

CITY OF REDDING

777 CYPRESS AVENUE, REDDING, CA 96001

P.O. Box 496071, REDDING, CA 96049-6071

OFFICE OF THE CITY CLERK

PAMELA MIZE, CITY CLERK

TERESA RUDOLPH, ASSISTANT CITY CLERK

530.225.4447

530.225.4463 FAX

June 1, 2017

Redflex Traffic Systems, Inc.
Attn: Legal Department
5651 W. Talavi Blvd., Suite 200
Glendale, AZ 85306

SUBJECT: First Amendment to Exclusive Agreement, C-4649

Dear Ladies and Gentlemen:

Enclosed is one fully executed original of the above subject Amendment to Agreement by and between the City of Redding and Redflex Traffic Systems, Inc. for Traffic Camera Safety Improvement Program.

If you have any questions regarding this matter, or if we can be of assistance, please contact the Office of the City Clerk at (530) 225-4439.

Sincerely,

A handwritten signature in cursive script that reads "Anette Cates".

Anette Cates
Executive Assistant

Enclosure

c: Lt. Brian Barner/RPD
Finance



**FIRST AMENDMENT TO THE EXCLUSIVE AGREEMENT
BETWEEN THE CITY OF REDDING, CALIFORNIA AND
REDFLEX TRAFFIC SYSTEMS, INC. FOR
TRAFFIC CAMERA SAFETY IMPOROVEMENT PROGRAM**

This First Amendment (the "First Amendment") to the Exclusive Agreement between the City of Redding, California and Redflex Traffic Systems, Inc. for Traffic Camera Safety Improvement Program is executed this 1~~st~~ day of June 2017 (the "Execution Date") by and between Redflex Traffic Systems, Inc. (California) ("Redflex") and the City of Redding, California (the "City") (individually a "Party" and collectively the "Parties").

RECITALS

- A. Redflex and the City previously entered into the Exclusive Agreement between the City of Redding, California and Redflex Traffic Systems, Inc. for Traffic Camera Safety Improvement Program dated June 1, 2012 to provide automated red light photo enforcement in the City (the "Original Agreement");
- B. The Initial Term of the Original Agreement expires on June 1, 2017;
- C. The City's "Customer Operating Costs" outlined in the Original Agreement will change; and
- D. Redflex and the City desire to amend the Original Agreement to extend the Term, modify the City's "Customer Operating Costs," and otherwise modify the Original Agreement as set forth below.

The parties agree as follows:

TERMS AND CONDITIONS

1. Term of Agreement. The City exercises its right to extend the Initial Term of the Original Agreement for both the first and the second consecutive two (2) year periods as set forth in Section 2 of the Original Agreement. The Renewal Term will commence on June 1, 2017 and expire on June 1, 2021.

2. Increased "Customer Operating Costs". Exhibit "D" to the Original Agreement is revoked in its entirety and the following substituted in its place:

[THIS PART INTENTIONALLY LEFT BLANK]

Approved 5-16-17

C-4649

EXHIBIT "D"

COMPENSATION & PRICING

Fixed Monthly Fee

As full remuneration for performing all of the services contemplated in this Agreement, Customer agrees to pay the following:

- Customer shall be obligated to pay Redflex a fixed fee of \$4,375 per month for the following Designated Intersection Approaches: Cypress Ave and Bechelli Lane, Cypress Ave and Bechelli Lane, Shasta St. and Market St., Market St. and Shasta St., Lake Blvd and Market Street, Pine St and Tehama St., Pine St and Shasta St. (if installed), Hilltop Drive and Cypress Ave (if installed).
- Customer shall be obligated to pay Redflex a fixed fee of \$5,700 per month for each Designated Intersection Approach not listed or identified above.

Cost Neutrality.

Cost neutrality is assured to the Customer. The Customer will never be required to pay Redflex more than actual cash received.

The City shall be obligated to pay the cumulative balance invoiced by Redflex, which shall be deducted from the gross cash received and held by Redflex and payable to the City, in accordance with the terms set forth herein, to the extent the **gross cash received and payable to the City exceeds the amount invoiced by Redflex. In the event that a balance remains unpaid due to a deficit in gross cash received by the Customer compared to invoiced amounts, Redflex shall retain with each monthly billing cycle, an accounting of such gross receipts supporting the amount withheld from the Customer.**

In the event that the contract ends or is terminated and an invoiced balance is still owed to Redflex, all subsequent receipts from automated red light violations for a period of 12 months from date of termination will be applied to such balance and paid to Redflex

Payment will only be made by City up to the amount of cash received by the City through the collection of red light citations up to the amount currently due, and collected and managed by Redflex.

Cost neutrality is guaranteed except as follows:

- If the authorized officer fails to approve verified violations by the due date;
- If systems are de-activated due to City requirement other than road construction or Approach Relocation per Exhibit B Section 1.12;

Customer Operating Costs.

Any gross cash receipts received by the Customer from Shasta County through the collection of red light citations shall first be applied to the Customer's monthly program operating costs ("Customer Operating Costs") which has been established at Nine Hundred Dollars (\$900.00)

per Operational Approach per month. In order to ensure cost neutrality to the Customer, Customer shall only be obliged to pay Redflex from the gross cash receipts received from Shasta County after first withholding Customer Operating Costs. In the event that a balance remains unpaid due to a deficit in gross cash received by the Customer compared to the invoiced amount, Customer will provide Redflex, with payments, an accounting of such amounts supporting non-payment of the full invoiced amount and balance remaining.

Example

Month 1

Gross Revenue to City for month	\$40,000
Withheld Operating Cost (8 x \$900)	\$7,200
Balance	\$32,800
Redflex Invoice for month 1	\$42,000
Payment to Redflex	\$32,800

Check payable to Redflex for Thirty Two Thousand Eight Hundred Dollars (\$32,800) with accounting as above. Remaining balance of Nine Thousand Two Hundred Dollars (\$9,200) carried forward under Cost Neutrality provision.

Month 2

Gross Revenue to City for month	\$60,000
Withheld Operating Cost (8 x \$900)	\$7,200
Balance	\$52,800
Redflex Invoice month 2	\$42,000
Balance unpaid month 1	\$9,200
Total Outstanding	\$51,200
Payment to Redflex	\$51,200

Check payable to Redflex for Fifty One Thousand Two Hundred Dollars (\$51,200) with accounting as above. No remaining balance to carry forward this month under the Cost Neutrality provisions, and Customer retains the balance of One Thousand Six Hundred Dollars (\$1,600).

Business Assumptions for All Pricing Options:

1. Redflex construction will be able to utilize existing conduit for installation where space is available. If it is determined that new conduit must be installed the cost of the installation of the same shall be borne by Redflex.
2. Each year, on the anniversary date of the contract, the pricing will increase by the CPI. CPI will be derived from the publication of the U.S. Department of Labor Consumer Price Index for U.S. City average.
3. Except where a balance remains unpaid due to a deficit in the gross cash received as described herein, Customer agrees to pay Redflex within thirty (30) days after the invoice is received. A monthly late fee of 1.5% is payable for amounts remaining unpaid 60 days from date of invoice.

4. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of Redflex
5. The on-going provision of any and all necessary electrical power to the Designated Intersection Approaches will be the sole responsibility of the Customer
6. The Customer shall require any and all employees who may operate or occupy the Equipped Motor Vehicles to complete a mandatory training program to insure that (a) the Equipped Motor Vehicles are operated in a safe manner and (b) all warnings and instructions that accompany the Equipped Motor Vehicles are understood and heeded.
7. Redflex shall be solely responsible for installing required signage. Redflex shall be solely responsible for the fabrication of any signage, notices or other postings required pursuant to any law, rule or regulation of any Governmental Authority ("Signage"), including but not limited to the Vehicle Code, and Customer shall assist in determining the placement of such Signage. Redflex shall submit signage design drawings to the appropriate local authority for approval. Any changes or modifications to signage requirements will be the responsibility of the Customer.
8. Required Credit Card fees will not be considered to be revenue received and are the responsibility of the violator.
9. Term extension

The amendment to Exhibit D as outlined in this First Amendment is not effective until June 1, 2017, and the terms of Exhibit D attached to the Original Agreement remain in effect until June 1, 2017.

3. Cost Neutrality Balance. The Parties agree that as of June 1, 2017, the City's Cost Neutrality balance is Zero Dollars (\$0.00). After June 1, 2017, unpaid invoices will accumulate as outlined in Exhibit D to the Original Agreement as revoked and replaced by this First Amendment. Nothing in this First Amendment shall be construed as relieving the City of its obligations under the Original Agreement to pay invoices sent by Redflex for current fees arising before June 1, 2017.

4. Notices. Section 9 of the Original Agreement is amended to change the notice address for Redflex to the following:

Redflex Traffic Systems, Inc.
Attn: Legal Department
5651 W. Talavi Blvd., Suite 200
Glendale, AZ 85306
Facsimile: (623) 207-2056
Email: legaldepartment@redflex.com

The amendment to Section 9 as outlined in this First Amendment is effective immediately, and all notices shall be served on Redflex at the address listed in this First Amendment.

5. Enforceability of Non-Amended Terms and Conditions. Except as expressly amended in this First Amendment, the terms and conditions of the Original Agreement shall remain in full force and effect. To the extent that this First Amendment conflicts with the terms and conditions of the Original Agreement, this First Amendment shall control. Any capitalized terms not defined in the First Amendment shall have the meanings ascribed to them in the Original Agreement.

[SIGNATURE PAGE TO FOLLOW]

CITY OF REDDING, CALIFORNIA

REDFLEX TRAFFIC SYSTEMS, INC.

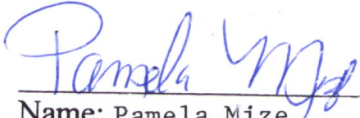


Name: Brent Weaver
City Mayor

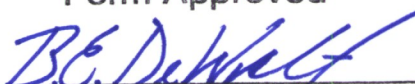


Michael Finn
CEO and President

ATTEST:



Name: Pamela Mize
Position: City Clerk

Form Approved

Barry E. DeWalt
City Attorney