

**PROFESSIONAL SERVICES AGREEMENT WITH
MC CLUSKY COMPANIES, INC., DBA MCO-DOCUMENT IMAGING SOLUTIONS
FOR MICROFORM AND DOCUMENT SCANNING AND INDEXING SERVICES**

C-5301
THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into as of this 20th day of December, 2012 ("Effective Date") by and between the CITY OF NEWPORT BEACH, a California municipal corporation and charter city ("City"), and MC CLUSKY COMPANIES, INC., a California corporation doing business as ("DBA") MCO-DOCUMENT IMAGING SOLUTIONS ("Consultant"), whose address is 529 West Rincon Street, Corona, CA 92880, and is made with reference to the following:

RECITALS

- A. City is a municipal corporation duly organized and validly existing under the laws of the State of California with the power to carry on its business as it is now being conducted under the statutes of the State of California and the Charter of City.
- B. City desires to engage Consultant to scan, index and return to City all Economic Development, Code Enforcement and other miscellaneous microform and paper documents in the Community Development Department ("Project").
- C. Consultant possesses the skill, experience, ability, background, certification and knowledge to provide the professional services described in this Agreement.
- D. The principal member of Consultant for purposes of Project shall be Mike McClusky.
- E. City has solicited and received a proposal from Consultant, has reviewed the previous experience and evaluated the expertise of Consultant, and desires to retain Consultant to render professional services under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, it is mutually agreed by and between the undersigned parties as follows:

1. TERM

The term of this Agreement shall commence on the Effective Date, and shall terminate on June 30, 2013, unless terminated earlier as set forth herein.

2. SERVICES TO BE PERFORMED

City and Consultant acknowledge that the above Recitals are true and correct and are hereby incorporated by reference into this Agreement. Consultant shall diligently perform all the services described in the Scope of Services attached hereto as Exhibit A and incorporated herein by reference ("Services" or "Work"). The City may elect to delete certain Services within the Scope of Services at its sole discretion.

3. TIME OF PERFORMANCE

3.1 Time is of the essence in the performance of Services under this Agreement and Consultant shall perform the Services in accordance with the schedule included in Exhibit A. In the absence of a specific schedule, the Services shall be performed to completion in a diligent and timely manner. The failure by Consultant to strictly adhere to the schedule set forth in Exhibit A, if any, or perform the Services in a diligent and timely manner may result in termination of this Agreement by City.

3.2 Notwithstanding the foregoing, Consultant shall not be responsible for delays due to causes beyond Consultant's reasonable control. However, in the case of any such delay in the Services to be provided for the Project, each party hereby agrees to provide notice within two (2) days of the occurrence causing the delay to the other party so that all delays can be addressed.

3.3 Consultant shall submit all requests for extensions of time for performance in writing to the Project Administrator (as defined in Section 6 below) not later than ten (10) calendar days after the start of the condition that purportedly causes a delay. The Project Administrator shall review all such requests and may grant reasonable time extensions for unforeseeable delays that are beyond Consultant's control.

3.4 For all time periods not specifically set forth herein, Consultant shall respond in the most expedient and appropriate manner under the circumstances, by fax, hand-delivery or mail.

4. COMPENSATION TO CONSULTANT

4.1 City shall pay Consultant for the Services on a time and expense not-to-exceed basis in accordance with the provisions of this Section and the Schedule of Billing Rates attached hereto as Exhibit B and incorporated herein by reference. Consultant's compensation for all Work performed in accordance with this Agreement, including all reimbursable items and subconsultant fees, shall not exceed **Fifty Thousand Six Hundred Dollars and No/100 (\$50,600.00)** without prior written authorization from City. No billing rate changes shall be made during the term of this Agreement without the prior written approval of City.

4.2 Consultant shall submit monthly invoices to City describing the Work performed the preceding month. Consultant's bills shall include the name of the person who performed the Work, a brief description of the Services performed and/or the specific task in the Scope of Services to which it relates, the date the Services were performed, the number of hours spent on all Work billed on an hourly basis, and a description of any reimbursable expenditures. City shall pay Consultant no later than thirty (30) days after approval of the monthly invoice by City staff.

4.3 City shall reimburse Consultant only for those costs or expenses specifically identified in Exhibit B to this Agreement, or specifically approved in writing in advance by City.

4.4 Consultant shall not receive any compensation for Extra Work performed without the prior written authorization of City. As used herein, "Extra Work" means any

Work that is determined by City to be necessary for the proper completion of the Project, but which is not included within the Scope of Services and which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Compensation for any authorized Extra Work shall be paid in accordance with the Schedule of Billing Rates as set forth in Exhibit B.

5. PROJECT MANAGER

5.1 Consultant shall designate a Project Manager, who shall coordinate all phases of the Project. This Project Manager shall be available to City at all reasonable times during the Agreement term. Consultant has designated Mike McClusky to be its Project Manager. Consultant shall not remove or reassign the Project Manager or any personnel listed in Exhibit A or assign any new or replacement personnel to the Project without the prior written consent of City. City's approval shall not be unreasonably withheld with respect to the removal or assignment of non-key personnel.

5.2 Consultant, at the sole discretion of City, shall remove from the Project any of its personnel assigned to the performance of Services upon written request of City. Consultant warrants that it will continuously furnish the necessary personnel to complete the Project on a timely basis as contemplated by this Agreement.

5.3 If Consultant is performing inspection services for City, the Project Manager and any other assigned staff shall be equipped with a cellular phone to communicate with City staff. The Project Manager's cellular phone number shall be provided to the City.

6. ADMINISTRATION

This Agreement will be administered by the Community Development Department. The Records Specialist, or his/her designee, shall be the Project Administrator and shall have the authority to act for City under this Agreement. The Project Administrator or his/her designee shall represent City in all matters pertaining to the Services to be rendered pursuant to this Agreement.

7. CITY'S RESPONSIBILITIES

To assist Consultant in the execution of its responsibilities under this Agreement, City agrees to provide access to and upon request of Consultant, one copy of all existing relevant information on file at City. City will provide all such materials in a timely manner so as not to cause delays in Consultant's Work schedule.

8. STANDARD OF CARE

8.1 All of the Services shall be performed by Consultant or under Consultant's supervision. Consultant represents that it possesses the professional and technical personnel required to perform the Services required by this Agreement, and that it will perform all Services in a manner commensurate with the highest professional standards. For purposes of this Agreement, the phrase "highest professional standards" shall mean those standards of practice recognized by one (1) or more first-class firms performing similar work under similar circumstances.

8.2 All Services shall be performed by qualified and experienced personnel who are not employed by City. By delivery of completed Work, Consultant certifies that the Work conforms to the requirements of this Agreement; all applicable federal, state and local laws; and the highest professional standard.

8.3 Consultant represents and warrants to City that it has, shall obtain, and shall keep in full force and effect during the term hereof, at its sole cost and expense, all licenses, permits, qualifications, insurance and approvals of whatsoever nature that is legally required of Consultant to practice its profession. Consultant shall maintain a City of Newport Beach business license during the term of this Agreement.

8.4 Consultant shall not be responsible for delay, nor shall Consultant be responsible for damages or be in default or deemed to be in default by reason of strikes, lockouts, accidents, acts of God, or the failure of City to furnish timely information or to approve or disapprove Consultant's Work promptly, or delay or faulty performance by City, contractors, or governmental agencies.

9. HOLD HARMLESS

9.1 To the fullest extent permitted by law, Consultant shall indemnify, defend and hold harmless City, its City Council, boards and commissions, officers, agents and employees (collectively, the "Indemnified Parties") from and against any and all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorney's fees, disbursements and court costs) of every kind and nature whatsoever (individually, a Claim; collectively, "Claims"), which may arise from or in any manner relate (directly or indirectly) to any breach of the terms and conditions of this Agreement, any Work performed or Services provided under this Agreement including, without limitation, defects in workmanship or materials or Consultant's presence or activities conducted on the Project (including the negligent and/or willful acts, errors and/or omissions of Consultant, its principals, officers, agents, employees, vendors, suppliers, consultants, subcontractors, anyone employed directly or indirectly by any of them or for whose acts they may be liable or any or all of them).

9.2 Notwithstanding the foregoing, nothing herein shall be construed to require Consultant to indemnify the Indemnified Parties from any Claim arising from the sole negligence or willful misconduct of the Indemnified Parties. Nothing in this indemnity shall be construed as authorizing any award of attorney's fees in any action on or to enforce the terms of this Agreement. This indemnity shall apply to all claims and liability regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by the Consultant.

10. INDEPENDENT CONTRACTOR

It is understood that City retains Consultant on an independent contractor basis and Consultant is not an agent or employee of City. The manner and means of conducting the Work are under the control of Consultant, except to the extent they are

limited by statute, rule or regulation and the expressed terms of this Agreement. No civil service status or other right of employment shall accrue to Contractor or its employees. Nothing in this Agreement shall be deemed to constitute approval for Consultant or any of Consultant's employees or agents, to be the agents or employees of City. Consultant shall have the responsibility for and control over the means of performing the Work, provided that Consultant is in compliance with the terms of this Agreement. Anything in this Agreement that may appear to give City the right to direct Consultant as to the details of the performance of the Work or to exercise a measure of control over Consultant shall mean only that Consultant shall follow the desires of City with respect to the results of the Services.

11. COOPERATION

Consultant agrees to work closely and cooperate fully with City's designated Project Administrator and any other agencies that may have jurisdiction or interest in the Work to be performed. City agrees to cooperate with the Consultant on the Project.

12. CITY POLICY

Consultant shall discuss and review all matters relating to policy and Project direction with City's Project Administrator in advance of all critical decision points in order to ensure the Project proceeds in a manner consistent with City goals and policies.

13. PROGRESS

Consultant is responsible for keeping the Project Administrator and/or his/her duly authorized designee informed on a regular basis regarding the status and progress of the Project, activities performed and planned, and any meetings that have been scheduled or are desired.

14. INSURANCE

Without limiting Consultant's indemnification of City, and prior to commencement of Work, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement or for other periods as specified in this Agreement, policies of insurance of the type, amounts, terms and conditions described in the Insurance Requirements attached hereto as Exhibit C, and incorporated herein by reference.

15. PROHIBITION AGAINST ASSIGNMENTS AND TRANSFERS

Except as specifically authorized under this Agreement, the Services to be provided under this Agreement shall not be assigned, transferred contracted or subcontracted out without the prior written approval of City. Any of the following shall be construed as an assignment: The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Consultant, or of the interest of any general partner or joint venturer or syndicate member or cotenant if Consultant is a partnership or joint-venture or syndicate or cotenancy, which shall result in changing the control of Consultant. Control means fifty percent (50%) or more of the voting power, or

twenty-five percent (25%) or more of the assets of the corporation, partnership or joint-venture.

16. SUBCONTRACTING

The subcontractors authorized by City, if any, to perform Work on this Project are identified in Exhibit A. Consultant shall be fully responsible to City for all acts and omissions of any subcontractor. Nothing in this Agreement shall create any contractual relationship between City and any subcontractor nor shall it create any obligation on the part of City to pay or to see to the payment of any monies due to any such subcontractor other than as otherwise required by law. The City is an intended beneficiary of any Work performed by the subcontractor for purposes of establishing a duty of care between the subcontractor and the City. Except as specifically authorized herein, the Services to be provided under this Agreement shall not be otherwise assigned, transferred, contracted or subcontracted out without the prior written approval of City.

17. OWNERSHIP OF DOCUMENTS

17.1 Each and every report, draft, map, record, plan, document and other writing produced (hereinafter "Documents"), prepared or caused to be prepared by Consultant, its officers, employees, agents and subcontractors, in the course of implementing this Agreement, shall become the exclusive property of City, and City shall have the sole right to use such materials in its discretion without further compensation to Consultant or any other party. Consultant shall, at Consultant's expense, provide such Documents to City upon prior written request.

17.2 Documents, including drawings and specifications, prepared by Consultant pursuant to this Agreement are not intended or represented to be suitable for reuse by City or others on any other project. Any use of completed Documents for other projects and any use of incomplete Documents without specific written authorization from Consultant will be at City's sole risk and without liability to Consultant. Further, any and all liability arising out of changes made to Consultant's deliverables under this Agreement by City or persons other than Consultant is waived against Consultant and City assumes full responsibility for such changes unless City has given Consultant prior notice and has received from Consultant written consent for such changes.

18. COMPUTER DELIVERABLES

All written documents shall be transmitted to City in formats compatible with Microsoft Office and/or viewable with Adobe Acrobat.

19. CONFIDENTIALITY

All Documents, including drafts, preliminary drawings or plans, notes and communications that result from the Services in this Agreement, shall be kept confidential unless City expressly authorizes in writing the release of information.

20. INTELLECTUAL PROPERTY INDEMNITY

The Consultant shall defend and indemnify City, its agents, officers, representatives and employees against any and all liability, including costs, for infringement or alleged infringement of any United States' letters patent, trademark, or copyright, including costs, contained in Consultant's Documents provided under this Agreement.

21. RECORDS

Consultant shall keep records and invoices in connection with the Services to be performed under this Agreement. Consultant shall maintain complete and accurate records with respect to the costs incurred under this Agreement and any Services, expenditures and disbursements charged to City, for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to Consultant under this Agreement. All such records and invoices shall be clearly identifiable. Consultant shall allow a representative of City to examine, audit and make transcripts or copies of such records and invoices during regular business hours. Consultant shall allow inspection of all Work, data, Documents, proceedings and activities related to the Agreement for a period of three (3) years from the date of final payment to Consultant under this Agreement.

22. WITHHOLDINGS

City may withhold payment to Consultant of any disputed sums until satisfaction of the dispute with respect to such payment. Such withholding shall not be deemed to constitute a failure to pay according to the terms of this Agreement. Consultant shall not discontinue Work as a result of such withholding. Consultant shall have an immediate right to appeal to the City Manager or his/her designee with respect to such disputed sums. Consultant shall be entitled to receive interest on any withheld sums at the rate of return that City earned on its investments during the time period, from the date of withholding of any amounts found to have been improperly withheld.

23. ERRORS AND OMISSIONS

In the event of errors or omissions that are due to the negligence or professional inexperience of Consultant which result in expense to City greater than what would have resulted if there were not errors or omissions in the Work accomplished by Consultant, the additional design, construction and/or restoration expense shall be borne by Consultant. Nothing in this Section is intended to limit City's rights under the law or any other sections of this Agreement.

24. CITY'S RIGHT TO EMPLOY OTHER CONSULTANTS

City reserves the right to employ other Consultants in connection with the Project.

25. CONFLICTS OF INTEREST

25.1 The Consultant or its employees may be subject to the provisions of the California Political Reform Act of 1974 (the "Act"), which (1) requires such persons to disclose any financial interest that may foreseeably be materially affected by the Work performed under this Agreement, and (2) prohibits such persons from making, or participating in making, decisions that will foreseeably financially affect such interest.

25.2 If subject to the Act, Consultant shall conform to all requirements of the Act. Failure to do so constitutes a material breach and is grounds for immediate termination of this Agreement by City. Consultant shall indemnify and hold harmless City for any and all claims for damages resulting from Consultant's violation of this Section.

26. NOTICES

26.1 All notices, demands, requests or approvals, including any change in mailing address, to be given under the terms of this Agreement shall be given in writing, and conclusively shall be deemed served when delivered personally, or on the third business day after the deposit thereof in the United States mail, postage prepaid, first-class mail, addressed as hereinafter provided. All notices, demands, requests or approvals from Consultant to City shall be addressed to City at:

Attn: Records Specialist
Community Development Department
City of Newport Beach
3300 Newport Boulevard
PO Box 1768
Newport Beach, CA 92658
Phone: 949-644-3293
Fax: 949-644-3250

26.2 All notices, demands, requests or approvals from City to Consultant shall be addressed to Consultant at:

Attn: Mike McClusky
McClusky Companies, Inc.,
DBA MCO-Document Imaging Solutions
529 West Rincon Street
Corona, CA 92880
Phone: 951-898-2800
Email: mike@mco-image.com

27. CLAIMS

Unless a shorter time is specified elsewhere in this Agreement, before making its final request for payment under this Agreement, Consultant shall submit to City, in writing, all claims for compensation under or arising out of this Agreement. Consultant's acceptance of the final payment shall constitute a waiver of all claims for compensation under or arising out of this Agreement except those previously made in

writing and identified by Consultant in writing as unsettled at the time of its final request for payment. The Consultant and the City expressly agree that in addition to any claims filing requirements set forth in the Agreement, the Consultant shall be required to file any claim the Consultant may have against the City in strict conformance with the Government Claims Act (Government Code sections 900 *et seq.*).

28. TERMINATION

28.1 In the event that either party fails or refuses to perform any of the provisions of this Agreement at the time and in the manner required, that party shall be deemed in default in the performance of this Agreement. If such default is not cured within a period of two (2) calendar days, or if more than two (2) calendar days are reasonably required to cure the default and the defaulting party fails to give adequate assurance of due performance within two (2) calendar days after receipt of written notice of default, specifying the nature of such default and the steps necessary to cure such default, and thereafter diligently take steps to cure the default, the non-defaulting party may terminate the Agreement forthwith by giving to the defaulting party written notice thereof.

28.2 Notwithstanding the above provisions, City shall have the right, at its sole and absolute discretion and without cause, of terminating this Agreement at any time by giving no less than seven (7) calendar days prior written notice to Consultant. In the event of termination under this Section, City shall pay Consultant for Services satisfactorily performed and costs incurred up to the effective date of termination for which Consultant has not been previously paid. On the effective date of termination, Consultant shall deliver to City all reports, Documents and other information developed or accumulated in the performance of this Agreement, whether in draft or final form.

29. STANDARD PROVISIONS

29.1 Compliance with all Laws. Consultant shall at its own cost and expense comply with all statutes, ordinances, regulations and requirements of all governmental entities, including federal, state, county or municipal, whether now in force or hereinafter enacted. In addition, all Work prepared by Consultant shall conform to applicable City, county, state and federal laws, rules, regulations and permit requirements and be subject to approval of the Project Administrator and City.

29.2 Waiver. A waiver by either party of any breach, of any term, covenant or condition contained herein shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition contained herein, whether of the same or a different character.

29.3 Integrated Contract. This Agreement represents the full and complete understanding of every kind or nature whatsoever between the parties hereto, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein. No verbal agreement or implied covenant shall be held to vary the provisions herein.

29.4 Conflicts or Inconsistencies. In the event there are any conflicts or inconsistencies between this Agreement and the Scope of Services or any other attachments attached hereto, the terms of this Agreement shall govern.

29.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of the Agreement or any other rule of construction which might otherwise apply.

29.6 Amendments. This Agreement may be modified or amended only by a written document executed by both Consultant and City and approved as to form by the City Attorney.

29.7 Severability. If any term or portion of this Agreement is held to be invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions of this Agreement shall continue in full force and effect.

29.8 Controlling Law and Venue. The laws of the State of California shall govern this Agreement and all matters relating to it and any action brought relating to this Agreement shall be adjudicated in a court of competent jurisdiction in the County of Orange, State of California.

29.9 Equal Opportunity Employment. Consultant represents that it is an equal opportunity employer and it shall not discriminate against any subcontractor, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex, age or any other impermissible basis under law.

29.10 No Attorney's Fees. In the event of any dispute or legal action arising under this Agreement, the prevailing party shall not be entitled to attorney's fees.

29.11 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute one (1) and the same instrument.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the dates written below.

APPROVED AS TO FORM:
CITY ATTORNEY'S OFFICE

Date: 12/11/12

By: [Signature]
Aaron C. Harp mb 12-6
City Attorney

CITY OF NEWPORT BEACH,
a California municipal corporation

Date: 12-11-12

By: [Signature]
Kimberly Brandt, AICP
Community Development Director

ATTEST: 12.20.12
Date: _____

By: [Signature]
Leilani I. Brown
City Clerk

CONSULTANT: MC CLUSKY
COMPANIES, INC., a California

corporation
Date: 12/13/12

By: [Signature]
Mike McClusky
President

Date: 12/13/12

By: [Signature]
Debbie McClusky
Chief Operations Officer



[END OF SIGNATURES]

- Attachments: Exhibit A – Scope of Services
Exhibit B – Schedule of Billing Rates
Exhibit C – Insurance Requirements

EXHIBIT A
SCOPE OF SERVICES

Consultant shall pick up, scan, index and return to City, in the manner set forth herein, the documents described below. Said documents shall consist of Economic Development, Code Enforcement and miscellaneous paper, microfiche and other media, from the Community Development Department.

140,000 Aperture Cards (one image per card)

20,000 Multi-Image pages of up to 20 images per page for a total of 400,000 images.

Scope of Work/Methodology

Once a pickup request is initiated, our work process will be as follows (it is understood that MCO will adhere to the required specifications as stated in the RFP or as outlined by the client). Below is the process sans specific settings, etc.

Job pick up

- Job "pick up" documents are created and a pick up is scheduled.
- Our driver will pick up the documents assigned, fill out pickup slips accordingly with totals and leave a copy with the customer. We typically use large wheeled barrels, similar to shredding bins, to transport the drawings and we are assuming that small docs, not attached to drawings, are in boxes. We do have empty boxes in our delivery van if needed.
- Once back at MCO facility and unloaded, a job ticket is generated with instructions, totals and due dates.

Document Preparation

- Our first step in the document prep procedure is to enter the data entry information into our system according to transmittal or document targets (if sent or visible). Each document set is assigned a unique Id for tracking throughout the job.
 - If the job utilizes a transmittal and we find there are missing documents or extra documents not on the list, we will immediately notify the contact person to rectify the situation.
 - If the client did not send a transmittal document, we can create one electronically (typically at an additional charge). We give each document lot (typically one plan set, file folder or group of documents) a unique # identifying it both as a part of the lot and as either a "Plan" or "Document". We have our internal transmittals setup to track what each document set contains, plan and docs or ? We can modify the transmittals as needed, on a per job basis, to reflect the different tracking requirements of each job.
 - "New File" barcode targets are created using the unique ID assigned. We then separate the documents within each lot according to size, large format and business size documents, because they will go to different machines. Each document set gets targets based on their requirements. If a document set has plans and docs then 2 targets are created using the same Unique ID but labeled as plans or docs.
 - Next step is to physically prep documents (tape rips, remove staples, flatten folds, etc.).
 - Prepped documents are loaded on "job carts" and transferred to the appropriate scanning station (large format and small format).

Document Scanning - Small Documents

- All small documents (up to 11x17) are scanned primarily on our ScanOptics SO240 high volume production scanner. With a rated throughput of 240 pages per minute, we have no trouble meeting client volume levels.

Note: On small-format scanners, glass and mirrors are cleaned before each box is scanned. Deep cleaning and calibration of machines is conducted weekly to ensure consistent image quality.
- During the scanning process the scanners will read the "New File" barcode target and create a separate file for each target read (document set). The scanner also reads the unique ID assigned to each group. This will be used later for data entry purposes if needed.
 - Perform first step of QC. During the scanning process, we perform our first of 3 image quality checks. Each scanner operator is trained to review the documents being scanned for image quality. If at any time during the scan session they feel a document doesn't meet the image quality requirements we have established, they will rescan the document as necessary. Should the document quality be of such poor quality and a better image cannot be attained, a "Poor Quality Original" target is inserted prior to the document in question.

Document Scanning - Large Documents

- Large format scanning is performed on our WideTEK, KIP or Contex scanners. Depending on the document quality and type, a scanner that will result in the best possible output is used. We utilize "Document Sleeves" for fragile or damaged pages ensuring we maintain the original integrity of the documents.

Note : On large-format scanners, optical path is cleaned at beginning of each shift and, depending on work volume and age of originals being scanned, may be cleaned an additional time half way through the shift or more often as needed. Deep cleaning and calibration of machines is conducted weekly to ensure consistent image quality.

- Perform first step of QC. During the scanning process, we perform our first of 3 image quality checks. Each scanner operator is trained to review the documents being scanned for image quality. If at any time during the scan session they feel a document doesn't meet the image quality requirements we have established, they will rescan the document as necessary. Should the document quality be of such poor quality and a better image cannot be attained, a "Poor Quality Original" target is inserted prior to the document in question.

Quality Control and Data Entry

- The 2nd Image Quality step begins with each document set or document file being inspected page by page. QC personnel will Re-scan any docs deemed necessary during QC.
- Once 2nd QC step is finished, we begin the data entry. We try to create all jobs for automated data entry whenever possible. If the client provides the data entry information or we generate the Data Entry information, it is formatted in such a way that we can match each document set with its assigned unique id field and have our software automatically populate the Data Entry fields.
 - All files are reviewed for accuracy once process is complete.
 - Images are exported based on each jobs individual requirement (TIFF, PDF, Color, single-page, multi-page, etc).
 - OCR is performed on any group(s) of images required.

Microfiche/Aperture Card Scanning

For RFP #5-9, we plan on using 2 NextScan Flexscan microform scanners utilizing the new Flex Fiche Loader. With the addition of the new Flex Fiche Loader we will be able to provide high quality microform scans at industry leading speeds. See it here <http://www.youtube.com/watch?v=n8R12dfgOII>

By adding the Flex Fiche Loader to our production, we have reduced our manpower requirements thus allowing us to still provide the highest quality images at very competitive rates. More importantly we can easily meet the RFP timeline requested.

The NextScan Nexstar user interface is simple and easy to use allowing the operators to be more productive. During the scan cycle the software uses auto lamp\gamma and Lumintec LED lighting to achieve the best image quality possible automatically.

The following is a detailed outline of how the NextScan Nexstar software functions. It's long, and technical (definition of terms can be found at end of proposal), but explains how we achieve high quality images.

Processing the Scanned film

The processing of the scanned microfiche is somewhat of an asynchronous process to handling the actual physical media and getting it scanned. Once the microfiche is scanned, it can be returned the original container. The actual digital processing from that point forward is not related to the batches scanned.

- **Automated Processes**

The NextStar software is a step-by-step database driven workflow that is configurable as to what process steps are required to output images. These are the process points with no human intervention, and are controlled automatically by the Controller database.

The normal steps are:

- 1) **XML-Prep**

Instead of burdening a Database with every single detail of every image on every Fiche i.e. a Ribbon, in a large project like this, each Ribbon has an XML file that is associated with it that contains the needed data specific to that Ribbon. The XML data contains information on Image locations, density, skew angle, image processing, speckle removal, edge enhancement, type of file output (PDF, TIFF, JPEG etc), Meta Data and much more. The XML file is created just after the completion of the scanning process and follows the Ribbon Image of the Fiche through the entire process until the Ribbon is deleted by the Workflow Process.

- 2) **Auto Gamma Phase 1**

After the scan process is complete and the XML-Prep process has initialized the XML file and preloaded any scan time meta data available, Auto Gamma Phase 1 runs. This process analyzes the Image Data for the entire ribbon and adjusts the overall brightness and background/foreground densities of the Ribbon. The background density is adjusted to ensure nice white backgrounds, but not so white as to remove faint markings, such as official seals or faint hand writing. It also adjusts the image data to ensure nice dark text in the case of poor illumination or improper film development during the creation of the microfilm.

- 3) **Frame Detection**

After the Auto Gamma process has adjusted for the overall density of the Fiche or Roll, Frame Detection is ran to find each frame in the Ribbon. This process reads a template setup prior to running and in cases where NextStar is processing office type documents, it has an extremely high rate of accuracy. On Fiche, because of the Jacket channels and the possibility of frames being cut-in-half (physically on the original film) it yields 98 to 99 percent accuracy. Along with detecting the individual frames, detection also includes skew angle and if present Blip index information, which all get written to the associated XML file.

- 4) **Auto Gamma Phase 2**

Once Detection has ran and the individual image frame locations are known within the Ribbon, Auto Gamma can then operate within each frame to determine the best foreground, background and brightness settings for each image. But not only one setting for the entire image, but the settings vary over different parts of the image. This is because some old documents fade form edge-to-edge or poor lighting during filming created hot spots in the middle of the documents. Doing a regional Auto Gamma adjustment yields an excellent quality grayscale image. Remember that the best quality Bitonal image starts out with the best quality grayscale image.

Fiche Indexing

The scan process for Fiche will capture the Title Bar as a separate image. That Image will then be used at a workstation to manually key enter, or OCR, the index information. It is assumed that there will be no Excel file for the microfiche or aperture cards do to sheer volume of media. If the City has a master list of addresses and permit or C.U.P numbers that can be referenced (from Permits Plus/Accella?), additional information can possibly be added to data entry fields.

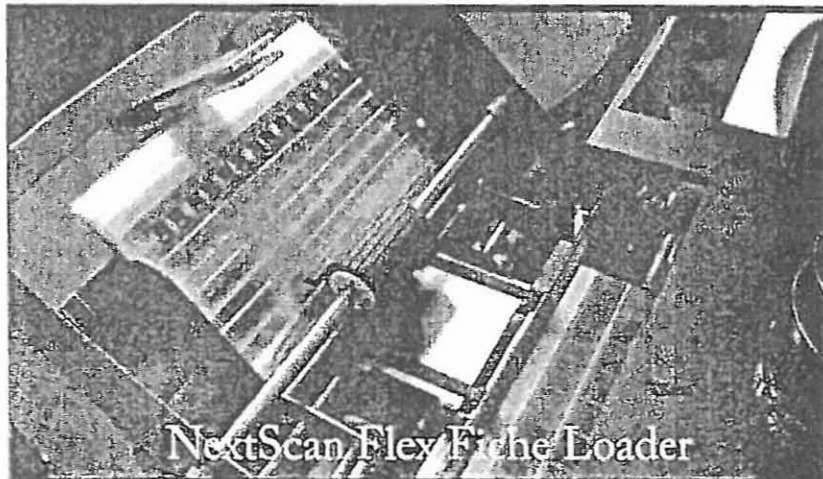
Auditing and Quality Control

After Scanning, and Indexing (for Fiche) and Frame Detection comes verifying all the images are properly detected, and that the image quality is acceptable. The Audit step allows the user to make corrections to the detection process if there was an error, and allows image processing adjustment to an individual image, a group of images or the entire Ribbon.

NextStar Output

This is the step where the Ribbon files are dissected into individual images and are then output to the correct directory and files. This process includes doing the actual deskew that was specified by the detection process and possibly modified at the auditor. It also implements all of the actual image processing proscribed by previous processes. The image data is then packaged into the appropriate container, in this case PDF and output to the correct directory structure and file name. This process has no user Graphical User Interface (GUI) and runs strictly in the background. There is an option of starting this process in foreground with a text based window. The operation of the Output Process can be tracked in the Web Based Controller.

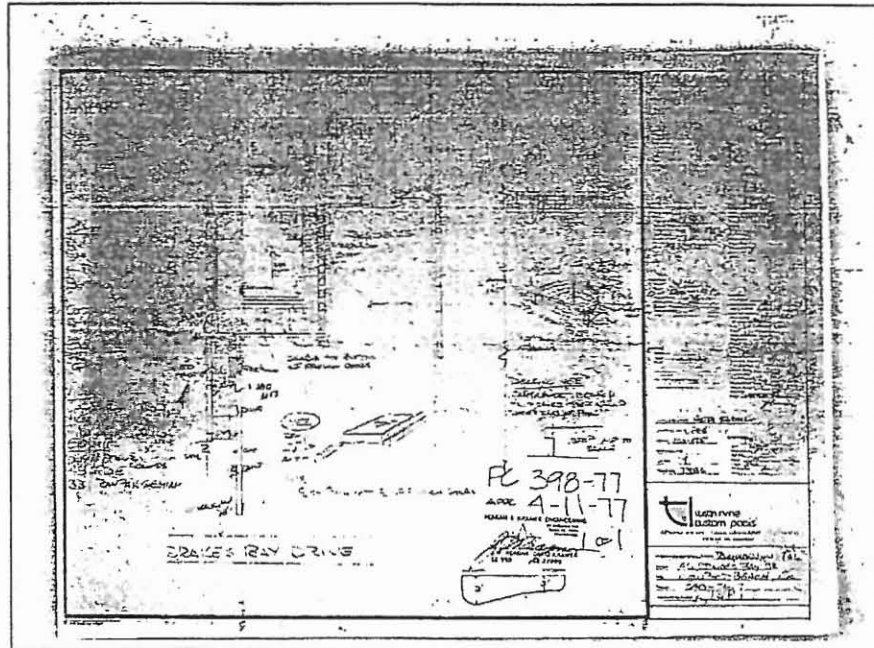
An operational video is available at: <http://www.youtube.com/watch?v=uCWvhvdxpOuU>



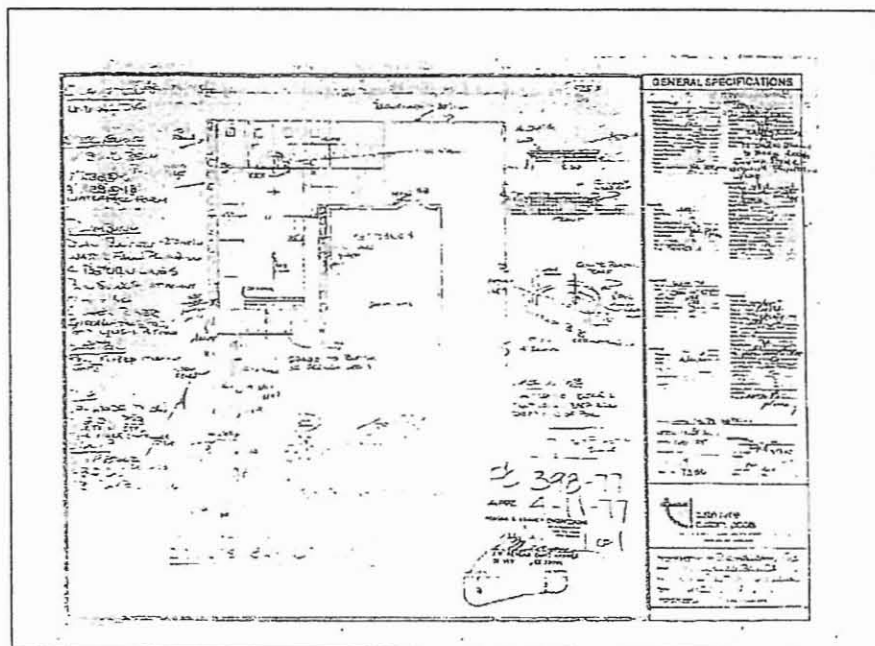
Aperture Card Scanning

For the Aperture Cards, we plan on using 2 Microscan 400 aperture card scanners. These are the same scanners we have been using to provide the City of Newport aperture card scans. The scanners produce excellent quality images from most cards received. Some of the City of Newport cards require a secondary process to enhance the image quality. This extra step is performed at no additional charge as needed.

Standard Scan, No Enhancement



With Image Enhancement



Scanned Image Post Processing

- The Image Quality step for scanned microforms begins. Each document set or document file is inspected page by page. QC personnel will Re-scan any docs deemed necessary during QC.
- Once QC step is finished, we begin the data export step for the creation of PDF or TIFF images. Images are exported based on each jobs individual requirement.
- Exported Image Files are verified for accuracy with regards to, index values, format and document completeness (no missing pages).
- OCR is performed on any group(s) of images required.

Final QC and Disposition of Materials

The job is now ready for final QC verification and preparation for return to client. Finished products are checked against their respective work orders/job tickets for format verification. Documents are boxed or barreled and readied for return on dates established or held for destruction. Appropriate packing slips, any return media, and original documents are delivered to clients' facility and unloaded. Driver verifies with client all materials have been accounted for, delivery documents are signed and a copy is left with client.

Supplemental Information

Security – MCO's facility is monitored by 24-hour video surveillance and alarm. Facility remains locked during business hours. Visitors sign in when entering our facility. Our building is a free-standing pre-cast concrete structure. We have no common walls with any other structure. Video surveillance covers perimeter and interior. We are located ½ mile from the Corona PD and a fire station.

Employees have signed NDA's on file.

Document storage – During conversion process, documents are stored on job carts clearly labeled with the client name and job #. Job carts move from station to station during the conversion process. At the conclusion of the conversion process documents are returned to original containers in the same order in which they were converted. This makes finding documents at a later date much easier. Once returned to the original containers, they are stored in our warehouse based on the final disposition of the documents. If they are to be returned, they are stored on shelves labeled "Return to Customer" until a return date is set. Documents that are to be destroyed by certified destruction are stored in our warehouse on shelves labeled "For Destruction". All documents that are to be recycled are stored in a separate area of our warehouse on shelves labeled "Recycle". We schedule certified destruction on an as needed basis. Same applies to recycled documents. Our warehouse has a capacity of about 3000 boxes.

Definition of Terms

nextStar

NextStar is the workflow suite from nextScan that handles the entire process of converting Microfilm from the Scanner to the final output of images and all the steps, processes and applications in-between.

Auditor

Part of nextStar where images are reviewed and may be added, deleted or modified in a given Ribbon file. Additionally the quality of an image, selected group of images, or the entire Ribbon may be modified or enhanced. For the Rollfilm part of this project, the Case # index will be added at this step.

Bitonal

Black & White, only two shades of gray.

Controller

Part of the NextStar workflow suite. This is a WEB based application that allows Management a view port into the active Ribbons currently being processed within NextStar. It also allows for modification as to the current state of a Ribbon. Being WEB based, it can be view anywhere even across the internet (with the appropriate permissions and connectivity). This application is hosted on one of the Ribbon Storage Devices (RSD) and must be accessible by all Scanners, Audit Stations, RSD's in the scope of the project. It does not need to be on a high speed link, as only process and control information is needed (no image data).

Gamma Correction

Modifying the Gamma of a grayscale image is similar to the operations that PhotoShop™ performs on images to remap various shades of gray to improve human readability. Gamma can make backgrounds whiter, text blacker and shades of gray have more or less contrast.

Ribbon

An Image file of the entire Fiche or Roll of film as one single image. The Ribbon file itself has no concept of individual images, it is just a package for saving everything that was on the film.

**EXHIBIT B
SCHEDULE OF BILLING RATES**

Pursuant to RFP 5-9 and Consultant's cost proposal as set forth herein, the following billing rates apply:

Type of Document	Number of Documents	Number of Images per Document	Number of Images	Price per Image	Total Not-to-Exceed Cost
Aperture Cards	140,000	1	140,000	\$0.19	\$26,600.00
Other Documents	20,000	20 (Estimate)	400,000	\$0.06	\$24,000.00

CITY OF NEWPORT BEACH
Request for Proposal
DOCUMENT SCANNING & INDEXING SERVICES
Attachment D: Proposal Form

PROPOSAL COST DATA SUMMARY

Letter Sized Paper (8.5 x 11)	\$ <u>0.048</u> per page
Legal Sized Paper (8.5 x 14)	\$ <u>0.048</u> per page
Tabloid Sized Paper (11 x 17)	\$ <u>0.048</u> per page
Oversized Format (Including construction drawings)	\$ <u>0.70</u> per page

Prices include image enhancement as needed, data entry and OCR functions.
Paper documents per page:

Please propose your rate per single page for all sizes of paper documents scanned, indexed and returned.

The undersigned agrees to keep any and all pricing proposed in this bid document firm for a period of ninety (90) days. In the event your firm is selected as the contractor, an official City contract/agreement will be drafted to protract this pricing for the duration of the contract period.



 Signature/ Title **President**

_____ 07/13/11
 Date

EXHIBIT C

INSURANCE REQUIREMENTS – PROFESSIONAL SERVICES

1.1 Provision of Insurance. Without limiting Consultant's indemnification of City, and prior to commencement of Work, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City. Consultant agrees to provide insurance in accordance with requirements set forth here. If Consultant uses existing coverage to comply and that coverage does not meet these requirements, Consultant agrees to amend, supplement or endorse the existing coverage.

1.2 Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

1.3 Coverage Requirements.

1.3.1 Workers' Compensation Insurance. Consultant shall maintain Workers' Compensation Insurance, statutory limits, and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000) each accident for bodily injury by accident and each employee for bodily injury by disease in accordance with the laws of the State of California, Section 3700 of the Labor Code.

1.3.1.1 Consultant shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of City, its officers, agents, employees and volunteers.

1.3.2 General Liability Insurance. Consultant shall maintain commercial general liability insurance, and if necessary umbrella liability insurance, with coverage at least as broad as provided by Insurance Services Office form CG 00 01, in an amount not less than one million dollars (\$1,000,000) per occurrence, two million dollars (\$2,000,000) general aggregate. The policy shall cover liability arising from premises, operations, products-completed operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract) with no endorsement or modification limiting the scope of coverage for liability assumed under a contract.

1.3.3 Automobile Liability Insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than one million dollars (\$1,000,000) combined single limit each accident.

1.3.4 Professional Liability (Errors & Omissions) Insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of one million dollars (\$1,000,000) per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

1.4 Other Insurance Requirements. The policies are to contain, or be endorsed to contain, the following provisions:

1.4.1 Waiver of Subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against City, its elected or appointed officers, agents, officials, employees and volunteers or shall specifically allow Consultant or others providing insurance evidence in compliance with these requirements to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers from each of its subconsultants.

1.4.2 Additional Insured Status. All liability policies including general liability, excess liability, pollution liability, and automobile liability, but not including professional liability, shall provide or be endorsed to provide that City and its officers, officials, employees, and agents shall be included as insureds under such policies.

1.4.3 Primary and Non Contributory. All liability coverage shall apply on a primary basis and shall not require contribution from any insurance or self-insurance maintained by City.

1.4.4 Notice of Cancellation. All policies shall provide City with thirty (30) days notice of cancellation (except for nonpayment for which ten (10) days notice is required) or nonrenewal of coverage for each required coverage.

1.5 Additional Agreements Between the Parties. The parties hereby agree to the following:

1.5.1 Evidence of Insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation and other endorsements as specified herein for each coverage. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this Agreement. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

1.5.2 City's Right to Revise Requirements. The City reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving the Consultant sixty (60) days advance written notice of

such change. If such change results in substantial additional cost to the Consultant, the City and Consultant may renegotiate Consultant's compensation.

1.5.3 Enforcement of Agreement Provisions. Consultant acknowledges and agrees that any actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.

1.5.4 Requirements not Limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type.

1.5.5 Self-insured Retentions. Any self-insured retentions must be declared to and approved by City. City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these requirements unless approved by City.

1.5.6 City Remedies for Non Compliance If Consultant or any subconsultant fails to provide and maintain insurance as required herein, then City shall have the right but not the obligation, to purchase such insurance, to terminate this agreement, or to suspend Consultant's right to proceed until proper evidence of insurance is provided. Any amounts paid by City shall, at City's sole option, be deducted from amounts payable to Consultant or reimbursed by Consultant upon demand.

1.5.7 Timely Notice of Claims. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

1.5.8 Consultant's Insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the Work.