or federal law. In terms of changes made on the part of the issuing bank, it is the responsibility of the Issuing Bank to notify Operator and all cardholders of the changes in a timely manner and as required by law.

DD. FUTURE EXPANSION OF PRODUCT FUNCTIONALITY

- i. At the present time the following types of Government to Person (G2P) payments can be Direct Deposited into the Richmond City ID Prepaid MasterCard:
 - Social Security
 - Supplementary Security Income
 - Black Lung
 - Bureau of Indian Affairs
 - Civil Service Retirement
 - Civil Service Survivor
 - Military Active
 - Military Civilian Pay
 - Military Pension/Retirement
 - Railroad Unemployment/Sickness
 - Veterans Compensation/Pension
 - Veterans Education and Select Reserve
 - Veterans Education MGIB
 - Veterans Life Insurance
 - Veterans Vocational Rehabilitation
- ii. The City and Operator will explore the following methods of expanding services to residents of Richmond:
 - a. Payroll card. Employers, such as the City of Richmond, who wish to use Operator as a payroll card could do so.
 - b. Savings Accounts. Operator agrees to work with Issuing Bank and other community banking partners to develop the ability to link the Muni ID card to existing bank accounts, such as high yielding savings accounts, that will allow the cardholder to transfer money on and off their Muni ID card to these accounts allowing cardholders greater financial freedom.

SECTION 9 **CITY OF RICHMOND CONTRACTING POLICIES**

Operator shall comply will all requirements of the City's contracting policies described in Attachments 3, 4 and 5, attached and incorporated herein.

SECTION 10 **DEFAULT**

The Operator will be considered in default in the following events:

- A. The Operator is not actively engaged in the production and dissemination of Municipal Identification Cards.
- B. The Operator fails to deliver Municipal Identification Cards or timely meet the performance schedule set forth in the Exhibit A, Schedule of Program Operation.
- C. The Operator and/or its Issuing Bank fail to adequately secure, or mistakenly or knowingly disclose Residents' confidential information
- D. The Operator materially breaches any of the terms and conditions contained in this Agreement or fails to materially comply with any of the representations and warranties made in this Agreement.
- E. Operator and/or Issuing Bank fail to meet the Financial and Operational Stability Requirements set forth in Attachment 6.
- F. Operator's Parent and/or its Affiliates become unable to meet their financial and performance guaranty obligations.

SECTION 11 **AUTOMATIC TERMINATION OF RIGHTS AND PRIVILEGES; TERMINATION FOR THE CITY'S CONVENIENCE**

The rights and privileges given to the Operator shall be automatically terminated, without notice, for any of the following reasons:

- A. Any action taken or suffered by the Operator under any insolvency or bankruptcy act, including the appointment of a receiver to take possession of all or substantially all of the assets of the Operator.
- B. Any general assignment by Operator for the benefit of creditors without prior written approval of the City.
- C. The revocation or suspension of any permit that Operator is required to maintain to perform the Services contemplated under this Agreement.

- D. Breach by Operator and/or the Issuing Bank of any of the Financial and Operational Stability Requirements set forth in Attachment 6.

Failure of the City to terminate this Agreement for any of the reasons stated above, or to insist upon strict performance of any of the terms of the Agreement, shall not constitute a waiver or relinquishment of any part of the Agreement. This Agreement shall be and remain in full force and effect.

The City shall further be able to terminate this Agreement if the City determines in its sole discretion that Operator and/or its Issuing Bank fail to meet the City's performance expectations for the Program.

Termination for Convenience. The City shall also have the right to terminate this Agreement at any time during the term for its convenience, without owing any fees or damages to Operator for such termination, upon providing 90 days prior written notice to the Operator.

SECTION 12 **CORRECTION OF ANY DEFICIENCY**

In the event that the City finds that Services rendered by the Operator and/or its Issuing Bank are substandard or that any other provisions of the licensing privileges granted under this Agreement are not being adequately performed or complied with, the Operator upon being advised of the nonperformance or noncompliance shall promptly correct any such violation, deficiency or omission at its own cost.

SECTION 13 **CESSATION OF OPERATION**

Upon termination of the rights and privileges given to the Operator for any cause and for any reason, the Operator shall immediately and forthwith cease the provision, production, distribution of the Municipal Identification Card and operation of the Program and shall fully cooperate with the City with the winding down of the Program.

SECTION 14 **LEGAL COSTS**

In the event that the City is required to commence legal proceedings to enforce the provisions of this Agreement or to obtain judgment for any unpaid damages incurred by the City, then, and in that event, Operator agrees that as part of any judgment awarded to the City there shall be included all costs of suit and reasonable attorney's fees.

SECTION 15 **LIQUIDATED DAMAGES**

Failure of the Operator to initiate implementation of the City Of Richmond ID Prepaid MasterCard Program within 90 days after the execution of this agreement shall constitute a default under the Agreement and the City at its sole discretion may elect to terminate the Agreement for Operator's material breach.

SECTION 16

FORCE MAJEURE

In the event that Operator or the City is delayed, directly or indirectly, from the performance of any act or thing required under the terms hereof by acts of God, accidents, fire, floods, severely inclement weather, governmental action, restrictions, priorities or allocations of any kind and all kinds, strikes or labor difficulties of any and all kinds, shortages of or delay in the delivery of material, acts of war, riot and civil commotion, or by any similar cause reasonably beyond the control of the Operator or the City, as the case may be, such failure (except for the payment of rent or other sums required by this Agreement) shall not be deemed to be a breach of this Agreement or a violation of any such covenants and the time within which Operator or the City must perform any said act shall be extended by a period of time equal to the period of delay arising from any of said causes; provided, however, that the Operator's failure to perform shall not be excused unless the Operator has first used commercially reasonable efforts to deploy the applicable elements of its Business Continuity Plan.

SECTION 17

INDEPENDENT CONTRACTOR

Operator, in the performance of the terms and conditions of the Agreement, is an independent contractor and neither she/he, nor any of his/her employees, are agents or employees of the City of Richmond.

- A. **Rights and Responsibilities.** It is expressly agreed that in the performance of the services necessary to carry out this Agreement, Operator shall be, and is, an independent contractor, and is not an employee of the City. Operator has and shall retain the right to exercise full control and supervision of the services, and full control over the employment, direction, compensation and discharge of all persons assisting Operator in the performance of Operator's services hereunder. Operator shall be solely responsible for all matters relating to the payment of his/her employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for Operator's own acts and those of Operator's subordinates and employees. Operator will determine the method, details and means of performing the services described in Scope of Services section above and the attached Exhibit A, Schedule of Program Operations.

- B. **Operator's Qualifications.** Operator represents and warrants that Operator and its Issuing Bank have the qualifications and skills necessary to perform the Services under this Agreement in a competent and professional manner without the advice or direction of The City. The Operator warrants that the Operator, and the Operator's employees and sub-consultants are properly licensed, registered, and/or certified as may be required under any applicable federal, state and local laws, statutes, ordinances, rules and regulations relating to Operator's performance of the Services. All Services provided pursuant to this Agreement shall comply with all applicable laws and regulations. Operator will promptly advise City of any change in the applicable laws, regulations, or other conditions that may affect City's program. This means Operator is able to fulfill the requirements of this Agreement. Failure to

perform all of the services required under this Agreement will constitute a material breach of the Agreement and may be cause for termination of the Agreement. Operator has complete and sole discretion for the manner in which the work under this Agreement is performed.

- C. Payment of Income Taxes. Operator is responsible for paying, when due, all income taxes, including estimated taxes, incurred as a result of any compensation that is due its employees for services provided pursuant to this Agreement. On request, Operator will provide the City with proof of timely payment. Operator agrees to indemnify the City for any claims, costs, losses, fees, penalties, interest or damages suffered by the City resulting from Operator's failure to comply with this provision.
- D. Non-Exclusive Relationship. Operator may perform services for, and contract with, as many additional clients, persons or companies as Operator, in his or her sole discretion, sees fit; provided, however, that Operator does not disclose to other parties the terms of this Agreement.
- E. Tools, Materials and Equipment. Operator will supply all tools, materials and equipment required to perform the services under this Agreement.
- F. Cooperation of the City. The City agrees to comply with all reasonable requests of Operator necessary to the performance of Operator's duties under this Agreement.
- G. Extra Work. Operator will do no extra work under this Agreement without first receiving prior written authorization from the City.

SECTION 18 **EMPLOYEES**

All personnel employed by the Operator in conducting work pursuant to this Agreement shall be vocationally qualified to perform the duties assigned to them and be of good moral character. Operator shall conduct adequate background screening on such personnel to reduce incidents of security breach, identity theft, fraud and other wrongdoings. It is preferable that the Operator hire residents of the City of Richmond. Therefore, the Operator will make every effort to hire residents of the City of Richmond. All employees shall dress suitably. Operator agrees to suspend or terminate any employee who is causing written complaints due to the character and quality of service rendered.

SECTION 19 **ADVERTISING**

All advertising of the Municipal Identification Card Program and related banking services desired by the Operator shall be done at the Operator's sole expense and with the prior written approval of the City Manager's Office. Operator shall not display any advertising matter or signs except as may be permitted by the City.

SECTION 20 **COPYRIGHT**

Except for resident Municipal Identification Cards issued and banking services documents of cardholders, Operator shall execute appropriate documents to assign to the City the copyright to works created pursuant to this Agreement, including, but not limited to, Municipal Identification Program Card design, lettering, logos and reports.

SECTION 21 **QUALITY OF OPERATIONS**

Operator represents and warrants that it shall, at all times, operate the Program for the City in a businesslike manner and render to the using public, good quality products with efficient and courteous service. The Operator shall conduct continuous customer satisfaction surveys through the use of customer survey forms and making available forms for customers to provide suggestions.

SECTION 22 **PROPRIETARY AND CONFIDENTIAL INFORMATION OF THE CITY**

Operator understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Operator may have access to private or confidential information which may be owned or controlled by the City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the City, its City Councilmember's, officers, employees or agents. Operator agrees that all information disclosed by the City to Operator shall be held in confidence and used only in performance of the Program. Operator shall exercise the same standard of care to protect such information as a reasonably prudent commercial entity would use to protect its own proprietary data.

SECTION 23 **PUBLICITY**

Any publicity generated by Operator for the project funded pursuant to this Agreement, during the term of this Agreement or for one year thereafter, will make reference to the contribution of the City of Richmond in making the project possible. The words "City of Richmond" will be explicitly stated in all pieces of publicity, including but not limited to flyers, press releases, posters, brochures, public service announcements, interviews and newspaper articles. The City will have the right of prior review of these materials.

City staff will be available whenever possible at the request of Operator to assist Operator in generating publicity for the project funded pursuant to this Agreement. Operator further agrees to cooperate with authorized City officials and staff in any City-generated publicity or promotional activities undertaken with respect to this project.

SECTION 24 **REPORTS TO THE CITY**

The Operator will track and record the number of identifications issued, provide individual and unique identification numbers for each identification card issued, and prepare accurate, detailed monthly written reports for submittal to the Office of the City Manager within 15 days after the end of each calendar month. Reports will be submitted in a format which has been agreed to by a representative of the Office of the City Manager. The City may revise the format of the required reports at any time by providing Operator with 30 days advance notice of report format change.

SECTION 25 **ACCOUNTS, CASH REGISTER AND BANKING**

Operator shall keep and maintain a current and complete set of account books and records, in accordance with generally accepted accounting principles and methods. The records shall accurately reflect the business operation of the Licensing segments, reported on individually.

SECTION 26 **FINANCIAL REVIEW OF RECORDS**

- A. The Program Administrator shall be provided access to any and all financial information at any time, as needed to conduct an audit of the Operator to verify tax compliance and/or gross receipts tax requirements.
- B. The Program Administrator is authorized to examine the books, papers, tax returns and records of any Operator for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax due.
- C. The Program Administrator is authorized to examine a person under oath, for the purpose of verifying the accuracy of any declaration made, or if no declaration was made, to ascertain the business tax, registration or permit fees due. In order to ascertain the business tax, registration or permit fees due, the Program Administrator may compel, by administrative subpoena, the production of relevant books, papers and records and the attendance of all persons as parties or witnesses.
- D. Every Operator is directed and required to furnish to the Program Administrator, the means, facilities and opportunity for making such financial examinations and investigations.
- E. Any Operator refusal to comply with this section shall be deemed a violation of this Chapter, and administrative subpoenas shall be enforced pursuant to applicable law.

SECTION 27 **BUSINESS TAX CERTIFICATE**

The Operator shall obtain and provide proof of a valid City business license. Said business license will be valid prior to and to the conclusion of this Agreement.

SECTION 28 **AGENTS/BROKERS**

Operator warrants that it has not employed or retained any subcontractor, agent, company or person other than bona fide, full-time employees of Operator working solely for Operator, to solicit or secure this Agreement, and that Operator has not paid or agreed to pay any subcontractor, agent, company or persons other than bona fide employees any fee, commission, percentage, gifts or any other consideration, contingent upon or resulting from the award of this Agreement. For breach or violation of this warranty, the City shall have the right to rescind this Agreement without liability or, in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage or gift.

SECTION 29 **PROHIBITED ACTIVITIES**

The Operator shall not engage in any of the following activities.

- A. Conduct any business activity on Intake Center premises which is not directly related to the interviewing of and gathering of information from applicants for the issuance of Municipal Identification Cards.
- B. Permit third parties to display or vend any goods on Intake Center premises, except for Operator's banking sub-consultant, sub-contractor or agent with respect to advertising and promoting card-related debit banking services.
- C. Commit or allow others to commit any damage, or injury on Intake Center premises.
- D. Allow any religious worship, instruction, or proselytization on Intake Center premises as part of, or in connection with the performance of the Agreement.
- E. Engage in political activities, including but not limited to, sponsoring or conducting candidate's meetings, or engaging in any publicity or propaganda activities designed to support or defeat legislation pending before federal, state or local government on Intake Center premises, or engage in any such activity as part of, or in connection with the performance of the Agreement.

SECTION 30 **ASSIGNMENT**

Operator shall not assign or otherwise transfer any rights, duties, obligations or interest in this Agreement or arising hereunder to any person, persons, entity or entities whatsoever without the prior written consent of the City and any attempt to assign or transfer without such prior written consent shall be void. Consent to any single assignment or transfer shall not constitute consent to any further assignment or transfer.

SECTION 31 **COMPLIANCE WITH LAW; RIGHT TO ENTER**

The Operator and its Issuing Bank shall comply with all Federal, State and local laws and ordinances. Access for inspection purposes shall be granted to any duly authorized peace officer, State or County officer and authorized representatives of the Director. The City reserves the right to enter upon the premises at any reasonable time to inspect the operation of the Program during business hours.

SECTION 32 **PERMITS AND LICENSES**

Operator and its Issuing Bank shall obtain any and all permits or licenses required to operate the Program.

SECTION 33 **GOVERNING LAW**

This Agreement shall be governed by the laws of the State of California.

SECTION 34 **MODIFICATION**

This agreement may be modified by written agreement signed by all parties.

[SIGNATURES ON NEXT PAGE]

SIGNATURES

IN WITNESS WHEREOF, the undersigned parties have executed this Agreement effective as of the date first above written.

City of Richmond,
A municipal corporation

SF Global, LLC



City Manager



Signature

2/20/14

Date

Raul A. Hinojosa

Print Name

Authorizing Resolution

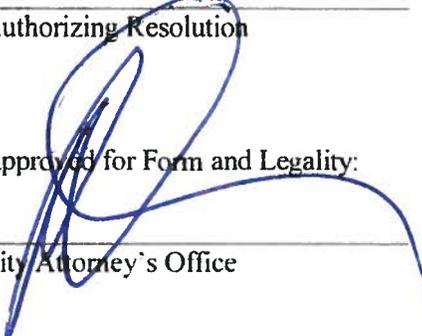
Chief Executive Officer

Title

Approved for Form and Legality:

2/14/2014

Date



City Attorney's Office

City of Richmond Business License
Number



ORDINANCE NO. 16-11 N.S.

ORDINANCE AMENDING CHAPTER 2.64, ARTICLE II, OF THE RICHMOND MUNICIPAL CODE AUTHORIZING A MUNICIPAL IDENTIFICATION PROGRAM TO PROVIDE FOR THE ISSUANCE OF MUNICIPAL IDENTIFICATION CARDS TO RESIDENTS OF THE CITY OF RICHMOND FOR THE PURPOSES OF IMPROVING PUBLIC SAFETY, INCREASING CIVIC PARTICIPATION, AND SUPPORTING LOCAL COMMERCE

WHEREAS, many Richmond residents – including but not limited to immigrants, children and students, the homeless, transgender, the indigent, the disabled and elderly, runaway youth and adult survivors of domestic violence, and others – currently suffer from the lack of official identification, which restricts their access to law enforcement, financial institutions, jobs, housing, and home and workplace protections; and

WHEREAS, many marginalized communities lack a valid form of identification and without identification are afraid to report crimes to the police; and

WHEREAS, those who lack a valid form of identification are also often afraid to report labor and housing violations – such as blighted properties, slum landlords, and workplace health, safety, and wage violations – to the appropriate authorities; and

WHEREAS, without appropriate identification, it is difficult to open bank accounts, and immigrants carrying large amounts of cash are therefore specifically targeted for robbery and other violent crimes; and

WHEREAS, lack of a valid form of identification translates into limited access to financial institutions and fear of police and other city officials, thus resulting in decreased participation in the formal city economy and other civic matters; and

WHEREAS, a Richmond Municipal Identification Card will make it easier for all residents to participate in local and regional commerce – by opening a bank account, establishing credit, and accessing loans and the housing market; and

WHEREAS, the Richmond Municipal Identification Card will fill a void by providing an official form of personal identification for the many Richmond residents who currently lack one; and

WHEREAS, the Municipal Identification Card will unify the Richmond community, make it safer and more secure, benefit the local economy, and facilitate participation in public and private City activities; and

WHEREAS, the Cities of New Haven, Connecticut and San Francisco, California have implemented such municipal ID programs and have reported an increase in reporting of crimes in those cities; and

WHEREAS, the City of Oakland, California approved a Municipal Identification Card program in November 2010 and has selected a vendor to implement it; and

WHEREAS, the Richmond Municipal ID Card will be unique to the City of Richmond and will be produced with the highest privacy and security measures built in to protect the public safety and against counterfeit reproduction; and

WHEREAS, the City wishes to take appropriate measures – including but not limited to implementing meaningful benefits and uses for the Richmond Municipal Identification Card and developing substantial partnerships for its implementation – to ensure that the card is widely

used and thereby of the greatest benefit to its residents and the aforementioned marginalized populations; and

WHEREAS, the City wishes to create a reliable form of identification for all its residents; and

WHEREAS, the City wishes to administer its Municipal Identification Card program at no net cost to the City; and

WHEREAS, the City desires and anticipates that the Municipal Identification Card program will be operated by a Third Party Administrator selected through an expedited Request for Qualifications (RFQ) issued by the City Manager, in compliance with the requirements set forth in Section 5 of this Ordinance; and

WHEREAS, the City Council wishes to emphasize that vendors responding to the RFQ – like those who respond to any RFQ – are eligible for any applicable bid discounts or bonuses available under Richmond’s Business Opportunity Ordinance, Richmond Municipal Code Chapter 2.50; and

WHEREAS, the City Council has considered the application of the California Environmental Quality Act (CEQA) to the implementation and administration of the Municipal ID Card Ordinance set forth below;

NOW, THEREFORE, BE IT RESOLVED, that in compliance with the CEQA, the Council of the City of Richmond finds that the approval of Chapter 2.64 described below is not a project and is therefore exempt from CEQA; and be it

FURTHER RESOLVED THAT the council of the city of Richmond does ordain as follows:

Section 1. That the City Council finds and determines the foregoing recitals to be true and correct and hereby makes them part of this Ordinance.

Section 2. That the following provisions are hereby added to Chapter 2.64 of Title II, Administration and City Government, of the Richmond Municipal Code, to read as follows:

2.64.010 Municipal Identification Cards – Definitions

For purposes of Sections 2.64.010 through 2.64.090, the following definitions shall apply.

“City” shall mean the City of Richmond, or any department, board, commission or agency thereof.

“Municipal Identification Card” shall mean an identification card issued by the City of Richmond that shall display, including but not limited to, the cardholder’s name, photograph, address, date of birth, and an expiration date.

“Program Administrator” shall mean the City Manager or such other City Department or Agency that the City Manager may designate, who shall be responsible for coordinating with the Third Party Administrator selected to implement and administer the Municipal Identification Card program.

“Resident” shall mean a person who can demonstrate that he or she has been present in the City of Richmond for at least fifteen continuous days and who presents “proof of residency” as specified in Section 2.64.030 (A) (2)

“Third Party Administrator” shall mean the vendor selected through an expedited Request for Qualifications (“RFQ”) issued by the City Manager to implement and

administer the Municipal Identification Card program at no net cost to the City, its divisions, subdivisions, or agencies.

2.64.020 Issuance and Purpose of Municipal Identification Cards

- A. Upon request, the Program Administrator shall issue a Municipal Identification Card to any Resident who meets the application requirements set forth below in Section 2.64.030 and pays the applicable fee. The Card shall bear the seal of the City, and the Program Administrator shall cause the Card to be produced in a form intended to thwart replication or counterfeiting. Cards shall be valid for a maximum of two years from the date of issuance as long as residence in the City is maintained during that time. Card holders shall surrender their Municipal Identification Card upon moving residence out of the City of Richmond.
- B. It is the City's intent that Municipal Identification Cards will provide residents with a means of proving their residency in the City of Richmond, for the purpose of accessing City programs, services and activities, as well as helping to substantiate their identity to law enforcement personnel..

2.64.030 Applications

- A. To obtain a Municipal Identification Card, a Resident shall complete an application, under penalty of perjury, requiring proof of identity and proof of residence within the City. Upon receipt of both the proof of identity and residency that this Section specifies, and of the applicable fee, the Program Administrator or his or her designee shall issue a Card to the applicant.
 - 1. **Proof of Identity.** To establish identity, each applicant must present either:
 - a. One of the following documents containing both the applicant's photograph and date of birth: a U.S. or foreign passport; a driver license issued by any state or territory of the United States; a state identification card issued by any state or territory of the United States; a U.S. Permanent Resident Card (commonly known as "Green Card"); a consular identification ("CID," in some instances referred to as a "Matricula Consular") card; or a photo identification card issued by another country to its citizens or nationals that meets the following requirements:
 - i. The issuing country authorizes the use of the card as an alternative to a passport for re-entry into the issuing country; and
 - ii. The card has a photograph of the person and the person's date of birth; and
 - iii. The card meets standards established by the Program Administrator to ensure that (1) the applicant was required to provide reliable identifying information in order to obtain the card and (2) the card has features reasonably designed to protect against fraud and counterfeit reproduction.

In determining whether the identification meets these requirements, the Program Administrator or his or her designee

may use standards adopted by the National Notary Association or the California Association of Notaries for this purpose.

Notwithstanding the above, if the applicant is thirteen years of age or younger, he or she may present a certified copy of a U.S. or foreign birth certificate to establish identity under this subsection; or

- b. Two of the following documents, provided that at least one form of identification shall display the applicant's photograph and date of birth: a national identification card with photo, name address, date of birth, and expiration date; a foreign driver's license; a U.S. or foreign military identification card; a current visa issued by a government agency; a U.S. Individual Taxpayer Identification Number (ITIN) authorization letter; an identification card issued by a California educational institution, including elementary, middle, secondary, and post secondary schools; a certified copy of a U.S. or foreign birth certificate; a court order issued by a state or federal court to verify a person's identity; or a Social Security card. Notwithstanding the above, where the applicant is age thirteen or under, he or she may present an official medical record and/or official school record to establish identity under this subsection, provided that at least one of the two forms of identification presented shall display the applicant's date of birth.

2. **Proof of Residence**

- a. To establish residency, each applicant must present one of the following items, provided that the item includes both the applicant's name and a residential address located within the City; a utility bill dated within the last thirty days; a written verification confirming at least fifteen days residency within the last thirty days issued by a homeless shelter that: (a) is operated by the State or County, (b) holds a business license with the City of Richmond, or (c) meets criteria established by the City Manager by regulation;; written verification issued by a hospital health clinic, or social services agency that: (a) is operated by the State or County, (b) holds a business license with the City of Richmond, or (c) meets criteria established by the City Manager by regulation;; a local property tax statement or mortgage payment receipt dated within the last thirty days; proof of a minor currently enrolled in a school in the City of Richmond; an employment pay stub dated within the last thirty days; a jury summons or court order issued by a state or federal court dated within the last thirty days; a federal or state income tax or refund statement dated within the last thirty days; or an insurance bill (homeowner's, renter's, health, life or automobile insurance) dated within the last thirty days. If a certified copy of a marriage certificate is presented at the time of application, and applicant may prove residency using documents bearing the name of his or her spouse.
- b. The Program Administrator may by regulation provide that if an applicant is thirteen years of age or younger, cannot produce any of the items set forth in this Subsection (A) (2) to prove residency, a parent or legal guardian may verify the applicant's residency,

provided that the parent or guardian would be eligible for a Municipal identification Card.

3. The Program Administrator may by regulation provide for acceptance of additional form of proof of identity and/or proof of residency, provided that the Program Administrator determines that such forms of proof are:
 - a. issued by a government entity, or
 - b. issued by an entity that takes reasonable steps to verify the identity and/or residency of the individual to whom the item is issued; or
 - c. of a type that is normally accepted as proof of identity and/or proof of residency in the ordinary course of business.
- B. An application submitted on behalf of a minor must be completed by the minor's parent or legal guardian.
- C. The City shall keep confidential to the maximum extent permitted by applicable laws, the name and other identifying information of persons applying for and receiving Municipal Identification Cards. The City shall cause the applications to be produced in a form that allows applicants to state their privacy preferences. The City shall not retain records of applicants' residential addresses.

2.64.040 Implementation

The Program Administrator or his or her designee is authorized to adopt rules and regulations not inconsistent with this Section, subject to approval as to form and legality by the City Attorney, in order to implement and administer the issuance of Municipal Identification Cards. These regulations shall specifically include a process for waiving the fee set forth in Section 2.64.050, upon proof of indigence.

2.64.050 Fees

A fee shall be charged for each Municipal Identification Card issued. The City Council shall set the maximum amount that may be charged per card by resolution.

2.64.060 Acceptance by City Departments

- A. When requiring members of the public to provide identification or proof of residency in the City, each City department shall accept a Municipal Identification Card as a valid identification and as valid proof of residency in the City, unless such City department has reasonable grounds for determining that the card is counterfeit, altered, or improperly issued to the card holder, or that the individual presenting the card is not the individual to whom it was issued. In addition the Municipal Identification Card, , the City of Richmond Police Department may use other forms of identification and processes as necessary to substantiate the identification of a person.
- B. Other than requiring the City to accept the Card as proof of identification and City residency, this Section is not intended to replace any other existing requirements for issuance of other forms of identification in connection with the administration of City benefits and services. The requirements of this Section do not apply under circumstances where (1) a Federal or State statute or administration regulation or directive, or court decision requires the City to obtain different identification or proof of residence, (2) a Federal or State statute or administrative regulation or directive preempts local regulation of identification or residency requirements, or (3) the City would be unable to comply with a condition imposed by a funding

source, which would cause the City to lose funds from that source. A Municipal Identification Card may not be used in place of the identification required by Richmond Municipal Code Chapters 7.68 (Taxicabs) or 7.102 (Medical Marijuana Collectives).

2.64.070 Card Holders' Responsibilities

A card holder must notify the Program Administrator within 14 calendar days of any change in address within the City of Richmond. Upon receipt of notification, the Program Administrator shall issue a notice of new address to be carried with the Municipal Identification Card.

If a card holder no longer intends to reside within the City of Richmond, or expects to reside outside the City for a period of more than 90 consecutive days, the card holder must relinquish the identification card, by mailing the card to the Program Administrator with an acknowledgement of intent to reside elsewhere.

2.64.080 City Undertaking Limited to Promotion of General Welfare

In undertaking the adoption and enforcement of this ordinance, the City is assuming an undertaking only to promote the general welfare. The City does not assume, nor does it impose on its officers and employees, any obligation for which the City or any of its officers or employees could be found liable in the event of breach of that obligation to any person who claims that such breach proximately caused injury.

2.64.090 Counterfeit and Fraudulent Cards

It is a misdemeanor violation of this Code, as specified in Chapter 1.04, for any person or entity to do any of the following acts:

- A. To knowingly present false information to the City in the course of applying for a Municipal Identification Card;
- B. To alter, copy, or replicate a Municipal Identification Card without the authority of the City; or
- C. To use the Municipal Identification Card issued to another person, with the intent to cause a third person or entity to believe the holder of the card is the person to whom the card was issued.

Section 3 Severability

If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such a decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance irrespective of the unconstitutionality or invalidity of any section, subsection, subdivision, paragraph, sentence, clause or phrase.

Section 4 Third Party Administrator Selection

The Richmond City Council directs the City Manager or his or her designee to issue an expedited RFQ for the development of a Richmond Municipal Identification program no later than 90 days of the passage of this Ordinance, with the caveat that the program be fully cost-covered to the greatest extent possible with no subsidy from the City, even if it means that the City out-sources all aspects of the program to a Third Party Administrator. The City Manager shall make all reasonable efforts to issue the RFQ before the 90 day

deadline. The RFQ shall include, but need not be limited to, the following mandatory requirements and criteria:

- A. That the Municipal Identification Card include a magnetic stripe on the obverse that will allow storage of information for the purposes of:
 - 1. Verifying that the information printed on the face of the card relating to the user's full legal name, date of birth, residential address, photo, Identification number, expiration date, and the user's signature coincides with the information provided at the time of registration.
 - 2. Allowing use of the cards, at the applicant's option, as a standard pre-paid debit card.
 - 3. Allowing use of the card, at the applicant's option, for storage of the user's medical history and information relating to special medical treatment requirements, if the Third Party Administrator can demonstrate to the satisfaction of the City Manager or his or her designee that such information can be stored in a manner that is secure and not-discoverable by persons other than first responders, medical care providers, and other individuals or entities entitled to receive confidential medical information.
- B. That all information about the resident required by the application (including, but not limited to the applicant's full legal name, date of birth, residential address, photo, Identification number, expiration date, and the applicant's signature) will be entered into a secure database maintained by the Third Party administrator that issued the card. All information stored in this database shall be subject to all applicable state and federal laws relating to disclosure, privacy, national security, and financial crimes.
- C. That with respect to the Municipal Identification Cards, the prospective Third Party Administrator will implement Department of Homeland Security standards for Level 1 security features for national and state identification cards.
- D. That the prospective Third Party Administrator will train the Richmond Police Department and any other City or County department with a need to verify the authenticity of the Municipal Identification Cards, regarding all security features of the card, so that cards may be authenticated easily, and department members may access the database information regarding the user.
- E. That the prospective Third Party Administrator, and any card issuers engaged by the Third Party Administrator, demonstrate the ability to comply at a minimum with the requirements of Section 326 of the USA PATRIOT Act (Pub. L. 107-56), and the federal regulations promulgated pursuant to that section, and pursuant to the Bank Protection Act of 1968 (12 Code Fed. Regs. 326).
- ~~F. That residents shall pay no more than \$15 per card for adults, and no more than \$10 per card for children. The prospective Third Party Administrator shall propose a method for permitting the waiver of these costs upon proof of indigency.~~
- FG. That in the event a user activates the pre-paid debit card function, the maximum allowable transaction fees shall be as follows:

Account maintenance (monthly)	\$0.99
Domestic ATM Withdrawal	\$1.50
ATM Balance Inquiry	\$0.60
ATM Denial Fee	\$0.60

Point of Sale (POS) Purchase Denial or Return	\$0.50
Inactive Account Fee Monthly [for card not used for 4 months]	\$1.00
Funds Transfer To Replacement Card	\$1.00
Domestic card-to-card Transfer	\$2.00
International Signature card ATM withdrawal	\$3.50
International Remittance	\$5.00
Load at Merchant	\$2.95
Mobile Maintenance (only if chosen)	\$1.00
Statement issuance via U.S. mail or fax (only if requested)	\$4.95

In no event shall any fee charged by the prospective Third Party Administrator exceed \$5.00. Any increase of these rates must be approved by the City Council. The City Council may amend these rates if the RFQ yields no acceptable bids.

- GH. That the prospective Third Party Administrator shall agree to share revenue with merchants and other agencies accepted to perform cash loading into the card. The commission on loads shall be at least \$1.00 per load.
- HI. That the prospective Third Party Administrator demonstrate that the financial institutions that will provide the debit-card services described herein is financially stable and a safe and secure entity for the placement of funds, and that the debit card users will have access to local banks and ATMs.
- I. That the prospective Third Party Administrator shall demonstrate how it will train users in the use of the pre-paid debit card function. The trainings should be adapted to the particular concerns of residents, Police officers, City administrators, and merchants.
- J. That the prospective Third Party Administrator shall demonstrate how it will provide access to cardholder information in a way that allows Richmond Police Dispatchers to substantiate the identity of the cardholder when requested by police officers in the field.

Section 5 Effective Date

This ordinance shall not become effective, and the Municipal Identification Card program described herein shall not be implemented, unless and until the Finance Director – after selection of a Third Party Administrator and thorough review of the Administrator’s implementation plan – certifies to the City Council that the implementation and administration of the Program will be operated at no net cost to the City or any of its divisions, subdivisions, or agencies. This ordinance shall become effective immediately upon Council acceptance of the Finance Director’s findings. The City Council may approve the contract with the Third Party Administrator at the same meeting at which the Finance Director certifies that the program will be cost-neutral for the City.

First read at a regular meeting of the City Council of the City of Richmond held on July 5, 2011, and finally passed and adopted at a joint meeting thereof held July 19, 2011, by the following vote:

AYES: Councilmembers Bates, Beckles, Booze, Ritterman, Rogers, Vice Mayor Butt, and Mayor McLaughlin.

NOES: None.

ABSTENTIONS: None.

ABSENT: None.

DIANE HOLMES
Clerk of the City of Richmond
(SEAL)

Approved:

GAYLE MCLAUGHLIN
Mayor

Approved as to form:

RANDY RIDDLE
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of Ordinance No. 16-11 N.S., finally passed and adopted by the City Council of the City of Richmond at a joint meeting held on July 19, 2011.

ATTACHMENT 2

CITY OF RICHMOND INSURANCE REQUIREMENTS

City of Richmond - Insurance Requirements
RICHMOND MUNICIPAL STORED IDENTIFICATION/STORED VALUE
CARD

In all instances where CONTRACTOR or its representatives will provide professional services (*architects, engineers, construction management, counselors, medical professionals, hospitals, clinics, attorneys, consultants, accountants, etc.*) to the City of Richmond (City), the City requires the following MINIMUM insurance requirements and limits.

CONTRACTOR shall procure and maintain for the duration of the contract, agreement, or other order for work, services or supplies, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the CONTRACTOR, its agents, representatives, employees or subcontractors. **Maintenance of proper insurance coverage is a material element of the contract. Failure to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of contract.**

CONTRACTOR agrees that in the event of loss due to any of the perils for which it has agreed to provide Commercial General Liability insurance, CONTRACTOR shall look solely to its insurer for recovery. CONTRACTOR hereby grants to CITY, on behalf of any insurer providing Commercial General Liability insurance to either CONTRACTOR or CITY with respect to the services of CONSULTANT herein, a waiver of any right to subrogation which any such insurer of said CONTRACTOR may acquire against the CITY by virtue of the payment of any loss under such insurance.

Original, signed certificates and original, separate policy endorsements, naming the City as an additional insured for general liability coverage, as well as a waiver of subrogation for Workers' Compensation insurance, shall be received and approved by the City **before any work may begin**. However, failure to do so shall not operate as a waiver of these insurance requirements.

City reserves the right to modify or require additional coverages for specific risk exposures depending on scope of CONTRACTORS work.

Minimum coverage is detailed below. The policy limits of coverage shall be made available to the full limits of the policy. The minimum limits stated herein shall not serve to reduce the policy limits of coverage of CONTRACTOR.

Minimum Scope of Insurance – the following forms shall be provided and coverage shall be at least as broad as the following:

1. Insurance Services Office Commercial General Liability coverage (ISO Occurrence Form CG 0001), and including coverage for bodily and personal injury, property damage, and products and completed operations (if applicable).
2. Insurance Services Office Automobile Liability coverage (ISO Form CA 0001, Code 1, Any Auto).
3. Original and Separate Additional Insured Endorsement for General Liability (ISO Form CG 20 10 11/85 or its equivalent) with primary and non-contributory language.
4. Workers' Compensation Insurance as required by the State of California including Employer's Liability coverage.
5. Original and Separate Waiver of Subrogation for Workers' Compensation insurance.
6. Professional Liability or Errors & Omissions Liability Insurance appropriate to the CONTRACTOR's profession (if required.)
7. Fidelity Bond/Crime Coverage.

Required Coverage:	Minimum Limits:
Workers' Compensation and Employers' Liability	Statutory limits as required by the State of California including \$1 million Employers' Liability per accident, per employee for bodily injury or disease. If CONTRACTOR is self-insured, provide a certificate of Permission to Self-Insure, signed by the California Department of Industrial Relations and Self-Insurance. If contractor is a sole proprietor (has no employees) than contractor must sign "Contractor Release of Liability" found at: http://www.ci.richmond.ca.us/index.aspx?nid=61 .

City of Richmond - Insurance Requirements
RICHMOND MUNICIPAL STORED IDENTIFICATION/STORED VALUE
CARD

General Liability <i>(primary and excess limits combined)</i>	\$2,000,000 per occurrence for bodily injury, personal injury and property damage. If the policy includes a general aggregate, either the general aggregate shall apply separately to this project, service or location or the minimum required aggregate limit shall be twice the per occurrence limit (\$4 million aggregate limit). Policy shall be endorsed to name the City of Richmond as an additional insured per the conditions detailed below.	
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage.	
Professional Liability or Errors & Omissions Liability - <i>Required for all professionals including architects, engineers, consultants, construction management, counselors, medical professionals, hospitals, clinics, attorneys and accountants, & other consultants as may be required by the City.</i>	PROJECT COST	REQUIRED LIMIT
	\$0 - \$1 million	\$1 million p/o
	\$1 million - \$5 million	\$2 million p/o
	Over \$5 million	\$5 million p/o
Fidelity Bond/Crime Coverage	In an amount of no less than \$1,000,000 (one million dollars) per occurrence.	

Required Policy Conditions	
Additional Insured Endorsement	Applicable to General Liability coverage. The City of Richmond, its officers, officials, employees, agents and volunteers are to be named as additional insureds for all liability arising out of the operations by or on behalf of the named insured including bodily injury, deaths and property damage or destruction arising in any respect directly or indirectly in the performance of this contract. ISO form CG 20 10 (11/85) or its equivalent is required. If the Contractor is supplying their product or providing a service then the endorsement <u>must not</u> exclude products and completed operations coverage. If it does, then CG 20 37 (10/01) is also required. SAMPLE Endorsements can be found at http://www.ci.richmond.ca.us/index.aspx?nid=61.
Primary and Noncontributory	The contractor's insurance coverage must be primary coverage as it pertains to the City, its officers, officials, employees, agents and volunteers. Any insurance or self insurance maintained by the City is wholly separate from the insurance of the contractor and in no way relieves the contractor from its responsibility to provide insurance.
Waiver of Subrogation Endorsement Form	Contractor's insurer will provide a Waiver of Subrogation in favor of the City for Workers' Compensation Insurance during the life of this contract. SAMPLE Endorsements can be found at http://www.ci.richmond.ca.us/index.aspx?nid=61 .
Deductibles and Self-Insured Retentions	Any deductible or self-insured retention must be declared to and approved by the City. At the option of the City either the insurer shall reduce or eliminate such deductibles or self-insured retention as respects the City or the CONTRACTOR shall procure a financial guarantee in an amount equal to the deductible or self-insured retention guaranteeing payment of losses and related investigations, claims administration and defense expenses.

City of Richmond - Insurance Requirements
RICHMOND MUNICIPAL STORED IDENTIFICATION/STORED VALUE
CARD

Deductibles and Self-Insured Retentions (continued)	Contractor is responsible for satisfaction of the deductible and/or self-insured retention for each loss.
A. M. Best Rating	A:VII or Better. If the A.M. Best Rating falls below the required rating, CONTRACTOR must replace coverage immediately and provide notice to City.

Umbrella/Excess Liability Policies

If an Umbrella or Excess Liability Policy is used to meet the liability limits, coverage shall be as broad as specified for underlying coverage's and cover those insured in the underlying policies.

Claims-Made Policies

If any insurance policy is written on a claims-made form: 1) the retroactive date must be shown, and must be before the date of the contract or the beginning of contract work. 2) Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. 3) If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, the Contractor must purchase an extended period coverage for a minimum of five (5) years after completion of contract work.

Subcontractors

CONTRACTOR shall include all subcontractors as insured under its policies or shall furnish to the City for review and approval, separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the requirements stated herein.

CONTRACTOR agrees to defend and indemnify the City of Richmond for any damage resulting to it from failure of either CONTRACTOR or any subcontractor to take out or maintain the required insurance policies. The fact that insurance is obtained by CONTRACTOR, and/or CONTRACTOR's subcontractors, will not be deemed to release or diminish the liability of CONTRACTOR, including, without limitation, liability under the indemnity provisions of this contract. Damages recoverable by CITY from CONTRACTOR or any third party will not be limited by the amount of the required insurance coverage.

Verification of Coverage

All original certificates and endorsements shall be received and approved by the City ***before work may begin.*** The City of Richmond reserves the right to require complete, certified copies of all required insurance policies including endorsements affecting the coverage at any time.

Original insurance certificates and required policy endorsements shall be mailed or delivered to the Designated Project Manager for the City of Richmond.

Insurance certificates and endorsements may be faxed to the Designated Project Manger. However, CONTRACTOR must mail the original certificates and endorsements to Designated Project Manager once faxed.

Continuous Coverage

CONTRACTOR shall maintain the required insurance for the life of the contract. Should the CONTRACTOR cease to have insurance as required during this time, all work by the CONTRACTOR pursuant to this agreement shall cease until insurance acceptable to the City is provided. In the event that CONTRACTOR fails to comply with the City's insurance requirements, the City may take such action as it deems necessary to protect the City's interests. Such action may include but is not limited to termination of the contract, withholding of payments, or other actions as the City deems appropriate.

If services or the scope of work extend beyond the expiration dates of the required insurance policies initially approved by the City, CONTRACTOR must provide updated certificates and endorsements indicating that the required coverage, terms and conditions are still in place. **Renewal certificates and updated endorsements shall be mailed to the Designated Project Manager.**

Cancellation

CONTRACTOR shall ensure that coverage shall not be cancelled, reduced or otherwise materially changed except after thirty (30) days' prior written notice has been given to the City.

City of Richmond - Insurance Requirements
RICHMOND MUNICIPAL STORED IDENTIFICATION/STORED VALUE
CARD

Reporting Requirements

Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

Consistent with Public Policy

The insuring provisions, insofar as they may be judged to be against public policy shall be void and unenforceable only to the minimum extent necessary so that the remaining terms and provisions herein may be consistent with public policy and thus enforceable.

ATTACHMENT 3

CITY OF RICHMOND BUSINESS OPPORTUNITY ORDINANCE

ORDINANCE NO. 11-10 N.S.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RICHMOND
AMENDING CHAPTER 2.50 TO THE RICHMOND MUNICIPAL CODE ENTITLED
BUSINESS OPPORTUNITY ORDINANCE**

SECTION I

Chapter 2.50 entitled “**RICHMOND BUSINESS OPPORTUNITY ORDINANCE**” of the Richmond Municipal Code is hereby amended as follows:

Sections:

- 2.50.010 Findings.**
- 2.50.020 Declaration of Policy and Purpose.**
- 2.50.030 Scope and goals.**
- 2.50.040 Definitions.**
- 2.50.050 Powers and duties of the City.**
- 2.50.060 Powers and responsibilities of contractors.**
- 2.50.070 Rating incentives.**
- 2.50.080 Compliance.**
- 2.50.090 Exceptions.**
- 2.50.100 Monitoring Compliance.**
- 2.50.110 Duration of chapter.**

2.50.010 Findings.

The City Council of the City of Richmond hereby finds that it is in the best interest of the City of Richmond to have a healthy local business community. The City Council also finds that Richmond businesses, particularly small and nonprofit businesses, often encounter obstacles to obtaining financing and credit; to obtaining bonding and insurance and to maintaining their economic viability.

2.50.020 Declaration of policy and purpose.

(a) It is the policy of the City to ensure full and equitable opportunities for Richmond business enterprises, including small and nonprofit businesses, to participate as contractors in the provision of goods and services to the City. Policies and programs that enhance the opportunities and entrepreneurial skills of Richmond businesses, Richmond small businesses and Richmond nonprofit businesses will best serve the public interest because the growth and development of such businesses will have a significant positive impact on the economic health of the City. Moreover, businesses in Richmond need to be encouraged because there are fewer businesses in the Richmond area than in comparable parts of the Bay Area and because the businesses that do exist in Richmond tend to be smaller and more fragile than businesses located in other parts of the San Francisco Bay Area.

(b) It is the City's policy that first preference for awarding contracts be given to businesses located within its City limits. The public interest is served by continuing to encourage businesses, including small and nonprofit businesses, to locate and remain in Richmond through the provision of a preference to Richmond businesses, Richmond small businesses and Richmond nonprofit businesses in the award of City contracts.

(c) The City is instituting rating incentives for Richmond businesses, Richmond small businesses and Richmond nonprofit businesses in the award of City contracts in order to encourage businesses to locate and remain in Richmond and thereby enhance employment opportunities for persons living in Richmond. In effect, the rating incentives are intended to promote the growth and development of Richmond businesses, Richmond small businesses and Richmond nonprofit businesses and to assist these businesses in contributing to the economic health of the City. The rating incentives should not unduly hamper non-Richmond businesses in the contracting process, and parallels the ratings incentives awarded in many other jurisdictions.

(d) Because many Richmond businesses are small and may not have the resources, capability or experience to act as prime contractors or to provide specialty services, it is the policy of the City to encourage qualified prime contractors to use Richmond businesses, Richmond small

businesses and Richmond nonprofit businesses as subcontractors to participate and gain experience in a way that will enhance their ability to compete for contracts on their own.

2.50.030 Scope and goals.

(a) The provisions of this chapter shall apply to three categories of contracts funded by the City: (1) construction and construction-related contracts valued at or above one hundred thousand dollars (\$100,000); (2) service contracts valued at or above fifty thousand dollars (\$50,000); (3) contracts for the procurement of goods, materials, equipment, furnishings or supplies valued at or above twenty-five thousand dollars (\$25,000).

(b) In accordance with the findings in Section 2.50.010, the evidence supports the conclusion that Richmond businesses, Richmond small businesses and Richmond nonprofit businesses have been disadvantaged when competing for contracts.

(c) In order to eliminate the disparity between available and utilized Richmond businesses, including small and nonprofit businesses, the City is establishing a goal to achieve an adequate level of Richmond business participation in City contracts. The goal is that a minimum of twenty-five percent (25%) of the total contract dollar amount for all contracts covered by this chapter is allocated to Richmond businesses and/or Richmond nonprofit businesses and that a minimum of ten percent (10%) of the total contract dollar amount for all contracts covered by this chapter is allocated to Richmond small businesses and/or Richmond small nonprofit businesses.

2.50.040 Definitions.

As used in this chapter:

(a) "Contract" means any contract or agreement between the City and a person to provide or procure labor, goods, materials, equipment, furnishings, supplies or services to, for or on behalf of the City. Except as otherwise specifically defined in this section a contract does not include:

(1) Awards made by the City with a federal/state grant or City general fund grants to a nonprofit entity where the City offers assistance, guidance or supervision on a project or program and the recipient of the grant award uses the monies to provide services to the community;

(2) Sales transactions where the City sells its personal or real property;

(3) Gifts of materials, equipment, supplies or services to the City; or

(4) Contracts exempted from the provisions of Chapter 2.52 of the Richmond Municipal Code.

(b) "Contract Awarding Authority" or "CAA" means the City officer, department, employee or legislative body authorized and empowered by law to enter into contracts on behalf of the City.

In the case of an agreement with a contractor to perform or fund the performance of construction-related services, the term "contract awarding authority" or "CAA" shall mean the contractor receiving funds from the City to perform or fund the performance of such services.

(c) "Contractor" or "Prime Contractor" means any person who submits a bid or proposal to perform, performs any part of, agrees with a person to provide services in relation to or enters into any contract subject to this chapter with CAA's for public works or improvements to be performed, or for goods or services or supplies to be purchased at the expense of the City or to be paid out of monies deposited in the treasury or out of trust monies under the control of, or collected by, the City.

(d) "Good faith effort" means the steps undertaken to comply with the goals and requirements of this chapter and shall include the following mandatory activities, as determined by the City:

(1) Attending any pre-solicitation or pre-bid meetings scheduled by the City to inform all contractors of the Richmond business, Richmond small business and Richmond nonprofit businesses requirements for the project for which the contract will be awarded;

(2) Listing any Richmond businesses, Richmond small businesses and/or Richmond nonprofit businesses that will be participating in the project for which the contract will be awarded;

(3) Advertising, not less than twenty (20) calendar days before the date the bids are to be opened by the CAA, in one or more daily or weekly newspapers, trade association publications, trade journals or other media as specified by the City. This subsection applies only if the City gave public notice of the project for which the contract will be awarded not less than thirty (30) calendar days prior to the date the bids are opened;

(4) Following up initial solicitations of interest by contacting Richmond businesses, Richmond small businesses and Richmond nonprofit businesses to determine with certainty whether such businesses are interested in performing specific items for the contract; and

(5) Negotiating in good faith with Richmond businesses, Richmond small businesses and Richmond nonprofit businesses and not unjustifiably rejecting as unsatisfactory bids or proposals prepared by any such businesses.

(6) Good faith effort shall also include the following non-mandatory activities for which the contractor must accomplish at least two of five of the following, as determined by the City:

(A) Identifying specific items of work to be performed by Richmond businesses, Richmond small businesses and/or Richmond nonprofit businesses in order to increase the likelihood of meeting the business goals and intent of this chapter, including breaking down contracts into smaller units;

(B) Providing written notice of its interest in bidding on the contract to the number of Richmond businesses, Richmond small businesses and Richmond nonprofit businesses required to be notified by the project specifications for the project for which the contract will be awarded.

Written notice shall specify which items of work the prime contractor has identified pursuant to subsection (A), above. This notice shall be provided to any such Richmond businesses, Richmond small businesses and Richmond nonprofit businesses not less than twenty (20) calendar days prior to the opening of bids by the CAA. These solicitations shall include a description of the specific items of work to be performed by the Richmond businesses, Richmond small businesses and Richmond nonprofit businesses and all related conditions of the work including the engineer's estimate and specifications for the items for which the bid is solicited. The City shall make available to the contractor a list or a source of lists of enterprises which have been certified as Richmond businesses, Richmond small businesses and Richmond nonprofit businesses not less than twenty (20) calendar days prior to bid opening;

(C) Making the project plans, specifications, and in the case of a construction, design or engineering contract, the City Engineer's estimate available for review by interested Richmond businesses, Richmond small businesses and Richmond nonprofit businesses;

(D) Requesting assistance from Richmond community organizations; Richmond contractor or professional groups; local, state or federal business assistance offices; or other organizations that provide assistance in the recruitment and placement of Richmond businesses, Richmond small businesses and Richmond nonprofit businesses, if any are available; and

(E) Assisting interested Richmond businesses, Richmond small businesses and Richmond nonprofit businesses in obtaining bonds, lines of credit, or insurance required by the City or contractor.

(e) "Joint venture" means and may be referred to as an "association" of two or more Richmond businesses, Richmond small businesses and/or Richmond nonprofit businesses acting as a contractor and performing or providing services on a contract, in which each joint venture or association partner combines property, capital, efforts, skill and/or knowledge. Richmond businesses, Richmond small businesses and Richmond nonprofit businesses participating in joint ventures shall have a commensurate share of the profit or loss to be realized from the joint venture. The joint venture shall be allowed to count the entire amount of the work performed by the Richmond business, Richmond small business and/or Richmond nonprofit businesses partner in determining whether the joint venture meets the business goals of this chapter. In order to be considered a Richmond business joint venture, the joint venture must conform to pertinent laws which govern the creation of such business arrangements and first be certified by the City as provided in Section 2.50.050(c).

(f) "Person" means one or more individuals, partnerships, associations, organizations, trade or professional associations, corporations, nonprofit corporations, cooperatives, legal representatives, trustees, trustees in bankruptcy, receivers or any combination thereof, including any official, agent or employee of the City.

(g) "Richmond business" means any business which possesses or establishes all of the following at least six (6) months before bids or proposals are opened:

(1) A written agreement for City occupancy or proof of ownership of a Richmond office;

(2) Proof that business is transacted in the Richmond office;

(3) A conspicuously displayed business sign at the Richmond business premises except where the business operates out of a residence;

(4) Proof that the office is appropriately equipped for the type of business for which certification as a Richmond business is sought. Where equipment, such as computers, and reproduction and communications machines are typically and routinely used in a non-Richmond location, comparable equipment shall be installed and routinely used at the Richmond office. A Richmond office that is used solely or primarily for meetings shall not comply, unless such activities are the sole or principal use of the principal non-Richmond office;

(5) A valid City of Richmond business license;

- (6) An operating telephone that, when answered by a person, is answered only on the Richmond premises;
- (7) Proof that the Richmond office is the principal office of the business where the predominant office work of the business is performed; and
- (8) When the Richmond office is a branch or supplementary office of a multi-location business, proof that the Richmond office is staffed by at least one full time equivalent employee (minimum thirty (30) hours per week), or that the Richmond office is staffed by at least one full time equivalent employee at least as many hours per week as the principal non-Richmond office.
- (h) "Richmond nonprofit businesses" means any Richmond business or Richmond small business which is a public benefit organization certified by the City as an organization formed for purposes other than generating a profit and in which no part of the organization's income is distributed to its directors or officers. A Richmond nonprofit business must be incorporated by the State, treated as a corporate entity under the law and be on file with the Internal Revenue Service. Richmond nonprofit businesses must apply for tax exempt status at both the federal and State levels. Any and all profits accrued must be retained by the organization for its goals, preservation, maintenance and/or growth. Profits generated cannot personally benefit shareholders, individuals, corporate officers or trustees. To seek Richmond nonprofit business certification, any such Richmond based organizations will apply to the City pursuant to the rules and regulations established pursuant to Section 2.50.050(h) after the effective date of this Ordinance.
- (i) "Richmond small business" means any Richmond business that is certified as a small business by the California Department of General Services, or as a Disadvantaged Business Enterprise by the California Unified Certification Program.
- (j) "Subcontractor" means any person providing goods or services to a contractor for profit, if such goods or services are procured or used in fulfillment of the contractor's obligations arising from a contract with the City.
- (k) "Supplier" means any person who submits a bid or proposal or enters into a contract for the supplying of goods, materials, equipment, furnishings or supplies.

2.50.050 Powers and duties of the City.

In addition to the duties and powers given to the City, as set forth elsewhere in the Richmond Municipal Code, the City shall have the following duties and powers:

- (a) The City shall notify Richmond businesses, Richmond small businesses and Richmond nonprofit businesses of contracting and procurement opportunities under this chapter by appropriate means designed to maximize awareness of these opportunities.
- (b) The City shall have the exclusive power to certify businesses as bona fide Richmond businesses, Richmond small businesses and Richmond nonprofit businesses, and may rely on outside organizations such as the California Department of General Services and the California Unified Certification Program for any such certification.
- (c) The City shall have the exclusive power to certify Richmond business joint ventures. In order for the City to make its determination:
- (1) The joint venture shall submit a written request for certification with its bid and provide the City with a full account of the nature of the business, the local ownership interest, the basis for creation of the joint venture, and the responsibilities of the interested parties.
 - (2) The joint venture shall submit a written agreement creating the joint venture and, in the case of construction contracts, a joint venture license.
 - (3) The joint venture shall provide the City with any further information or documents the City requests to assist the City in determining whether the joint venture is bona fide. The information received from such a joint venture shall demonstrate that the Richmond business, Richmond small business and/or Richmond nonprofit business has a commensurate share of responsibility and profit or loss to be realized from the joint venture.
- During the term of a contract with a joint venture, or within twelve (12) months after the termination of any such contract, the City shall have the right to review the joint venture's records to determine whether the joint venture is being carried out as a bona fide Richmond business joint venture. The City may investigate whether the joint venture partners are sharing equitably in the profit or loss of the entity and whether they are performing tasks commensurate with their share of the joint venture.
- (d) The City shall initiate and investigate complaints arising from a failure to comply with any of the requirements and intent of this chapter, rules and regulations adopted pursuant to this chapter, or contract provisions pertaining to Richmond business participation.

(e) During the term of a contract covered by this chapter, or within twelve (12) months after the termination of any such contract, where there is a prime contractor and one or more Richmond business, Richmond small business or Richmond nonprofit business subcontractors, the City shall have the right to review any records of the contractors to verify that any subcontract is bona fide and that any subcontractor is actually performing the work of their subcontract.

(f) All contracts with the City for the purpose of contracting with businesses to perform contracts, shall require compliance with the provisions of this chapter in awarding and administering such contracts, except where prohibited by state or federal law or regulation.

(g) The requirements of this chapter are separate from those imposed by the federal government or the State as a condition of financial assistance or otherwise. However, the City shall enforce the imposition of Federal Minority Business Enterprise, Women Business Enterprise, Disadvantaged Business Enterprise, and Disabled Veteran Business Enterprise requirements in addition to the requirements of this chapter whenever such federal requirements are warranted.

(h) Within ninety (90) days of the effective date of this Ordinance, the City Manager shall propose programs, policies and/or rules and regulations calculated to promote the goals and intent of this chapter, such as sheltered bidding, mentor-protégé, job order contracting, incentive plan, or on-call contracting programs, to the City Council for adoption.

(i) Consistent with the contracting and purchasing procedures prescribed in Chapter 2.52 of the Richmond Municipal Code (Contracting and Purchasing Procedures) and Article V, Section 2 of the Bylaws of the Richmond Community Redevelopment Agency (Contract Authority), as the same may be amended, the CAA may award, or recommend approval of an award of, a contract that has an estimated value of greater than five thousand dollars (\$5,000), but less than (1) one hundred thousand dollars (\$100,000) for construction and construction-related contracts, (2) fifty thousand dollars (\$50,000) for service contracts and (3) twenty-five thousand dollars (\$25,000) for the procurement of goods, materials, equipment, furnishings or supplies, to a Richmond small business or nonprofit small business as long as the CAA obtains price quotations from two or more Richmond small businesses or small nonprofit business. If the estimated cost to the CAA is less than five thousand dollars (\$5,000) for the contract, or a greater amount as administratively established by the City Manager, the CAA shall obtain at least two price quotations from any responsible contractors and suppliers whenever there is reason to believe a response from a single source is not a fair and reasonable price.

2.50.060 Powers and responsibilities of contractors.

Contractors shall have the following powers and responsibilities:

(a) Each contractor shall have responsibility for monitoring its compliance with the provisions of this chapter, the rules and regulations implementing this chapter, and contract provisions pertaining to Richmond business participation, including obtaining and analyzing reports, conducting preliminary investigations to determine compliance or noncompliance with this chapter, and taking any other action which may be appropriate to assure that all contractors comply with these provisions.

(b) Each contractor shall be responsible for meeting all of its Richmond business, Richmond small business and Richmond nonprofit business participation goals as specified in each relevant section of the chapter. The contractor shall be given an opportunity to demonstrate that it has made a "good faith effort" to ensure that the goals are met, and to ensure compliance with the requirements and intent of this chapter.

(c) Each contractor shall have the right to make field inspections, to review documents, monitor and interview such individual commercial tenants, employers and subcontractors as necessary to verify the accuracy of reports and to otherwise monitor compliance with the requirements and intent of this chapter.

(d) Each contractor shall cooperate with monitoring efforts of the City including, but not limited to, providing all relevant records and documents, assisting field or site inspections, and other monitoring efforts deemed necessary by the City.

(e) Each contractor shall designate a staff person who shall have the primary responsibility for ensuring that its responsibilities as outlined in each relevant section of the chapter are being met.

(f) Whenever contract supplements, amendments, or change orders are made which cumulatively increase the total dollar value of a contract by more than ten percent (10%), the contractor shall comply with those provisions of this chapter that applied to the original contract with respect to the supplement, amendment or change order.

2.50.070 Rating incentives.

Whenever a bid process is utilized in awarding a contract, the following rating incentives shall apply:

- (a) A five percent (5%) or five point rating incentive to bids submitted by Richmond business, Richmond small business or Richmond nonprofit business prime contractors;
- (b) A five percent (5%) or five point rating incentive to bids submitted by Richmond business joint ventures that utilize a minimum of twenty-five percent (25%) of the total contract amount allocated to Richmond businesses, Richmond small businesses or Richmond nonprofit businesses;
- (c) A five percent (5%) or five point rating incentive to bids submitted with a minimum of twenty-five percent (25%) of the total contract dollar amount allocated to Richmond businesses or Richmond nonprofit businesses and ten percent (10%) of the total contract dollar amount allocated to Richmond small businesses or Richmond small nonprofit businesses.

Rating incentives shall not cumulatively equal more than ten percent (10%) or ten points.

2.50.080 Compliance.

(a) In submitting bids for projects for which a contract will be awarded pursuant to this chapter, contractors shall do the following:

- (1) Demonstrate in their bid that they have used good faith efforts to utilize Richmond businesses, Richmond small businesses and/or Richmond nonprofit businesses; and
 - (2) Identify the particular Richmond businesses, Richmond small businesses and/or Richmond nonprofit businesses and suppliers to be utilized in performing the contract, specifying for each such business the dollar value of the participation, the type of work to be performed and such information as may be reasonably required to determine the responsiveness of the bid.
- (b) During the term of the contract, any failure to comply with the level of Richmond business, Richmond small business and/or Richmond nonprofit business participation specified in the contract shall be deemed a material breach of the contract.
- (c) The CAA shall use good faith efforts to solicit bids or proposals from Richmond businesses, Richmond small businesses and/or Richmond nonprofit businesses.
- (d) The City is empowered to take actions to ensure compliance with the provisions of this chapter. The actions which the City is empowered to take may include, but are not limited to:
- (1) Ordering the suspension of the selection process for the award of contract; or
 - (2) Intervening in the selection process to correct contracting practices which hinder business opportunities for Richmond businesses, Richmond small businesses and Richmond nonprofit businesses;
 - (3) Declaring the contractor to be nonresponsive and ineligible to receive the award of contract;
 - (4) Declaring an existing contract terminated;
 - (5) Imposing penalties in the form of liquidated damages. The liquidated damages shall be in an amount equal to the contractor's and/or joint venture's net profit on the contract, or ten percent (10%) of the total amount of the contract or one thousand dollars (\$1,000), whichever is greatest, said amount to be determined by the City. All liquidated damages assessed shall be payable to the City upon demand and may be set off against any monies due to the contractor from any contract with the City and the City shall have the right to withhold payment due the contractor.
 - (6) Disqualifying the contractor from eligibility for providing goods or services to the City for a period not to exceed five (5) years. Any business disqualified under this subsection shall have a right to review and reconsideration by the City Manager after two (2) years upon a showing of corrective action indicating that violations are not likely to recur; or
 - (7) Not awarding any contracts to a contractor that is disqualified from doing business with the City under the provisions of this subsection.

2.50.090 Exceptions.

(a) The City shall waive the Richmond business rating incentives and good faith efforts requirements of this chapter under the following circumstances:

- (1) Whenever the City finds, with the advice of the CAA, that needed goods or services are available only from a sole source and the prospective contractor is not currently disqualified from doing business with the City or from doing business with any governmental agency based on a failure to comply with this chapter or other City requirements;
- (2) If the CAA certifies in writing to the City that:

- (A) Pursuant to the contract, it is necessary to respond to an emergency which endangers the public health or safety, and
- (B) There is no time to apply the rating incentives and no Richmond businesses, Richmond small businesses or Richmond nonprofit business capable of performing the emergency work are immediately available;
- (3) Any certification submitted pursuant to this provision shall be made prior to the contract being submitted for City Council review and approval.
- (b) The City shall waive the Richmond business rating incentives for contracts in excess of one million dollars (\$1,000,000) whenever a CAA establishes that:
- (1) Sufficient qualified Richmond businesses, Richmond small businesses and Richmond nonprofit business capable of providing the needed goods and services required by the contract are unavailable, and sufficient qualified businesses located outside of the area capable of providing the needed goods and services required by the contract are available; or
- (2) The application of the rating incentives will result in significant additional costs to the City if the waiver of the rating incentive is not granted.

2.50.100 Monitoring compliance.

- (a) The City shall monitor compliance with and will submit a report annually, or more frequently upon request of the City Council, to the City Council on the status of the implementation of this chapter. Compliance will be measured from the initial day of performance and shall continue for the duration of the project for which a contract will be awarded pursuant to this chapter. The City shall issue an exit report for any contract which includes Richmond business, Richmond small business and/or Richmond nonprofit business participation as a joint venture partner. The purpose of the exit report is to ensure that such businesses are actually performing services on joint ventures.
- (b) In cases where the City has cause to believe that a contractor acting in good faith has failed to comply with any of the requirements and intent of this chapter, rules and regulations adopted pursuant to this chapter, or contract provisions pertaining to Richmond business, Richmond small business and/or Richmond nonprofit business participation, the City shall notify the CAA and shall attempt to resolve the noncompliance through conciliation. The City shall be empowered to require the contractor to participate in alternative dispute resolution to resolve the noncompliance. If the noncompliance cannot be resolved, the City shall submit to the City Manager and the contractor a written finding of noncompliance. The City Manager shall give the contractor an opportunity to appeal the finding, and if the City Manager concurs with the finding of the City, the City Manager shall take such action as will effectuate the purposes of this chapter, including the actions permitted in Section 2.50.080(d).
- (c) In cases where the City has reason to believe that a contractor has willfully or in bad faith failed to comply with any of the provisions of this chapter, rules and regulations adopted pursuant to this chapter, or contract provisions pertaining to Richmond business, Richmond small business or Richmond nonprofit business participation, the City shall be empowered to conduct an investigation and require the contractor to participate in alternative dispute resolution to resolve the noncompliance. If the alternative dispute resolution is not successful, and after affording the contractor notice and an opportunity to be heard, the City may take action as will effectuate the purposes of this chapter, including the actions permitted in Section 2.50.080(d).

2.50.110 Duration of chapter.

The provisions of this chapter shall remain in effect until **December 31, 2012**. On that date, the provisions shall cease to exist unless the City Council acts to renew the provisions of this chapter.

SECTION 2

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

SECTION 3

This Ordinance shall be effective 30 days after passage and adoption.

First introduced at a regular meeting of the City Council of the City of Richmond held on February 2, 2010, and finally passed and adopted at a regular meeting held on February 16, 2010, by the following vote:

AYES: Councilmembers Bates, Butt, Rogers, Viramontes, Vice Mayor Ritterman,
and Mayor McLaughlin

NOES: None

ABSTENTIONS: None

ABSENT: Councilmember Lopez

DIANE HOLMES
Clerk of the City of Richmond

(SEAL)

Approved:

GAYLE MCLAUGHLIN
Mayor

Approved as to form:

RANDY RIDDLE
City Attorney

I certify that the foregoing is a true copy of Ordinance No.11-10 N.S., finally passed and adopted by the Council of the City of Richmond at a regular meeting on February 16, 2010, and published in accordance with law.

ATTACHMENT 4

CITY OF RICHMOND LOCAL EMPLOYMENT ORDINANCE

ORDINANCE NO. 15-10 N.S.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RICHMOND AMENDING CHAPTER 2.56 OF THE RICHMOND MUNICIPAL CODE (LOCAL EMPLOYMENT PROGRAM) TO REVISE THE CITY OF RICHMOND LOCAL EMPLOYMENT ORDINANCE (52-06 N.S)

The City Council of the City of Richmond do ordain as follows:

SECTION 1. Richmond Municipal Code Section 2.56 is amended as follows:
(Insertions are noted with underline and deletions are noted with)

Chapter 2.56 LOCAL EMPLOYMENT PROGRAM

- 2.56.010 Findings.
- 2.56.020 Declaration of policy and purpose.
- 2.56.030 Scope and goals.
- 2.56.040 Definitions.
- 2.56.050 Powers and duties of the City.
- 2.56.060 Responsibilities of employers.
- 2.56.070 Responsibilities regarding new hires.
- 2.56.080 Noncompliance.
- 2.56.090 Miscellaneous.

2.56.010 Findings.

The City Council of the City of Richmond hereby finds that statistics indicate that unemployment levels for the citizens of the City of Richmond are higher than for the remainder of Contra Costa County and for neighboring Alameda County. Statistics also indicate that the higher unemployment level in the City of Richmond correlates to the higher number of families living in poverty and to a higher crime rate.

2.56.020 Declaration of policy and purpose.

(a) It is the policy of the City of Richmond to ensure full and equitable opportunities for Richmond residents to participate in the employment opportunities that arise from public works contracts, service contracts, and subsidized projects.

(b) It is also the policy of the City of Richmond to increase the number of employed persons living in the City of Richmond in an attempt to counteract the grave economic and social ills associated with the higher unemployment levels that exist within the City.

(c) The City Council has determined there is a need to provide Richmond residents with more opportunities to participate in workforce development and pre-apprenticeship programs that include life skills training, job readiness training, and case management services. Such pre-apprenticeship programs will increase the capacity of Richmond residents to succeed later in formal apprenticeship programs and hence reduce the unemployment rate and accompanying poverty and crime conditions. The City of Richmond currently sponsors a number of excellent

pre-apprenticeship programs that should be expanded and enhanced in order to alleviate the conditions associated with Richmond's high unemployment rate.

(d) By increasing the capacity of the Richmond residents through workforce development and pre-apprenticeship programs, Richmond residents will be better suited to compete in the marketplace, and thus Richmond employers will be better able to meet increased local workforce participation goals.

(e) In furtherance of these policies, the City of Richmond has established a local employment program to encourage the hiring and retention of Richmond residents for the work to be performed under public works contracts, service contracts, and subsidized projects.

2.56.030 Scope and goals.

(a) For any public works or service contract with the City that has a value of \$100,000 or more, or a subsidized project with a subsidy from the City of \$100,000 or more, there is hereby established the following goals for employment of Richmond residents: (1) Public works (construction) employment: that a minimum of twenty-five percent (25%) of the total work hours for the contract or project shall be performed by Richmond residents, and that a minimum of twenty-five percent (25%) of all new hires for the contract or project shall be Richmond residents for the duration of the contract or project;

(2) Retail employment: that a minimum of thirty-five percent (35%) of the total workforce shall be residents, and that a minimum of thirty-five percent (35%) of all new hires shall be residents;

(3) Office, administrative, and other employment: that a minimum of thirty-five percent (35%) of the total workforce shall be residents, and that a minimum of thirty-five percent (35%) of all new hires shall be residents.

An employer must achieve these goals or document a good faith effort to achieve these goals.

(b) The goals established by subsection (a) of this section represent the minimum employment standards for the affected categories, and subject businesses are encouraged to exceed these goals whenever possible.

(c) With respect to retail employment and office, administrative, and other employment, any employer that occupies any portion of the project site and employs more than ten full time equivalent employees at the site shall have the employment goals as provided for in subsection (a) or (c) of this section. The term of this obligation shall be calculated at a rate of one-year for every \$100,000 of subsidy provided by the City to the project. In no event, however, shall the term of this obligation be less than three (3) years or more than ten (10) years after the completion of any subsidized project.

(d) Each construction contractor or subcontractor performing work on a public works contract or subsidized project shall employ in its regular workforce Richmond residents who are enrolled and participating in an apprenticeship program. Such an apprenticeship program must have been approved by the State Department of Industrial Standards. The expected number of apprentices will vary based upon the availability of Richmond residents indentured in the various apprenticeship programs. The apprenticeship program must have graduated apprentices annually for at least the past five (5) years and must have an established history of partnering with the City and community based organizations in establishing and operating pre-apprenticeship programs.

(1) This requirement applies to any craft for which the State of California Department of Apprenticeship Standards has approved an apprenticeship program. A properly indentured apprentice will be employed under the regulations of the craft or trade at which he or she is indentured and shall be employed only at the work of the craft or trade in which he or she is registered.

(2) The graduation requirement for each of the preceding five (5) years shall not apply to any trade or craft not recognized by the Department of Labor or Division of Apprenticeship Standards as an apprenticeable occupation for more than nine (9) years immediately prior to the effective date of the ordinance codified in this chapter.

(e) Any business that is a small business is exempt from the requirements of this chapter.

2.56.040 Definitions.

As used in this chapter:

"City" means the City of Richmond, its agencies, departments and shall include the Richmond Community Redevelopment Agency.

"City Council" means the City Council of the City, and shall include the Agency Board of the Richmond Community Redevelopment Agency.

"City Manager" means the City Manager for the City of Richmond and, for the purposes of this chapter, shall include the Chief Executive Officer of the Richmond Community Redevelopment Agency.

"Construction contractor" means an individual, partnership, corporation, joint venture or other legal entity entering into a public works contract with the City, or performing construction work on a subsidized project.

"Employer" means a construction contractor, service contractor, subsidy recipient or any of their subcontractors, or any business which occupies and conducts its business on any portion of the site of any subsidized project within ten years after completion of the project.

"First source agreement" means a written contract between an employer and the City establishing the hiring process to be followed and containing, at least, the employer's: (1) commitment to abide by the responsibilities of an employer under this chapter, and (2) agreement that the specified hiring process shall be followed in order to maximize the number of Richmond residents employed. Unless the City Council directs otherwise, first source agreements shall contain the terms set forth in the sample documents considered by the City Council in approval of this chapter.

"New hire" means any employee of a contractor or subcontractor who is not listed on the contractor or subcontractor's last quarterly tax statement for the period prior to the commencement of work.

"Public works contract" means any contract with the City for construction, alteration, demolition or repair work.

"Referral system" means the system established by the City to provide referrals of residents to employers for employment covered by this chapter.

"Resident" means any person whose primary residence is in the City of Richmond.

"Service contract" means a contract with the City for performance of services, not including public works contracts.

"Service contractor" means any recipient of a service contract, and any subcontractor performing work in furtherance of that service contract.

"Small business" means any business that employs the equivalent of ten or fewer full-time employees in its total workforce.

"Subcontractor" means any and all parties with whom a subsidy recipient, construction contractor or other subcontractor enters into a contract to perform a portion of any construction, alteration, demolition or repair work.

"Subsidized project" means a development project for which a subsidy recipient received one or more subsidies with a total cost to the City of \$100,000 or more.

"Subsidy" means direct or indirect assistance by the City that materially benefits that person or entity, including, but not limited to: grants or loans of funds administered by the City; tax abatements or deferrals; infrastructure improvements made for the purpose of facilitating or supporting a development project; land sale at below market value; a ground lease at below market value.

"Subsidy recipient" means: (1) a person or entity that in any twelve month period receives one or more subsidies with a total cost to the City of \$100,000 or more; and/or (2) a person or entity that receives written notice that in exchange for the City's grant or subsidy to that person or entity, such person or entity must abide by the provisions of this chapter.

2.56.050 Powers and duties of the City.

In addition to the duties and powers given to the City set forth elsewhere in the Richmond Municipal Code, the City shall have the following duties and powers regarding this chapter:

(a) The City shall conduct pre-bid meetings for contracts or projects subject to this chapter to inform potential bidders of the requirements of the ordinance codified in this chapter;

(b) The City shall have the exclusive right to determine whether or not a business is a small business;

(c) The City shall require all employers with contracts or projects subject to this chapter to abide by its provisions;

(d) The City shall require that employers require compliance with and enforce the provisions of this chapter with any and all subcontractors, successors and assigns;

(e) The City shall actively monitor compliance with this chapter and will submit a quarterly report to the City Council on the status of the implementation of this chapter on all public works contracts, service contracts and subsidized projects. Compliance will be measured from the initial day of performance and shall continue for the duration of the contract or project in question;

(f) The City shall convene a semi-annual meeting of stakeholders including, local labor unions, local contractors who participate in State-certified jointly administered training programs, community-based training programs, local college training programs, and social justice advocacy groups to provide feedback and suggestions about Richmond's Local Employment Program and to review employment goals established by this Chapter. Such feedback and suggestions shall be included in the report to City Council that is required by Subsection 2.56.050(5).

(g) The City shall require that this chapter is incorporated into all relevant development agreements, development and disposition agreements, land disposition agreements, requests for proposal, requests for qualifications, and other such documents;

(h) The City shall ensure that the employment goals set under this chapter are maintained for the duration of the contract or project in question.

2.56.060 Responsibilities of employers.

(a) Each employer shall, as a condition of entry into any contract or receipt of a subsidy subject to this chapter, or of locating in a subsidized project, comply with the responsibilities and goals set forth in this chapter, including, but not limited to:

(1) First Source Agreements. Each employer shall enter into a first source agreement. The first source agreement shall establish the hiring process to be followed by the employer for construction and non-construction hiring to achieve the goals of this chapter. It is an operational document, and a model first source agreement is attached hereto to guide City staff on the necessary provisions for such agreements;

(2) Pre-bid Meetings. Each employer shall attend any pre-bid meeting conducted by the City for any contract or project subject to this chapter;

(3) Cooperation with Monitoring Efforts. Each employer shall make available to the City records and information that are relevant to monitoring and enforcement of this chapter, including contracts with other entities. The City shall not use such records or information for any purpose other than monitoring or enforcement of this chapter. Each employer shall cooperate fully and promptly with any inquiry or investigation the City deems necessary in order to monitor compliance with this chapter, including allowing access to job sites and employees. In no event shall an employer take more than 10 days to respond to a City inquiry or investigation. Employers may remove names and social security numbers from requested records to protect the privacy of individual employees, however, the City may require that an employer provide addresses of individual employees if their actual place of residence is at issue.

(b) Safe Harbor. As an incentive to exceed the goals of this chapter, an employer who meets the following requirements shall be deemed to be in compliance with the goals of the ordinance for the quarter and exempt from reporting requirements for that quarter:

(1) Public works (construction) employment: that a minimum of forty percent (40%) of the total work hours for the contract or project during the quarter was performed by residents;

(2) Retail employment: that a minimum of fifty percent (50%) of the total workforce during the quarter was residents;

(3) Office, administrative, and other employment: that a minimum of fifty percent (50%) of the total workforce during the quarter was residents.

Any employer who achieves the safe harbor requirements for four consecutive quarters shall thereafter be required only to make an annual report, unless the employer fails to file the annual report or the report fails to demonstrate compliance.

(c) Non-City Project Hiring. An employer who can adequately document the new hire of a Richmond resident on any non-City project within one of the nine Bay Area counties (Alameda, Contra Costa, San Francisco, San Mateo, Santa Clara, Marin, Solano, Napa, and Sonoma), during the time a subject contract or project is in effect, shall be entitled to credit the hours of that Richmond hire towards meeting the new hire goals of this chapter.

(d) **Binding on Successors and Assigns.** Each employer under this chapter shall not assign, sell or in any way transfer any portion of their interest in a contract, project, subsidy or other interest subject to this chapter without first notifying the City. Each employer shall require that each of said employer's successors and/or assigns agree to comply with all terms of this chapter applicable to employers.

(e) **Nondiscrimination in Conditions of Employment.** Employers shall not discriminate against residents in any terms and conditions of employment, including retention, promotions, job duties, shift assignments and training opportunities.

2.56.070 Responsibilities regarding new hires.

Every employer shall have the following responsibilities:

(a) Each employer shall comply with the goals for all new hires, as stated in Section 2.56.030(a), and shall use union hiring halls for union contracts and the referral system for non-union contracts;

(b) Each employer shall, prior to hiring in furtherance of the contract or project, provide to the City its hiring projections, including number, type, and qualifications for the projected jobs;

(c) Each employer shall utilize the hiring process specified in their first source agreement with the City.

2.56.080 Noncompliance.

(a) The City shall determine whether an employer has complied with the requirements of this chapter. If the City determines that the employer failed to comply with the provisions of this chapter, the employer has the burden of proving compliance with this chapter and its obligations under this chapter or a good faith effort to comply. For the purposes of this chapter, a good faith effort shall mean compliance with the requirements of the hiring process as established in their first source agreement. Each employer agrees to pay the civil penalties set forth in subsection (d) of this section if they are found in noncompliance.

(b) The City Manager has the power, in addition to any other remedy the City may have under this chapter or by operation of law, to suspend or terminate the pertinent contract in whole or in part, with continuance thereof conditioned upon a satisfactory showing to the City Manager of the employer's ability to comply.

(c) In the event the City believes the employer may not be in compliance with the requirements of this chapter, the following procedure will be followed:

(1) The City Manager or designee shall cause to be delivered to the employer a written "Notice of Noncompliance." This notice shall specify the matters which constitute the noncompliance; the specific action required to correct the noncompliance; and the time period during which such correction shall occur. In no event shall this time period be more than thirty (30) days after receipt of the notice by the employer. If the notice is mailed, it will be deemed received five days after the date of mailing;

(2) If the employer disagrees with the notice, they shall have the burden of proving compliance with the provisions of the ordinance and shall submit any evidence and argument to the City Manager or designee to establish compliance no more than thirty (30) days after receipt of the notice by the employer;

(3) In the event the City Manager or designee subsequently agrees that compliance has occurred, the City Manager or designee shall cause to be delivered promptly to the employer a written "Notice of Correction of Noncompliance," specifying the original noncompliance which has been corrected;

(4) In the event the City Manager or designee does not agree that compliance has occurred, the City Manager or designee shall promptly notify the employer by a written "Notice of Failure to Correct Noncompliance," describing the facts constituting the noncompliance;

(5) After the issuance of a written "Notice of Failure to Correct Noncompliance," the employer shall have the right to request a hearing before the City Manager, designee, or a mutually agreed upon arbitrator who shall make the final determination. The request for a hearing must be made within ten (10) working days after receipt of the "Notice of Failure to Correct Noncompliance." If the notice is mailed, it will be deemed received five days after the date of mailing. The hearing shall be held no sooner than 20 and no later than 30 days after receipt by the City of the request for hearing, unless otherwise agreed to by the parties. At the hearing, the employer will be allowed to present any evidence and argument it believes proves compliance. The City Manager, designee, or neutral arbitrator shall issue their final determination no later than 10 business days after the hearing. The employer must exhaust this administrative remedy prior to commencing further legal action;

(6) In the event no request for hearing is timely made, the determination of failure to correct noncompliance shall be deemed to be final;

(7) Should the employer fail to comply with the "Notice of Noncompliance" as specified above, and a final determination of noncompliance is made, the City may exercise any of its powers as specified in this section.

(d) **Civil Penalties.** The City may assess civil penalties for violations of this chapter. Civil penalties for violations of this chapter are as follows: an amount not to exceed \$1,000.00 or 1% of the total contract amount, whichever is greater, for each working day of noncompliance, regardless of the number of separate acts of noncompliance by the employer existing on a particular day.

(e) The City shall keep a record of all violations of the hiring goals established by this chapter. A history of violation of the ordinance's goals shall be a factor which is considered by the City when deciding upon any future awards of contracts to the affected employer and may form the basis for denying any future contracts to the affected employer.

2.56.090 Miscellaneous.

(a) **Severability.** The provisions of this chapter are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of the ordinance codified in this chapter, or the invalidity of the application thereof to any person or circumstance shall not affect the validity of the remainder of the ordinance, or the validity of its application to other persons or circumstances.

(b) **Effective Date.** The ordinance codified in this chapter shall take effect 30 days after the date of its enactment and shall govern all contracts and other relevant agreements that have not been executed by that date.

(c) Sources of Authority. This chapter constitutes an exercise of the police powers of the City, the contracting and spending powers of the City and Agency, and the powers of the Agency deriving from the California Health & Safety Code, § 33000 et seq.

(d) Compliance with State and Federal Law. This chapter shall be enforced only to the extent that it is consistent with the laws of the State of California and the United States of America. Nothing in this Chapter is intended to affect the duties of any business, including any small business, under State or federal law. In addition, no provision of this Chapter, including but not limited to Subsection 2.56.030(e), is intended to exempt any business from complying with applicable State or federal law, or from complying with State requirements for apprenticeship programs as detailed in Subsection 2.56.030(d). No employer shall be required by this agreement to violate its obligations under an agreement governed by the National Labor Relations Act and the Labor-Management Relations Act. If any provision of this chapter is held by a court of law to be in conflict with State or federal law, the applicable law shall prevail over the terms of this chapter, and the conflicting provisions of this chapter shall not be enforceable.

(e) Compliance with Court Order. An employer shall be excused from compliance with the pertinent terms of this chapter if the employer is bound by a court or administrative order or decree which conflict with those terms.

(f) Material Terms. The provisions of this chapter are material terms of all contracts or agreements in which the ordinance codified in this chapter is incorporated.

SECTION 2. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional, such division shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrases or clauses be declared unconstitutional on their face or as applied.

SECTION 3. This ordinance shall be effective 30 days after passage and adoption.

First introduced at a regular meeting of the City Council of the City of Richmond held on April 6, 2010, and finally passed and adopted at a regular meeting held on April 20, 2010, by the following vote:

AYES: Councilmembers Bates, Lopez, Rogers, Viramontes, Vice Mayor Ritterman, and Mayor McLaughlin.

NOES: None.

ABSTENTIONS: None.

ABSENT: Councilmember Butt.

DIANE HOLMES
Clerk of the City of Richmond

(SEAL)

Approved:

GAYLE McLAUGHLIN
Mayor

Approved as to form:

RANDY RIDDLE
City Attorney

I certify that the foregoing is a true copy of Ordinance No. 15-10 N.S., finally passed and adopted by the Council of the City of Richmond at a regular meeting on April 20, 2010.

**CITY OF RICHMOND
FIRST SOURCE AGREEMENT**

RECITALS

THIS FIRST SOURCE AGREEMENT is entered into on the date stated below by and between the CITY OF RICHMOND, a municipal corporation and charter city (hereinafter the "City"), and SF Global LLC (hereinafter the "Employer").

WHEREAS, the Employer has been awarded a contract, forgivable loan or subsidy by the City and/or the Richmond Community Redevelopment Agency, dated February 20 20 14 (hereinafter the "Contract") to perform certain work and provide certain services at 1000 Mt. Donald Avenue in Richmond, California, described as follows: To develop and implement a municipal identification card program with OPTIONAL prepaid debit card functions through an FDIC insured financial institution

WHEREAS, the Employer, in addition to the Contract, agrees to enter into this First Source Agreement (hereinafter the "FSA") with the City;

NOW, THEREFORE, the parties hereto mutually agree as follows:

1. Compliance with Chapter 2.56. Employer will comply with the terms of Chapter 2.56 of the Richmond Municipal Code, Local Employment Program (hereinafter the "Ordinance"), a copy of which is attached hereto and incorporated herein by reference.

2. Liaison. Employer shall designate a liaison for issues related to the Ordinance and this FSA. The liaison shall work with designated City of Richmond staff to facilitate effective implementation of the Ordinance and this FSA (hereinafter the "Designated City Staff").

3. First Source Hiring Process for CONSTRUCTION and NON-CONSTRUCTION JOBS -Employer shall take the following steps regarding hiring in furtherance of the Contract.

(a) Long-Range Planning. Employer shall, prior to hiring in furtherance of the Contract, and as soon as practicable, provide to the Designated City Staff the approximate number and type of hires that it will make for employment, and the basic qualifications necessary for each projected hire.

(b) Dual Notification Process (CONSTRUCTION ONLY). Where there is a signatory agreement with the local union and the associated craft, Employer shall work with the local union and the City of Richmond Employment and Training Department (hereinafter the "ETD") to fill those positions. The Employer shall forward to the ETD a copy of all personnel requests made to the trade unions, specifying the residency of personnel requested (this process is

hereinafter referred to as the "dual notification process" and a description of it is attached hereto along with the Request for Craft form for use by the Employer). In the dual notification process, the Employer shall utilize the "name call," "rehires," "transfers," or "sponsorship" options in maximizing the participation of Richmond, California residents.

(c) Notification of job opportunities. Prior to hiring in furtherance of the Contract, Employer shall notify the Designated City Staff, by email or fax, of available job openings and provide a description of job responsibilities and qualifications, including expectations, salary, work schedule, duration of employment, required standard of appearance, and any special requirements, e.g., language skills, driver's license, etc. Job qualifications shall be limited to skills directly related to performance of job duties.

(d) Filling of job opportunities. Prior to announcing or advertising in any form and by any means (except for compliance with internal posting procedures) the availability of an employment position created by the vacancy of an existing position or a new employment position, the Employer shall utilize the dual notification process to notify the pertinent union, if appropriate, and ETD in writing of such position, including a general description of the position and Employer's minimum requirements for qualified applicants, and shall request any pertinent union and ETD to refer qualified applicants for such position to Employer's trade union and/or personnel representative, as appropriate. The Employer shall refrain from any general announcement or advertisement of the availability of such position for a period of ten (10) business days after notification to the ETD. This ten-day period shall be known as the "Advance Notice Period."

(e) Job Site Applications. In the event that any persons seek employment with the Employer at the job site, the Employer shall have the person complete a Job Site Application consisting of name, address, telephone number, social security number and trade. The Employer will then submit this information to the ETD.

(f) Transfer and Promotion. Nothing contained herein shall prevent the Employer from filling job vacancies or newly created positions without compliance with the foregoing procedures by transfer or promotion from its existing staff.

4. Monthly Reports. Employer shall, on a monthly basis, furnish certified payroll sheets to ETD. Failure to provide the City with this information shall result in delay of progress payments for that portion which is deemed not in compliance with the provisions of this FSA.

5. Quarterly Reports. Employer shall prepare quarterly reports detailing the number of hires for employment in furtherance of the Contract during the quarter and stating what percentage of such hires were residents of Richmond, California. The Designated City Staff shall assist Employer by preparing forms to be completed for this purpose. Reports shall be filed with the ETD within thirty (30) days after the completion of each quarter. Reports may include a description of any difficulties the Employer is having with obtaining qualified referrals through the Designated City Staff.

6. Non-compliance Procedure. In the event the City believes the Employer may not be in compliance with the requirements of this FSA, the following procedure will be followed:

(a) The Community and Economic Development Executive Director (hereinafter the "Executive Director") or designee shall cause to be delivered to the Employer a written "Notice of Non-Compliance" (hereinafter the "Notice"). The Notice shall specify the matters which constitute the non-compliance; the specific action required to correct the non-compliance; and the time period during which such correction shall occur. In no event shall this time period be more than thirty (30) days after receipt of the Notice by the Employer. If the Notice is mailed, it will be deemed received five (5) days after the date of mailing.

(b) If the Employer disagrees with the Notice, they shall have the burden of proving compliance with the provisions of the Ordinance and shall submit any evidence and argument to the Executive Director or designee to establish compliance no more than thirty (30) days after receipt of the Notice by the Employer.

(c) In the event the Executive Director or designee subsequently agrees that compliance has occurred, the Executive Director or designee shall cause to be delivered promptly to the Employer a written "Notice of Correction of Non-Compliance," specifying the original non-compliance which has been corrected.

(d) In the event the Executive Director or designee does not agree that compliance has occurred, the Executive Director or designee shall promptly notify the Employer by a written "Notice of Failure to Correct Non-Compliance" ("hereinafter the "Notice of Failure to Correct"), describing the facts constituting the non-compliance.

(e) After the issuance of the Notice of Failure to Correct, the Employer shall have the right to request a hearing before the City Manager or designee (hereinafter "Request for Hearing"), who shall make the final determination. The Request for a Hearing must be made within ten (10) working days after receipt of the Notice of Failure to Correct. If the Notice of Failure to Correct is mailed, it will be deemed received five (5) days after the date of mailing. The hearing shall be held no sooner than twenty (20) and no later than thirty (30) days after receipt by the City of the Request for Hearing, unless otherwise agreed to by the parties. At the hearing, the Employer will be allowed to present any evidence and argument it believes proves compliance. The City Manager or designee shall issue their final determination no later than ten (10) business days after the hearing. The Employer must exhaust this administrative remedy prior to commencing legal action.

(f) In the event no Request for Hearing is timely made, the determination of failure to correct non-compliance shall be deemed to be final.

(g) Should the Employer fail to comply with the Notice of Non-Compliance as specified above, and a final determination of non-compliance is made, the City may exercise any of its powers as specified in §2.56.080 of the Ordinance.

Executed this 25 day of February, 2014

EMPLOYER

SF Global LLC

By: 

Name: Raul A. Hinojosa

Its: **Chief Executive Officer**

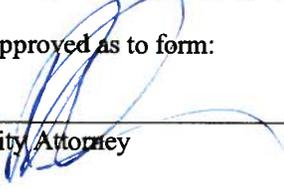
CITY OF RICHMOND

By: 

Name: William A. Lino

Title: City Manager

Approved as to form:


City Attorney

ATTACHMENT 5

CITY OF RICHMOND LIVING WAGE ORDINANCE

Article II ADMINISTRATION AND CITY GOVERNMENT

Chapter 2.60 Living Wage

2.60.010 Title and purpose.

2.60.020 Findings.

2.60.030 Definitions.

2.60.040 Contractors, users or public property, city financial aid recipients and subcontractors subject to the requirements of this Chapter.

2.60.050 Waiver

2.60.060 Compensation required to be paid to specific employees

2.60.070 Required contract provisions.

2.60.080 Exemptions.

2.60.090 Retaliation and discrimination prohibited.

2.60.100 Employee complaints to the City.

2.60.110 Private right of action.

2.60.010 Title and purpose.

This Chapter shall be known and may be cited as the “City of Richmond Living Wage Ordinance.” The purpose of this Chapter is to protect the public health, safety and welfare. It does this by requiring that employees of City contractors, lessees, recipients of City financial aid and their respective subcontractors expend public funds in such a manner as to facilitate individual self-reliance.

2.60.020 Findings.

The City Council of the City of Richmond finds as follows:

- (a) The City of Richmond awards many contracts to private firms to provide services to the public and to City Government; and
- (b) The City of Richmond provides financial assistance and funding to others for the purpose of economic development or job growth; and
- (c) The city of Richmond has a limited amount of taxpayer resources to expend; and
- (d) Even in promising economic times, far too many people working in Richmond and their families live below or near the poverty line; and
- (e) The use of taxpayer dollars to promote sustenance and creation of living wage jobs will increase consumer income, decrease levels of poverty, invigorate neighborhood businesses and reduce the need for taxpayer-funded social programs in other areas; and
- (f) When inadequate compensation is paid to service employees within the City, it fails to provide

service employees with resources sufficient to afford life. It is critical that when City funds are used to contract for services, such contracts demonstrate an effort to promote an employment environment that enhances the general quality of life within the community and maximizes the productive effect of the City's limited resources; and

(g) Financial assistance recipients of the City are engaged in hospitality or some other line of business that is an integral part of the City of Richmond economy and such entities often pay wages at or slightly above the minimum required by federal and state minimum wage laws. The City as a provider of subsidies to these entities has the same interest in requiring the payment of a higher minimum level of compensation to employees of financial assistance recipients as it does of service contractors; and

(h) The City's use of contractors or subsidies to businesses, which do not provide health insurance to their employees, often results in imposing the costs of their medical care on the county, state and federal governments. The City has an interest in avoiding such impacts, which the City finds can only be done if the employer provides health insurance in a reasonable form. The city finds that an employer contribution for health benefits of at least \$1.50 per hour on average is necessary to provide employee health care sufficient to avoid imposing the public costs described above. The City also has an interest in ensuring that persons delivering City services are healthy, and that a lack of health care can affect employee performance and absenteeism. The City finds that employees are far likelier to be healthy if their employer provides reasonable health insurance to them and their dependents. In addition, one of the City's reasons for providing financial assistance is to promote the public health, an interest served by having employers receiving such assistance spend a reasonable portion of this money for health purposes; and

(i) The payment of a higher minimum level of compensation as required by the Ordinance codified This chapter benefits these interests.

2.60.030 Definitions.

The following words and phrases whenever used in this Chapter shall be construed as defined in this section:

(a) "City" means the City of Richmond and all City agencies, departments and offices, including the Richmond Redevelopment Agency, the Richmond Housing Authority and the Port of Richmond.

(b) "City financial aid recipients" means all persons or entities that receive from the City direct assistance in the form of grants, loans or loan guarantees, in-kind services, waivers of City fees, real property or other valuable consideration in the amount of more than \$100,000 in any twelve (12)-month period. This term shall not include those who enjoy an economic benefit as an incidental effect of City policies, regulations, ordinances, or charter provisions. The following shall not be deemed to be direct assistance: (1) enterprise zone tax credits within the City of Richmond pursuant to the California State Department of Commerce Enterprise Zone program, or (2) an agreement with the City of Richmond whereby the specific entity has negotiated a not-to-exceed amount or percentage with regards to the amount of utility user taxes that the entity will be subject to within any twelve (12) month period.

(c) "Contractor" means any person or entity that enters into a contract or a franchise agreement with the City in an amount equal to or greater than twenty-five thousand dollars (\$25,000.00).

(d) "Employee" means any person who is employed:

(1) As a service employee of a contractor or subcontractor under the authority of one or more service contracts and who expends any of his or her time thereon, including but not limited to: hotel employees; restaurant, food service or banquet employees; janitorial employees; security guards; parking attendants; health care employees; gardeners; waste management employees; and clerical employees; or

(2) By a City financial aid recipient and who expends at least twenty-five percent (25%) of his or her time on the funded project/program or property which is the subject of City financial assistance; or

(3) By a service contractor of a City financial aid recipient and who expends at least twenty-five percent (25%) of his or her time on the premises of the City financial aid recipient and is directly involved with the funded project/program or property which is the subject of city financial assistance; or

(4) By a leaseholder and who expends at least twenty-five percent (25%) of his or her compensated time on the leased property, or engaged in work directly related to the license, concession or franchise;

(5) By the City of Richmond, or by the City's agencies, departments or offices.

Any person who is a managerial, supervisory or confidential employee is not an employee for purposes of this definition.

(e) "Employer" means any person who is a City financial assistance recipient, leaseholder, or a contractor or subcontractor. For the purposes of this Chapter, the term "employer" shall also mean the City of Richmond, and its agencies, departments and offices.

(f) "Leaseholder" means any person that enters into an agreement with the City for any lease of public property, license, concession or franchise and which employs twenty-five (25) or more employees and generates \$350,000 or more in annual gross receipts.

(g) "Non-profit" shall mean a non-profit organization described in Section 501c of the Internal Revenue Code of 1954 which is exempt from taxation under Section 501(c) of that code, or any nonprofit educational organization qualified under Section 233701(d) of the Revenue and Taxation Code.

(h) "Person" means any individual, proprietorship, partnership, joint venture, corporation, limited liability company, trust, association or other entity that may employ individuals or enter into contracts.

(i) "Service contract" means:

(1) A contract let to a contractor by the City for the furnishing of services, to or for the City, except contracts where services are incidental to the delivery of products, equipment or commodities, and that involves an expenditure equal to or greater than twenty-five thousand dollars (\$25,000.00); or

(2) A lease or license under which service contracts are let by the lessee or licensee.

A contract for the purchase or lease of goods, products, equipment, supplies or other property is not a "service contract" for the purposes of this definition.

(j) "Subcontractor" means any person who enters into a contract with:

(1) A contractor to assist the contractor in performing a service contract; or

(2) A City financial aid recipient designated to assist the recipient in performing the work for which the assistance is being given or to perform services on the property which is the subject of City financial assistance.

Service contractors of City financial aid recipients shall not be regarded as subcontractors except to the extent provided by the definition of "employee" in this section.

(k) "Trainee" shall mean a person enrolled in a job training program which meets the City job training standards.

2.60.040 Contractors, users or public property, city financial aid recipients and subcontractors subject to the requirements of this Chapter.

The persons and entities described below shall comply with the minimum compensation standards established by this Chapter to the employees specified herein:

(a) For-profit vendors of services, which employ ten (10) or more full-time employees and receive contract(s) for \$25,000 or more in a twelve-month period. Compliance shall be required during the term of said contract(s) as to any employees who spend 25% or more of their compensated time engaged in work directly related to the said contract(s).

(b) Non-profit vendors of services, which employ ten (10) or more full-time employees and receive contracts of \$100,000 or more in a twelve-month period. Compliance shall be required during the term of said contract as to any employees who spend 50% or more of their compensated time engaged in work directly related to a City contract.

(c) Lessees of public property, licensees, concessionaires and franchisees, which employ twenty-five (25) or more full-time employees and generate \$350,000 or more in annual gross receipts. Compliance shall be required during the lease, license, concession or franchise term with regard to any employees who spend twenty-five percent (25%) or more of their compensated time on the leased property, or engaged in work directly related to the license, concession or franchise.

(d) City financial aid recipients, which receive more than \$100,000 in loans or other cash and/or non-cash assistance in any twelve-month period. Compliance shall be required for a period of five (5) years following receipt of the aid with regard to full-time employees who spend twenty-five percent (25%) or more of their compensated time engaged in work directly related to the purpose for which the City provided the aid.

(e) Subcontractors of any of the entries, persons, or recipients described in subparagraphs (a) through (d). Compliance shall be required during the term of the contract between the City and the prime contractor or City financial aid recipients to any full-time employees who spend 25% or more of their compensated time engaged in work directly related to the City contract, or agreement providing financial aid.

2.60.050 Waiver

(a) Any employer which contends that it is unable to pay all or part of the living wage must provide a detailed explanation in writing to the City Manager (or the City Manager's designee) who may recommend a waiver to the City Council.

(b) The explanation must set forth the reasons for its inability to comply with the provisions of this Chapter, including a complete cost accounting for the proposed work to be performed with the financial assistance sought, including wages and benefits to be paid all employees, as well as an itemization of the wage and benefits paid to the five highest paid individuals employed by the employer.

(c) The employer must also demonstrate that the waiver will further the interests of the City of Richmond in creating training positions which will enable employees to advance into permanent living wage jobs or better and will not be used to replace or displace existing positions or employees or to lower the wages of current employees.

(d) The City Council may grant a waiver only upon a finding and determination that the employer has demonstrated economic hardship and that waiver will further the interests of the City of Richmond in providing training positions which will enable employees to advance into permanent living wage jobs or better.

(e) However, no waiver will be granted if the effect of the waiver is to replace or displace existing positions or employees or to lower the wages of current employees.

(f) Waivers from the Chapter are disfavored, and will be granted only where the balance of competing interests weighs clearly in favor of granting the waiver.

(g) If waivers are to be granted, partial waivers are favored over blanket waivers. Moreover, any waiver shall be granted for no more than one year. At the end of the year, the employer may reapply for a new waiver which may be granted subject to the same criteria for granting the initial waiver.

(h) The City Council of the City of Richmond reserves the right to waive the requirements of this chapter upon a finding and determination of the City Council that a waiver is in the best interests of the City of Richmond (e.g., when the City has declared an emergency due to natural or man-made disasters or war and the need exists for immediate services).

(i) All of the provisions of this Chapter, or any part hereof, may be waived by a bona fide collective bargaining agreement, but only if the waiver is explicitly set forth in such agreement in clear and unambiguous terms.

2.60.060 Compensation required to be paid to specific employees

Except as provided in Section 2.60.080, an employer subject to this Chapter pursuant to Section 2.60.040 shall provide to its covered employees the following minimum compensation terms for the duration of the covered period:

(a) Wages. If the employer pays at \$1.50 per hour per employee towards an employees medical benefits plan, which allows the employees to receive employer-compensated care from a licensed physician, the employer shall pay employees an hourly rate of not less than \$11.42. If the employer does not provide

the employees with such a medical benefit plan, the employer shall pay employees an hourly wage of not less than \$12.92. The hourly wage rate required by this section may be adjusted or modified by resolution of the City Council.

(b) Time-off. Employees shall be entitled to at least 22 days off per year for sick leave, vacation, or personal necessity. Twelve (12) of the required days off shall be compensated at the same rate as regular compensation for a normal working day. Ten (10) of the required 22 days may be uncompensated days off. Employees who work part-time shall be entitled to accrue compensated days off in increments proportional to that accrued by full-time employees. Employees shall be eligible to use accrued days off after the first six (6) months of satisfactory employment or consistent with employer policy, whichever is sooner. Paid holidays, consistent with established employer policy, may be counted toward provision of the required 12 compensated days off.

(c) Additional compensation permissible. Nothing in this Chapter shall be construed to limit an employer's discretion to provide greater wages or time-off to its employees.

(d) The wage rates required in (a), above, shall be adjusted annually, effective January 1, to reflect the average percent of wage increases embodied within the City of Richmond's employee labor agreements for the immediately preceding calendar year.

2.60.070 Required contract provisions.

Every City contract, lease, license, concession agreement, franchise agreement or agreement for financial aid with an employer described in Section 2.60.040 or amendment thereto shall contain provisions requiring it to comply with the requirements of this Chapter as they exist on the date when the employer entered its agreement with the City or when such agreement is amended. Such contract provisions shall address the employer's duty to promptly provide to the City documents and information verifying its compliance with the requirements of this Chapter, and sanctions for non-compliance. Such contract provisions shall also require the employer to notify each of its affected employees with regards to the wages that are required to be paid pursuant to this Chapter.

2.60.080 Exemptions.

(a) The requirements of this Chapter shall not be applicable to the following employees:

(1) An employee participating in a temporary job-training program in which a significant component of the employee's training consists of acquiring specialized job readiness knowledge, abilities or skills (e.g., the importance of proper work attire, punctuality and workplace demeanor.);

(2) An employee who is under 21 years of age, employed by a non-profit entity for after school or summer employment or as a trainee for a period not longer than 120 days;

(3) An employee working for the employer for a period not exceeding six (6) months in aggregate during any twelve (12) month period;

(4) Volunteers;

(5) Employees of contractors on City public works projects subject to the requirements of Division 2, Part 7, of the California Labor Code, when said code requires compensation greater than that required by this Chapter;

(6) Employees who are standing by or on-call according to the criteria established by the Fair Labor Standards Act, 29 U.S.C. Section 201. This exemption shall apply only during the time when the employee is actually standing by or on-call;

(7) An employee for whom application of the requirements of this Chapter is prohibited by state or federal law;

(8) An employee subject to a bona fide collective bargaining agreement where the waiver of the provisions of this Chapter are set forth in clear and unambiguous terms in such an agreement;

(9) An employee whose employer employs fewer than ten employees for each working day in each of twenty (20) or more calendar weeks in the current or preceding calendar year.

2.60.090 Retaliation and discrimination prohibited.

(a) No employer shall retaliate or discriminate against an employee in his or her terms and conditions of employment by reason of the person's status as an employee protected by the requirements of this Chapter.

(b) No employer shall retaliate or discriminate against a person in his or her terms and conditions of employment by reason of the person reporting a violation of this Chapter or for prosecuting an action for enforcement of this Chapter.

2.60.100 Employee complaints to the City.

(a) An employee who alleges violation of any provision of the requirements of this Chapter may report such acts to the City. The City Manager may establish a procedure for receiving an investigating such complaints and take appropriate enforcement action.

(b) Any complaints received shall be treated as confidential matters, to the extent permitted by law. Any complaints received and all investigation documents related thereto shall be deemed exempt from disclosure pursuant to California Government Codes Sections 6254 and 6255.

2.60.110 Private right of action.

(a) An employee claiming violation of this Chapter may bring an action in the Superior Court of the State of California, as appropriate, against an employer and obtain the following remedies:

(1) Back pay for each day during which the employer failed to pay the compensation required by this Chapter;

(2) Reinstatement, compensatory damages and punitive damages;

(3) Reasonable attorney's fees and costs.

(b) Notwithstanding any provision of this Chapter or any ordinances to the contrary, no criminal penalties shall attach for any violation of this Article.

(c) No remedy set forth in this Chapter is intended to be exclusive or a prerequisite for asserting a claim for relief to enforce any rights hereunder in a court of law. This Chapter shall not be construed to limit an employee's right to bring a common law cause of action for wrongful termination.

(d) Nothing in this Chapter shall be interpreted to authorize a right of action against the City.

(Source: Ordinance No. 29-01 N.S.)

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ATTACHMENT 6

FINANCIAL AND OPERATIONAL STABILITY REQUIREMENTS

ATTACHMENT 6

Financial and Operational Stability Requirements

Pursuant to Section 6(c) of the Agreement, Operator shall comply, and shall cause its Issuing Bank to comply, with the following Financial and Operational Stability Requirements (the "Requirements"). If Operator and/or its Issuing Bank fail to comply with any of the Requirements set forth below, Operator shall be in default of the Agreement. Upon default of Operator, the City may, in its sole discretion, elect to terminate the Agreement or any given Service provided thereunder.

A. FINANCIAL STABILITY REQUIREMENTS

1. Issuing Bank's Capital and Liquidity. Issuing Bank is determined by its regulators to be under-capitalized and is directed to increase its capital, either informally or formally through the establishment of a capital restoration plan, or Issuing Bank suffers a run on its liquidity.

B. OPERATIONAL STABILITY REQUIREMENTS

Operator shall further be deemed in default of this Agreement if any of the following destabilizing events occur:

1. Loss of Senior Management. Operator suffers a loss in any given 6-month period of 5 or more of its top 20 senior managers (ranked by total compensation).
2. Loss of Substantial Portion of Workforce. Operator suffers a loss in its workforce of more than 30% in any given 6-month period, whether the employees' departures were voluntary or involuntary.
3. Loss of Major Contracts. Operator suffers a loss over any 6-month period of 5 or more of its largest 10 contracts (as determined by revenues).
4. Filing of Materially Adverse Lawsuits or Regulatory Actions. Lawsuits or regulatory actions are filed against Operator which at any one time exceed estimated damages or penalties in excess of \$2,000,000.
5. Loss of Key Permits. Operator loses at any point one or more key permits, licenses, regulatory approvals or other governmental certification required for providing the Services contemplated under the Agreement.
6. Imposition of Enforcement Action. Issuing Bank is placed under an enforcement action by its regulators.

EXHIBIT A

SCHEDULE OF PROGRAM OPERATIONS

**EXHIBIT A
SCHEDULE OF PROGRAM OPERATIONS**

	TASK	COMPLETION DATE
1	Within 60 Days of the Execution of The Licensing Agreement, Operator will have identified "intake center" locations and partner(s). Operator must provide the details of the intended Intake Center locations to the Working Group for approval prior to executing an agreement to open the location.	Ongoing from date of execution of The Licensing Agreement through 60 days after execution of The Licensing Agreement.
2	Within 90 days of the execution of The Licensing Agreement, Operator will have in full operation and accessible to municipal ID card holders a location as identified in Task 1 above. Operator may request extension for the completion of this task. Request must be received by the City 60 days before due date.	Ongoing from date of execution of The Licensing Agreement through 90 days after execution of The Licensing Agreement (or 150 days if an extension is requested and granted).
3	Within 30 days of the execution of The Licensing Agreement, Operator will provide a mock-up of the proposed Richmond Muni ID for review and feedback by Richmond Police Department and the City's Working Group.	Ongoing from date of execution of The Licensing Agreement through 30 days after execution of The Licensing Agreement.
4	Within 30 days after the execution of the Licensing Agreement, Operator will provide the City's Working Group and Richmond Police Department a demonstration of the Intake Center Software hardware and technology, including a demonstration of the access portal through which RPD may verify the validity of the identification.	Ongoing from date of execution of the Licensing Agreement through 30 days after execution of The Licensing Agreement.
5	Within 45 days of the execution of the Licensing Agreement, Operator will provide the City's Working Group a mock-up of the advertisements and outreach material Operator intends to distribute to inform Oakland residents about the Municipal ID program for City approval.	Ongoing from date of execution of the Licensing Agreement through 30 days after execution of the Licensing Agreement.
6	Within 60 days, or sooner if practicable, of approval of the software/hardware demonstration, mock-up of Muni ID, and proposed In take centers Operator will begin formal implementation of Muni ID program.	Ongoing from date of execution of the Licensing Agreement.
7	At the completion of the first calendar month of issuing Muni ID's, Operator will provide monthly reports to the City Manager's Office. Report will include card distribution information by zip code, program statistics including number of cards distributed, number of cards eligible for financial services and number of cards activated for financial services, aggregate card usage statistics, and demographic information (including but not limited to information on ethnicity/race and age) of applicants.	Reports are due monthly for the first 6 months and quarterly (once every three months) on the 15th day of each third month after the first 6 months of monthly reports.
8	Operator will, to the extent possible through application and software, insure that the identity and private information of the individuals who apply for cards is protected to the fullest extent allowed by banking industry standards.	Ongoing from date of execution of The Licensing Agreement.

EXHIBIT A
SCHEDULE OF PROGRAM OPERATIONS

9	Operator must comply with the FDIC's New General Counsel's Opinion No. 81 that assures FDIC insurance is passed to individual card holders.	Ongoing from date of execution of The Licensing Agreement.
10	Should Operator's issuing bank's core capital (leverage) level of the bank, net capital (assets less liabilities), dip below \$12.5 million dollars in total the City will put the bank on notice and request that Operator immediately begin to negotiate with an alternative bank.	Ongoing from date of execution of The Licensing Agreement.
11	Operator will provide a report on the bank holdings, net assets, and net capital bi-annually for the purposes of the City monitoring their financial stability and indicators pointing to potential bank failure.	Ongoing from date of execution of The Licensing Agreement.
12	Operator agrees that in the event the program's issuing bank be taken over, merged, and/or subsumed by an acquiring bank, it will negotiate in good faith to honor the accounts of all individuals issued debit cards pursuant to the municipal identification card program.	Ongoing from date of execution of The Licensing Agreement.
13	At least 6 months prior to renewal of the agreement, the City reserves the right to put Operator on notice of their intent to request a new Issuing Bank regardless of whether the bank remains solvent or not. Such decision may be based on number of complaints logged against bank by card holders, failure to comply with all provisions of service to the satisfaction of the city required of bank for cardholders, inability to provide adequate or sufficient information and or reports to monitor, failure to meet timelines and/or any other concern that the City deems warrants the finding of a new bank issuer for the card.	Ongoing from date of execution of The Licensing Agreement.
14	Should Operator need to engage a new issuing bank to provide banking services to support the Muni ID card, Operator will reissue new Muni ID cards and will transfer bank accounts at no cost to the City or the cardholders under the "new" issuing bank with minimal disruption to the cardholders.	Ongoing from date of execution of The Licensing Agreement.
15	Operator agrees to work with operators of City and other government agency systems to discuss the feasibility of achieving Muni Card interoperability.	Ongoing from date of execution of The Licensing Agreement.
16	Operator will draft customer service survey form within 90 days of executing The Licensing Agreement or prior to start of program.	Within 90 days of executing The Licensing Agreement or prior to start of program.
17	Operator will provide cardholder agreement, disclosures, promotional, outreach and educational materials, frequently asked questions (FAQs), and any other materials to City staff prior to card issuance. Any future changes to materials must be shared with City staff.	Within 30 days of executing The Licensing Agreement.

EXHIBIT A
SCHEDULE OF PROGRAM OPERATIONS

18	Operator will work with local establishments to determine rewards, benefits and/or incentives to card holders for using the Municipal ID Card.	Discussions will begin within 30 days after the execution of The Licensing Agreement.
19	Operator shall establish, implement and periodically test and update appropriate disaster recovery plans designed to ensure the continued viability of the Program and address at least the areas below. The Business Continuity Plan shall be documented in writing. A copy of the Business Continuity Plan shall be provided to the within 30 days of executing The Licensing Agreement and at least annually thereafter.	Within 30 days of executing The Licensing Agreement and at least annually thereafter.
20	Operator will work with the City to determine if information should be provided to potential card users in languages other than English and Spanish as permissible by issuing bank and card association.	Within 30 days of executing The Licensing Agreement.

EXHIBIT B

CITY OF RICHMOND MUNICIPAL ID/STORED VALUE CARD FEE SCHEDULE

EXHIBIT B - CITY OF RICHMOND MUNICIPAL ID/STORED VALUE CARD FEE SCHEDULE

Richmond City ID/Prepaid MasterCard™ FEE SCHEDULE You load up to \$500/month*	
ITEM	CARDHOLDER FEE SCHEDULE
Enrollment	FREE
PIN or Password change	FREE
Online account Manager	FREE
MoneyPass Network ATM Withdrawal domestic (2 FREE ATM withdrawals/month included)	\$1.00
Non-MoneyPass Network ATM Withdrawal domestic (additional fees charged by ATM owner apply)	\$1.00
ATM Withdrawal International	\$2.75
ATM Withdrawal - Declined domestic or International	FREE
ATM Balance Inquiry ONLY (domestic or International)	\$0.50
Purchases domestic or International	FREE
Purchases domestic or International declined	FREE
Replacement lost, stolen or damaged card (Express Delivery UPS or Fedex fees apply)	\$5.00
Funds Transfer to replacement card	\$1.00
Card to Card Transfer	\$1.00
Western Union Reload (Agent fees apply)	FREE
Federal Benefits Enrollment -FBE-	FREE
Federal Benefits -FBE- Reload	FREE
Direct Deposit	FREE
Inactivity Fee (Capped off after 6 months)	\$0.50
SMS Text Alerts	FREE
Live Customer Service Inquire Call fee per call (1 Free call per month included)	\$1.00
IVR Inquires fee per call	FREE
Monthly Fee*	\$3.99
MOBILE BANKING	
Monthly service Fee	FREE
Check Balance	FREE
Transaction History	FREE
Mobile Phone Top Up Domestic or International	FREE
Help Options	FREE
DAILY LIMITS	
Maximum amount allowed on card at any given time.	\$5,000.00
Maximum loads including direct deposits	\$5,000.00
Maximum ATM withdrawal/day	\$500.00
POS Purchases card present (maximum combined \$5000/day)	\$500.00
Internet and over the phone POS purchases (maximum combined \$5000/day)	\$500.00
Card to card transfer (maximum combined \$5000/day)	\$500.00
International transfer (maximum combined \$5000/day)	\$1,000.00

Richmond City ID/Prepaid MasterCard™ FEE SCHEDULE You load up to \$1000/month*	
ITEM	CARDHOLDER FEE SCHEDULE
Enrollment	FREE
PIN or Password change	FREE
Online account Manager	FREE
MoneyPass Network ATM Withdrawal domestic (2 FREE ATM withdrawals/month included)	\$1.00
Non-MoneyPass Network ATM Withdrawal domestic (additional fees charged by ATM owner apply)	\$1.00
ATM Withdrawal International	\$2.75
ATM Withdrawal - Declined domestic or International	FREE
ATM Balance Inquiry ONLY (domestic or International)	\$0.50
Purchases domestic or International	FREE
Purchases domestic or International declined	FREE
Replacement lost, stolen or damaged card (Express Delivery UPS or Fedex fees apply)	\$5.00
Funds Transfer to replacement card	\$1.00
Card to Card Transfer	\$1.00
Western Union Reload (Agent fees apply)	FREE
Federal Benefits Enrollment -FBE-	FREE
Federal Benefits -FBE- Reload	FREE
Direct Deposit	FREE
Inactivity Fee (Capped off after 6 months)	\$0.50
SMS Text Alerts	FREE
Live Customer Service Inquire Call fee per call (1 Free call per month included)	\$1.00
IVR Inquires fee per call	FREE
Monthly Fee*	\$0.99
MOBILE BANKING	
Monthly service Fee	FREE
Check Balance	FREE
Transaction History	FREE
Mobile Phone Top Up Domestic or International	FREE
Help Options	FREE
DAILY LIMITS	
Maximum amount allowed on card at any given time.	\$5,000.00
Maximum loads including direct deposits	\$5,000.00
Maximum ATM withdrawals	\$500.00
POS Purchases card present (maximum combined \$5000/day)	\$500.00
Internet and over the phone POS purchases (maximum combined \$5000/day)	\$500.00
Card to card transfer (maximum combined \$5000/day)	\$500.00
International transfer (maximum combined \$5000/day)	\$1,000.00

Richmond City ID/Prepaid MasterCard™ FEE SCHEDULE You load more than \$1000/month*	
ITEM	CARDHOLDER FEE SCHEDULE
Enrollment	FREE
PIN or Password change	FREE
Online account Manager	FREE
MoneyPass Network ATM Withdrawal domestic (2 FREE ATM withdrawals/month included)	\$1.00
Non-MoneyPass Network ATM Withdrawal domestic (additional fees charged by ATM owner apply)	\$1.00
ATM Withdrawal International	\$2.75
ATM Withdrawal - Declined domestic or International	FREE
ATM Balance Inquiry ONLY (domestic or International)	\$0.50
Purchases domestic or International	FREE
Purchases domestic or International declined	FREE
Replacement lost, stolen or damaged card (Express Delivery UPS or Fedex fees apply)	\$5.00
Funds Transfer to replacement card	\$1.00
Card to Card Transfer	\$1.00
Western Union Reload (Agent fees apply)	FREE
Federal Benefits Enrollment -FBE-	FREE
Federal Benefits -FBE- Reload	FREE
Direct Deposit	FREE
Inactivity Fee (Capped off after 6 months)	\$0.50
SMS Text Alerts	FREE
Live Customer Service Inquire Call fee per call (1 Free call per month included)	\$1.00
IVR Inquires fee per call	FREE
Monthly Fee*	\$0.00
MOBILE BANKING	
Monthly service Fee	FREE
Check Balance	FREE
Transaction History	FREE
Mobile Phone Top Up Domestic or International	FREE
Help Options	FREE
DAILY LIMITS	
Maximum amount allowed on card at any given time.	\$5,000.00
Maximum loads including direct deposits	\$5,000.00
Maximum ATM withdrawals	\$500.00
POS Purchases card present (maximum combined \$5000/day)	\$500.00
Internet and over the phone POS purchases (maximum combined \$5000/day)	\$500.00
Card to card transfer (maximum combined \$5000/day)	\$500.00
International transfer (maximum combined \$5000/day)	\$1,000.00

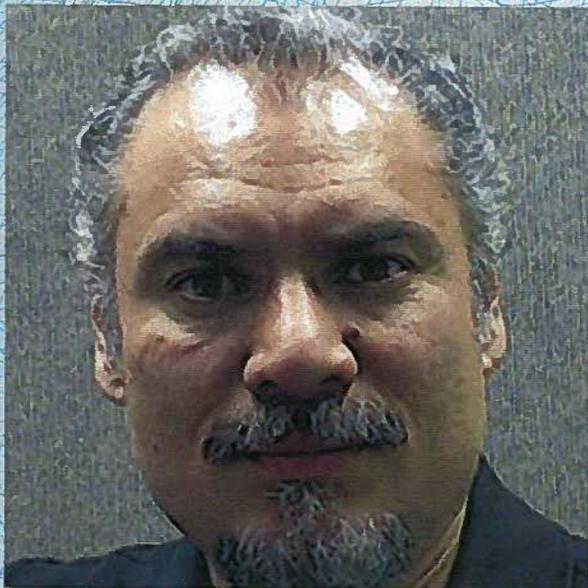
*Monthly Fee waived if you have at least 25 PIN or Signature purchases the previous month or Direct Deposit \$1000 or more.

EXHIBIT C

CITY OF RICHMOND MUNICIPAL IDENTIFICATION CARD MOCK-UP

CITY OF

Richmond
CALIFORNIA



DOB: 01/12/1980

Municipal Identification Card

SEAL UV FPO

ID: 18524789654123

JOHN DOE

123 FAKE ST 23456789012326

RICHMOND, CA 94801



HAIR: Black

EYES: Brown

HT: 5'11"

WT: 198

5412 1234 5678 9012

5412

Good Thru **03/12**

Debit



EXHIBIT D

RICHMOND, CA BANK/CREDIT UNION ACCOUNTS SERVICES COMPARISON

EXHIBIT D - RICHMOND, CA BANK/CREDIT UNION ACCOUNTS SERVICES COMPARISON

**COST OF OWNERSHIP COMPARISON BETWEEN PROPOSED CITY ID/DEBIT CARD AND THE MEDIAN SERVICE FEES FOR TOP 52 PREPAID DEBIT CARDS
ACCORDING TO THE PEW CHARITABLE TRUST REPORT: LOADED WITH UNCERTAINTY SEPTEMBER 2012**

Prepared by SF Global LLC. 10/21/2013

LEVEL 1 CARD AVERAGE MONTHLY USE UP TO \$400.00											
ITEM	FEE VALUE		SAVVY CONSUMER MODEL			BASIC CONSUMER MODEL			INEXPERIENCED CONSUMER MODEL		
	PEW REPORT TOP DEBIT CARDS MEDIAN	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD
MONTHLY FEE	\$5.95	\$4.95	1	\$5.95	\$4.95	1	\$5.95	\$4.95	1	\$5.95	\$4.95
ATM WITHDRAWAL IN NETWORK ATM *	\$2.25	\$1.00	3	\$6.75	\$3.00	2	\$4.50	\$2.00	1	\$2.25	\$1.00
ATM WITHDRAWAL OUT OF NETWORK ATM	\$2.25	\$1.00	0	\$0.00	\$0.00	1	\$2.25	\$1.00	2	\$4.50	\$2.00
SIGNATURE POINT OF SALE PURCHASE	\$1.00	\$0.00	15	\$15.00	\$0.00	17	\$17.00	\$0.00	10	\$10.00	\$0.00
PIN POINT OF SALE PURCHASE	\$1.00	\$0.00	2	\$2.00	\$0.00	0	\$0.00	\$0.00	7	\$7.00	\$0.00
POINT OF SALE DECLINED	\$1.95	\$0.00	0	\$0.00	\$0.00	1	\$1.95	\$0.00	1	\$1.95	\$0.00
ATM WITHDRAWAL DECLINED	\$1.00	\$0.50	0	\$0.00	\$0.00	0	\$0.00	\$0.00	1	\$1.00	\$0.50
LIVE CUSTOMER SERVICE -PER CALL *	\$1.25	\$1.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	1	\$1.25	\$1.00
IVR CAL -PER CALL-	\$0.50	\$0.00	0	\$0.00	\$0.00	1	\$0.50	\$0.00	1	\$0.50	\$0.00
ESTIMATED MONTHLY COST OF OWNERSHIP				\$29.70	\$7.95		\$32.15	\$7.95		\$34.40	\$9.45
DIFFERENCE				-273.58%			-304.40%			-264.02%	

* Refer to the proposed price schedules for reward policies on this item resulting in lower cost of ownership to the consumer

**COST OF OWNERSHIP COMPARISON BETWEEN PROPOSED CITY ID/DEBIT CARD AND THE MEDIAN SERVICE FEES FOR TOP 52 PREPAID DEBIT CARDS
ACCORDING TO THE PEW CHARITABLE TRUST REPORT: LOADED WITH UNCERTAINTY SEPTEMBER 2012**

Prepared by SF Global LLC, 10/21/2013

LEVEL 2 CARD AVERAGE MONTHLY USE UP TO \$800.00											
ITEM	FEE VALUE		SAVVY CONSUMER MODEL			BASIC CONSUMER MODEL			INEXPERIENCED CONSUMER MODEL		
	PEW REPORT TOP DEBIT CARDS MEDIAN	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD
MONTHLY FEE	\$5.95	\$2.95	1	\$5.95	\$2.95	1	\$5.95	\$2.95	1	\$5.95	\$2.95
ATM WITHDRAWAL IN NETWORK ATM*	\$2.25	\$1.00	3	\$6.75	\$1.00	7	\$4.50	\$0.00	1	\$2.25	\$0.00
ATM WITHDRAWAL OUT OF NETWORK ATM	\$2.25	\$1.00	0	\$0.00	\$0.00	1	\$2.25	\$1.00	2	\$4.50	\$2.00
SIGNATURE POINT OF SALE PURCHASE	\$1.00	\$0.00	15	\$15.00	\$0.00	17	\$17.00	\$0.00	10	\$10.00	\$0.00
PIN POINT OF SALE PURCHASE	\$1.00	\$0.00	2	\$2.00	\$0.00	0	\$0.00	\$0.00	7	\$7.00	\$0.00
POINT OF SALE DECLINED	\$1.95	\$0.00	0	\$0.00	\$0.00	1	\$1.95	\$0.00	1	\$1.95	\$0.00
ATM WITHDRAWAL DECLINED	\$1.00	\$0.50	0	\$0.00	\$0.00	0	\$0.00	\$0.00	1	\$1.00	\$0.50
LIVE CUSTOMER SERVICE -PER CALL-*	\$1.25	\$1.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	1	\$1.25	\$0.00
IVR CAL -PER CALL-	\$0.50	\$0.00	0	\$0.00	\$0.00	1	\$0.50	\$0.00	1	\$0.50	\$0.00
ESTIMATED MONTHLY COST OF OWNERSHIP				\$29.70	\$3.95		\$32.15	\$3.95		\$34.40	\$5.45
DIFFERENCE				-651.90%			-713.92%			-531.19%	
* Refer to the proposed price schedules for reward policies on this item resulting in lower cost of ownership to the consumer											

LEVEL 3 CARD AVERAGE MONTHLY USE UP TO \$1200.00											
ITEM	FEE VALUE		SAVVY CONSUMER MODEL			BASIC CONSUMER MODEL			INEXPERIENCED CONSUMER MODEL		
	PEW REPORT TOP DEBIT CARDS MEDIAN	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD	MONTHLY OCCURANCE	PEW REPORT TOP DEBIT CARDS	CITY ID/DEBIT CARD
MONTHLY FEE	\$5.95	\$0.99	1	\$5.95	\$0.99	1	\$5.95	\$0.99	1	\$5.95	\$0.99
ATM WITHDRAWAL IN NETWORK ATM*	\$2.25	\$1.00	3	\$6.75	\$0.00	2	\$4.50	\$0.00	1	\$2.25	\$0.00
ATM WITHDRAWAL OUT OF NETWORK ATM	\$2.25	\$1.00	0	\$0.00	\$0.00	1	\$2.25	\$1.00	2	\$4.50	\$2.00
SIGNATURE POINT OF SALE PURCHASE	\$1.00	\$0.00	15	\$15.00	\$0.00	17	\$17.00	\$0.00	10	\$10.00	\$0.00
PIN POINT OF SALE PURCHASE	\$1.00	\$0.00	2	\$2.00	\$0.00	0	\$0.00	\$0.00	7	\$7.00	\$0.00
POINT OF SALE DECLINED	\$1.95	\$0.00	0	\$0.00	\$0.00	1	\$1.95	\$0.00	1	\$1.95	\$0.00
ATM WITHDRAWAL DECLINED	\$1.00	\$0.50	0	\$0.00	\$0.00	0	\$0.00	\$0.00	1	\$1.00	\$0.50
LIVE CUSTOMER SERVICE -PER CALL-*	\$1.25	\$1.00	0	\$0.00	\$0.00	0	\$0.00	\$0.00	1	\$1.25	\$0.00
IVR CAL -PER CALL-	\$0.50	\$0.00	0	\$0.00	\$0.00	1	\$0.50	\$0.00	1	\$0.50	\$0.00
ESTIMATED MONTHLY COST OF OWNERSHIP				\$29.70	\$0.99		\$32.15	\$1.99		\$34.40	\$3.45
DIFFERENCE				-2900.00%			-1515.58%			-885.67%	
* Refer to the proposed price schedules for reward policies on this item resulting in lower cost of ownership to the consumer											

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**BLANKET ADDITIONAL INSURED – LIABILITY EXTENSION**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

Coverage afforded under this extension of coverage endorsement does not apply to any person or organization covered as an additional insured on any other endorsement now or hereafter attached to this Policy.

1. ADDITIONAL INSURED – BLANKET VENDORS

WHO IS AN INSURED is amended to include as an additional insured any person or organization (referred to below as vendor) with whom you agreed, because of a written contract or agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:
 - a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
 - b. Any express warranty unauthorized by you;
 - c. Any physical or chemical change in the product made intentionally by the vendor;
 - d. Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
 - e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
 - f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
 - g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
 - h. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its

own acts or omission or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (1) The exceptions contained in Subparagraphs d. or f.; or
- (2) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
3. This provision 2. does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Policy.
4. This provision 2. does not apply if "bodily injury" or "property damage" included within the "products-completed operations hazard" is excluded either by the provisions of the Policy or by endorsement.

2. MISCELLANEOUS ADDITIONAL INSUREDS

WHO IS AN INSURED is amended to include as an insured any person or organization (called additional insured) described in paragraphs 2.a. through 2.h. below whom you are required to add as an additional insured on this policy under a written contract or agreement but the written contract or agreement must be:

1. Currently in effect or becoming effective during the term of this policy; and
2. Executed prior to the "bodily injury," "property damage" or "personal and advertising injury," but

Only the following persons or organizations are additional insureds under this endorsement and coverage provided to such additional insureds is limited as provided herein:

a. Additional Insured – Your Work

That person or organization for whom you do work is an additional insured solely for liability

0002000315085669311852



due to your negligence specifically resulting from your work for the additional insured which is the subject of the written contract or written agreement. No coverage applies to liability resulting from the sole negligence of the additional insured.

The insurance provided to the additional insured is limited as follows:

- (1) The Limits of Insurance applicable to the additional insured are those specified in the written contract or written agreement or in the Declarations of this policy, whichever is less. These Limits of Insurance are inclusive of, and not in addition to, the Limits of Insurance shown in the Declarations.
- (2) The coverage provided to the additional insured by this endorsement and paragraph F.9. of the definition of "insured contract" under **Liability and Medical Expenses Definitions** do not apply to "bodily injury" or "property damage" arising out of the "products-completed operations hazard" unless required by the written contract or written agreement.
- (3) The insurance provided to the additional insured does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of the rendering or failure to render any professional services.

b. State or Political Subdivisions

A state or political subdivision subject to the following provisions:

- (1) This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with premises you own, rent, or control and to which this insurance applies:
 - (a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or
 - (b) The construction, erection, or removal of elevators; or
- (2) This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

This insurance does not apply to "bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality.

c. Controlling Interest

Any persons or organizations with a controlling interest in you but only with respect to their liability arising out of:

- (1) Their financial control of you; or
- (2) Premises they own, maintain or control while you lease or occupy these premises.

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for such additional insured.

d. Managers or Lessors of Premises

A manager or lessor of premises but only with respect to liability arising out of the ownership, maintenance or use of that specific part of the premises leased to you and subject to the following additional exclusions:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or
- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

e. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of a premises by you.

This insurance does not apply to structural alterations, new construction or demolition operations performed by or for such additional insured.

f. Owners/Other Interests – Land is Leased

An owner or other interest from whom land has been leased by you but only with respect to liability arising out of the ownership, maintenance or use of that specific part of the land leased to you and subject to the following additional exclusions:

This insurance does not apply to:

- (1) Any "occurrence" which takes place after you cease to lease that land; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

g. Co-owner of Insured Premises

A co-owner of a premises co-owned by you and covered under this insurance but only with respect to the co-owners liability as co-owner of such premises.

h. Lessor of Equipment

Any person or organization from whom you lease equipment. Such person or organization are insureds only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person or organization. A person's or organization's status as an insured under this endorsement ends when their written contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded these additional insureds, the following additional exclusions apply:

This insurance does not apply:

- (1) To any "occurrence" which takes place after the equipment lease expires; or
- (2) To "bodily injury," "property damage" or "personal and advertising injury" arising out of the sole negligence of such additional insured.

Any insurance provided to an additional insured designated under paragraphs b. through h. above does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard."

3. The following is added to Paragraph H. of the BUSINESSOWNERS COMMON POLICY CONDITIONS:

H. Other Insurance

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

4. LEGAL LIABILITY – DAMAGE TO PREMISES

A. Under B. Exclusions, 1. Applicable to Business Liability Coverage, Exclusion k.

Damage To Property, is replaced by the following:

k. Damage To Property

"Property damage" to:

- 1. Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- 2. Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- 3. Property loaned to you;
- 4. Personal property in the care, custody or control of the insured;
- 5. That particular part of any real property on which you or any contractors or subcontractors working directly or indirectly in your behalf are performing operations, if the "property damage" arises out of those operations; or
- 6. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph 2 of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 1, 3, and 4, of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises:

- (1) rented to you;
- (2) temporarily occupied by you with the permission of the owner, or
- (3) to the contents of premises rented to you for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to Damage To Premises Rented To You as described in Section D – Liability and Medical Expenses Limits of Insurance.

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Paragraphs 3, 4, 5, and 6 of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph 6 of this exclusion does not apply to "property damage" included in the "products-completed operations hazard."

- B. Under B. Exclusions, 1. Applicable to Business Liability Coverage, the last paragraph of 2. Exclusions is deleted and replaced by the following:**

Exclusions c, d, e, f, g, h, i, k, l, m, n, and o, do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner or to the contents of premises rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to this coverage as described in Section D. Liability And Medical Expenses Limits Of Insurance.

- C. The first Paragraph under item 5. Damage To Premises Rented To You Limit of Section D. Liability And Medical Expenses Limits Of Insurance is replaced by the following:**

The most we will pay under Business Liability for damages because of "property damage" to any one premises, while rented to you, or temporarily occupied by you, with the permission of the owner, including contents of such premises rented to you for a period of 7 or fewer consecutive days, is the Damage to Premises Rented to You limit shown in the Declaration.

5. Blanket Waiver of Subrogation

We waive any right of recovery we may have against:

- a. Any person or organization with whom you have a written contract that requires such a waiver.

6. Broad Knowledge of Occurrence

The following items are added to E. Businessowners General Liability Conditions in the Businessowners Liability Coverage Form:

- e. Paragraphs a. and b. apply to you or to any additional insured only when such "occurrence," offense, claim or "suit" is known to:

- (1) You or any additional insured that is an individual;

- (2) Any partner, if you or an additional insured is a partnership;
- (3) Any manager, if you or an additional insured is a limited liability company;
- (4) Any "executive officer" or insurance manager, if you or an additional insured is a corporation;
- (5) Any trustee, if you or an additional insured is a trust; or
- (6) Any elected or appointed official, if you or an additional insured is a political subdivision or public entity.

This paragraph e. applies separately to you and any additional insured.

7. Bodily Injury

Section F. Liability and Medical Expenses Definitions, item 3. "Bodily Injury" is deleted and replaced with the following:

"Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury by that person at any time which results as a consequence of the bodily injury, sickness or disease.

8. Expanded Personal and Advertising Injury Definition

- a. The following is added to Section F. Liability and Medical Expenses Definitions, item 14. Personal and Advertising Injury, in the Businessowners General Liability Coverage Form:

- h. Discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is:

1. Not done intentionally by or at the direction of:

a. The insured; or

b. Any "executive officer," director, stockholder, partner, member or manager (if you are a limited liability company) of the insured; and

2. Not directly or indirectly related to the employment, prospective employment, past employment or termination of employment of any person or person by any insured.

- b. The following is added to Exclusions, Section B.:

(15) Discrimination Relating to Room, Dwelling or Premises

Caused by discrimination directly or indirectly related to the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any insured.

(16) Fines or Penalties

Fines or penalties levied or imposed by a governmental entity because of discrimination.

- c. This provision (**Expanded Personal and Advertising Injury**) does not apply if

Personal and Advertising Injury Liability is excluded either by the provisions of the Policy or by endorsement.

9. Personal and Advertising Injury Re-defined

Section F. Liability and Medical Expenses Definitions, Item 14, Personal Advertising Injury, Paragraph c. is replaced by the following:

- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room dwelling or premises that a person or organization occupies committed by or on behalf of it's owner, landlord or lessor.

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