



DATE: June 10, 2009

TO: Honorable Mayor and City Councilmembers

FROM: Financial Services Department

SUBJECT: **APPROVAL OF AN AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT WITH CPSG, INC., OF IRVINE (DBA PARTNERS CONSULTING) IN THE AMOUNT OF \$299,490, APPROVAL OF A CONTRACT WITH QUESTICA, INC., OF BURLINGTON, CANADA, IN THE AMOUNT OF \$126,055 FOR A BUDGET MANAGEMENT SOFTWARE MODULE, AND APPROVAL OF A PURCHASE ORDER WITH DELL, INC., FOR HARDWARE FOR THE BUDGET SOFTWARE IN THE AMOUNT OF \$14,000**

SYNOPSIS

Staff recommends that the City Council approve amendment in an amount not to exceed \$299,490 to the Professional Services Agreement with CPSG, Inc., of Irvine, California (dba Partners Consulting) for various Oracle EnterpriseOne 8.12 financial system software enhancements and training; approve a contract in the amount of \$126,055 with Questica, Inc., of Burlington, Canada, for the purchase of a budget management software module; approve a purchase order in the amount of \$14,000 with Dell, Inc., for the purchase of application software and hardware; authorize the City Manager to execute the agreements; and authorize the Financial Services Director, or designee, to execute the purchase order.

BACKGROUND

On June 21, 2006, the City Council allocated \$1.3 million for the identification, acquisition and implementation of a new financial software platform. Upon further analysis and assessment among staff from Information Technologies, Financial Services, and Human Resources, it was determined that upgrading the (then) existing JDE system, along with additional system enhancements and staff training, would extend the lifespan of the software for several years. On January 23, 2008, the City Council approved funding for the technical requirements of the financial system to the Oracle EnterpriseOne 8.12 version which included the necessary hardware to support this product such as new computer workstations, servers, and application software. A software needs assessment was completed in early 2008, and based on the scope of work within the report findings a Request for Proposals was conducted in July 2008 to secure a consultant to implement this multiphase project. On August 13, 2008, the City Council awarded a contract to CPSG, Inc. (dba Partners Consulting) to perform the first two phases.

Phase 1 commenced in September 2008 and was completed with a successful “go-live” date of February 2009. This phase upgraded and implemented all current financial data and processes to the 8.12 version. Thin-client computers were installed at all Finance and Human Resources workstations. A backup server and application was installed which provides near-time data recovery and protection of the financial software system. Staff was thoroughly trained via in-house training sessions and utilization of the Oracle User Productivity Kit (UPK) software that provides written step-by-step processes unique to the City of Oceanside’s applications. A biweekly electronic newsletter regarding project updates kept the communication flowing between the project team, end-users, and City management.

Phase 2 is currently underway with anticipated completion by June 2009. This phase entails reworking the Chart of Accounts (COA) and building a job-costing feature. The COA is severely outdated, voluminous and unwieldy. The main standard and ultimate guideline for the COA will be to conform to GAAP (Generally Accepted Accounting Principles), especially those principles in preparing the Comprehensive Annual Financial Report (CAFR).

As with any software application, evolving technology requires the need to stay current with improvements and modifications in order to maximize the functionality of the program. Installation of the Oracle EnterpriseOne 8.12 version will allow the City of Oceanside to have a capable and reliable financial system for the next 3-5 years provided updates, fixes, security alerts, and upgrades are installed and utilized.

ANALYSIS

The \$299,490 will pay for the necessary services to develop, configure and implement Phase 3 functions for Oracle EnterpriseOne 8.12. The \$126,055 will pay for core budget management software and modules including licenses, implementation, training, and one year’s maintenance and support with future maintenance costs budgeted in the operating budget. The \$14,000 will facilitate the purchase of application hardware, software and server licenses for the budget management system.

Phase 3 is scheduled to commence in June 2009 with completion by December 2009. Staff will bring future phases to City Council in winter 2009 for funding and approval of additional modules (i.e., fixed assets, procurement, accounts receivable, etc.) to maximize the productivity and efficiency that Oracle EnterpriseOne 8.12 offers.

Staff worked with CPSG consultants in costing estimates for analytical and development time for each of the outstanding enhancements that were identified in the needs assessment report that was completed in early 2008. Priorities were established to get the greatest efficiency impact with new modules, processes and procedures from Phase 3. The following details the components of Phase 3.

Budget Management The City does not currently have a budget management system to manage, calculate and share budget and position-control information with all departments. Currently each department submits their budget information to Finance via paper or e-mail, which has to be manually keyed into an Excel spreadsheet. Staff manually calculates all personnel costs for financial projections. Position control is managed in an Access database. None of these components interface with the Oracle financial program. The existing processes are outdated, inefficient, and very labor-intensive.

A Request for Proposals (RFP) was issued on March 18, 2009, and the City received responses from seven vendors: PowerPlan, Questica, Oracle-Hyperion, Adaptive Planning, Affinity Global Solutions, Applied Analytix, and GovMax. Staff from Fire, Neighborhood Services, Development Services, Information Services and Finance reviewed the proposals and elected to view demonstrations from PowerPlan, Questica, and Oracle-Hyperion. The Questica "TeamBudget" system was deemed to be the most appropriate system from a functionality standpoint to the various departments as well as the technology efficiency and budget process automation for Finance staff. Purchasing the TeamBudget Operating system automatically gives the City access to the TeamBudget Capital system for Capital Improvement Project budgets.

Questica, Inc. incorporated in 1995 and their primary line of business is capital and operating budget preparation software for public sector agencies. Their product is utilized by over 50 municipal clients throughout the country, including the cities of Murrieta, Stockton and Pleasanton.

The scope of work contained in the CPSG, Inc., agreement includes the required integration of the Questica TeamBudget module with the Oracle EnterpriseOne financial program. After the initial implementation, Oracle will "talk" to Questica on a daily basis to ensure both programs have access to the same data. Completion of the entire budget management system, including training, is scheduled for October 2009, just in time for staff to utilize the program for the FY 2010-2012 budget cycle.

Job Costing In conjunction with the budget management system, and along with the current Phase 2 Chart of Accounts project, CPSG will implement the job-costing module in Phase 3. Job costing will allow full cost accounting, budgeting, tracking and reporting for capital improvement projects, along with managing the multi-financing aspects for these projects.

CalPERS Another large component of the Phase 3 project is the development of a new CalPERS reporting system. The City was notified by CalPERS in January 2008 that they were developing new technology and business processes that all employers were required to interact with by late 2009. The key changes from the current process will be to submit the information over the Internet, provide the data in a new file format, create a unique identifier for participants, as well as other reporting and reconciliation processes.

Service Pack After the City purchased the Oracle EnterpriseOne software last September, there have been three service packs made available that have not yet been

installed on our system. A service pack is a collection of updates, fixes and/or enhancements to the software in a single installable package. While the service pack (SP 8.97) is included in the maintenance and support costs we pay annually to Oracle, we will require CPSG to provide the technical expertise for installing and validating this upgrade. SP 8.97 will provide the latest "tools release" that will improve the stability and performance of our software. The tools are behind-the-scenes technical in nature, but will address some payroll and timeout issues we are currently experiencing. A key component of keeping our financial software functional and reliable is to install the Service Packs when they are available.

Bank Reconciliation Oracle has a bank reconciliation module that we are not utilizing at this time. Our bank reconciliation process is done manually via Excel spreadsheets which is extremely labor-intensive and time-consuming. As part of our Management Action Plan filed with the City auditors, we have identified this as a component that will ensure timely bank reconciliations.

Software Interface Another labor-intensive process that will be automated in Phase 3 is the interface between HTE (utilities billing software), SII (cashiering software), and CRW (development tracking software). The current process is a combination of importing reports and manual keying of data for HTE and SII. The CRW program is under design, and the timing is appropriate to implement the interface of all three programs with Oracle. Development Services will fund the CRW portion as part of their project.

Other There are several other smaller processes in Phase 3 that will give the Financial Services Department a big return on efficiency and automation including address book database cleanup, calculation of project retentions, state payroll reports, and purchase order formatting.

FISCAL IMPACT

The \$299,490 will pay for the necessary services to develop, configure and implement Phase 3 functions for Oracle EnterpriseOne 8.12. The \$126,055 will pay for core software and modules including 20 licenses, implementation, training, and one year's maintenance and support with future maintenance costs budgeted in the operating budget. The \$14,000 will facilitate the purchase of application hardware, software and server licenses for the budget management system. The total amount is \$439,545.

The cost of the professional services agreement, software and hardware will be paid from the FY 2006-07 carry-forward account (101.194200.5703) from the \$1.3M that was approved by the City Council for a new financial system on June 21, 2006; The total cost of the Oracle upgrade to date is \$823,843; \$476,157 remains unallocated in this account prior to tonight's Council action. Development Services will fund \$3,000 from account 503.884857.5241.

COMMISSION OR COMMITTEE REPORT

Does not apply.

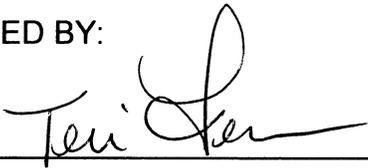
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

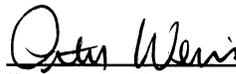
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PREPARED BY:



Teri Ferro
Financial Services Director

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager

Michael Sherwood, Chief Information Officer

George Buell, Development Services Director



CITY OF OCEANSIDE
AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT

PROJECT: Oracle EnterpriseOne 8.12 Upgrade

THIS AMENDMENT TO PROFESSIONAL SERVICES AGREEMENT (hereinafter "Amendment"), dated August 13, 2008 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and CPSG INC. dba PARTNERS CONSULTING, hereinafter designated as "CONSULTANT."

RECITALS

WHEREAS, City and Consultant are the parties to that certain Professional Services Agreement dated August 13, 2008 , hereinafter referred to as the "Agreement", wherein Consultant agreed to provide certain services to the City as set forth therein;

WHEREAS, the parties desire to amend the Agreement to provide for changes to the Statement of Work to include Phase III Enhancements.

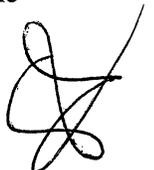
NOW, THEREFORE, as set forth herein, the parties hereto do mutually agree that the Agreement shall be amended as follows:

1. SCOPE OF WORK – perform the technical and functional upgrades to implement Phase III Enhancements further defined in the Statement of Work dated May 6, 2009.

2. COMPENSATION – CONSULTANT'S compensation for all work performed in accordance with this Amendment will be invoiced bi-weekly on a time and materials basis, and shall not exceed the total contract price of \$299,490. CONSULTANT is required to remit bi-weekly timesheets and project progress reports as compared to the authorized project budget defined as follows:

Phase III (not to exceed)	\$254,490
Contingency (with DFS approval)	\$ 29,000
Expenses (not to exceed)	<u>\$ 16,000</u>
Total Compensation	\$299,490

3. TIMING REQUIREMENTS – timing is of the essence in the performance of work under this Amendment and the timing requirements shall be strictly adhered to unless otherwise modified in writing. All work shall be completed in every detail to the



Oracle EnterpriseOne 8.12 Upgrade

satisfaction of the Director of Financial Services by October 29, 2009 for the Budget Module Interface, and December 18, 2009 for the remaining Phase III Enhancements.

4. AGREEMENT MODIFICATION – CONSULTANT’S address has been changed to:

CPSG Inc. dba Partners Consulting
1122 Norfolk, Suite 1100
Houston, Texas 77098.

Except as expressly set forth in this Amendment, the Agreement shall remain in full force and effect and is hereby ratified and reaffirmed.

SIGNATURES. The individuals executing this Amendment represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Amendment on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF the parties hereto being duly authorized on behalf of their respective entities to execute this Amendment, do hereby agree to the covenants contained in the Agreement, including this Amendment and have caused this Amendment to be executed by setting hereunto their signatures on the dates set forth below.

CPSG INC., dba PARTNERS CONSULTING CITY OF OCEANSIDE

By: James Guenther
Name/Title

Date: 5/27/09
EVP Sweets

By: _____
Name/Title

Date: _____

Employer ID No. _____

By: Peter Weiss, City Manager

Date: _____

APPROVED AS TO FORM:

John P. Muel
City Attorney

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

State of Texas

County of Harris

On this 27th day of May, 2009, before me, the undersigned notary public, personally appeared James Austin, known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged that he/she/they executed the same for the purposes therein contained.



Mary Kathleen Raymond

Notary Public

Oracle Enterprise One Phase III – Enhancements

City of Oceanside

May 6, 2009

Statement of Work

partners
XCONSULTING

1122 Norfolk
Suite 1100
Houston, Texas 77098
(713) 263-1400
(888) 665-5640
fax: (713) 263-1375

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1 Introduction and Scope

1.1 Background

This document and its attachments comprise a Statement of Work (“SOW”) between Partners Consulting, Inc. (“Partners”) and the City of Oceanside, California (“CoO”).

The items included in this SOW are the result of gathering all of the outstanding enhancement requests, categorizing those requests into major functional groups, and deriving estimates for analytical time and development time for each line item. Estimates were compiled and reported and a line-by-line assessment was made for priority, timing, and need. The final list represents the scope of the SOW.

No HR/Payroll enhancement items are included in this SOW.

1.2 Scope

The following list represents the enhancements included in this SOW. This is a compilation grouped by the specific application affected or the module impacted:

Task Description	Functional Hours	Technical Hours	Total Hours
Vendor Cleanup	80.0	80.0	160.0
Moving old vendors to inactive status			
Address book cleanup			
Elimination of duplicate vendors			
Use Enterprise One to Calculate Retainage	16.0		16.0
CA DE542 Report	4.0	16.0	20.0
Electronic Bank Reconciliation	24.0	80.0	104.0
Implement Job Costing	158.0	48.0	206.0
HTE, Sii, CRW Billing	24.0	96.0	120.0
CA PERS Report	34.0	216.0	250.0
Report Development			
Supplemental Data Configuration			
System Generate PO Numbers	40.0	8.0	48.0
Reformat Purchase Order	16.0		16.0
Load Latest Tools Release		100.0	100.0
Budget Module Interface	192.0	183.0	375.0
Integration Point - Extract from E1			
Chart of Accounts - Initial Load/Update			
Budget /Actual Balances - Initial Load/ Updates			
Budget /Actual Details - Initial Load/ Updates			
Payroll / Bargaining / HR			
Integration Point - Import into E1			
Budget Balances - Updates			
Integration Testing			
Promotion / Cutover			
Total	588.0	827.0	1,415.0

2 Time Line and Financial Consideration

2.1 Time Line

For the purposes of planning, this SOW is expected to begin on or about June 15, 2009 or as soon as funding becomes available.

The budget module takes precedent from a priority standpoint, but there will be substantial overlap between the implementation of the budget module interface and other tasks. Consideration will also be given to the tasks that have well-defined completion due dates, i.e. CalPERS.

Given the rather large number of separate tasks, each one requiring a full life cycle, and the coordination with the budget module vendor, the entire project will likely require more calendar time than the total number of hours projected over 40-hour weeks. As such, the project is expected to be completed by December 18, 2009.

2.2 Financial Consideration

The estimates below include project management time as well as the technical infrastructure management needed to effectively assist CoO with the migration and promotion of completed development objects into the production environment.

Resource	Hours	Rate	Total
Mario Alvarado	636.0	190.00	120,840.00
Project Management			
Business Analysis - FM/SCM			
Arnel Alon	723.0	150.00	108,450.00
Development			
Jon Auger	180.0	140.00	25,200.00
Environment Management			
Total Labor	1,539.0		254,490.00
Budgeted Contingency			29,000.00
Expense Budget			16,000.00
Total Phase 3 Budget			299,490.00

3 Assumptions

The following outlines Partners' assumptions required to validate the estimates.

1. The Partners technical team will be able to work remotely to minimize travel expenses.
2. CoO functional subject matter experts will be made available to confirm requirements and perform testing.
3. CoO will provide to the Partners team the appropriate and necessary access and authority to perform the tasks included in these estimates
4. Partners' project management resource shall provide weekly status updates
5. CoO will provide the resource and support to promote development objects into the appropriate target environments.
6. The estimates for the development and implementation of the budget module interfaces assume that either Questica or PowerPlan will be the product of choice.



Q U E S T I C A

TEAMBUDGET SOFTWARE LICENSE AGREEMENT

This SOFTWARE LICENSE AGREEMENT (the "Agreement") is made this 10th day of June, 2009 (the "Effective Date") by and between QUESTICA INCORPORATED, a corporation incorporated under the laws of Ontario, Canada ("Questica") and the City of Oceanside, CA including, without limitation, all its subdivisions, departments, and constituent entities within its legal scope and jurisdiction (collectively, the "Licensee").

BACKGROUND

- A. Questica has made a substantial investment in the development of the computer software TEAMBUDGET (the "Software"), and in the development of documentation related thereto (the "Documentation" and together with the Software, the "Work").
- B. Questica has the right to license the Work to third parties.
- C. The Licensee wishes to use the Work, and Questica has agreed to license such use, pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration (the receipt and adequacy of which are hereby acknowledged), Questica and Licensee (collectively, the "Parties" and individually, a "Party") agree as follows:

1. PERMITTED USE

Subject to the terms of this agreement, Questica hereby grants to Licensee a perpetual, Personal, non-transferable and non-exclusive license to use the Software, solely in executable code format, and the Documentation provided therewith, solely for Licensee's own internal business purposes exclusively within the facilities and sites within the jurisdiction of the Licensee.

If Licensee wishes to use the Software at or from an additional site or sites outside of its jurisdiction, Licensee agrees to obtain a separate license for such site(s). Licensee's right to use the Software and the Documentation is limited to those rights expressly set out herein. Licensee shall not use the Software, in whole or in part, on behalf of or for the benefit of any other Person, including an affiliate of the Licensee, except as expressly provided herein.

1.1 STAFF WORK-AT-HOME USE RIGHTS

Staff of the Licensee may use the Software from their home as an extension of the license granted to the Licensee, for business related purposes. Staff may not use the Software at home for personal purposes.

Licensee is responsible for ensuring that the Software is made inaccessible to its staff if a) any event causes the staff member to no longer be an employee for any reason, or b) the staff member would not normally require the use of the Software in the at-work environment.

2. PERMITTED CUSTOMIZATIONS

Questica also grants the Licensee a non-sublicensable, non-exclusive, non-transferable right to create, or to have created on its behalf, "Permitted Customizations" to the executable code components of the Software solely for internal use and only for use as part of and in conjunction with the related Software. "Permitted Customizations" is custom software or reports which are developed that access or interact with the Software or its associated database(s). The Licensee may only create Permitted Customizations that do not require access and changes to the source code. The Licensee may only create Permitted Customizations that do not require the source code of the Software to create the Permitted Customizations, and access the executable code version of the Software or its associated databases in a way that is reasonably practical without access to the source code of the Software at any time.

Permitted Customizations Do Not Inhibit Questica's Right to Innovate. Independently, Questica is continually innovating and improving its software to meet the needs of its customers. The Licensee acknowledges that, while it has the ability to create its own Permitted Customizations, Questica must not be prevented from continuing to develop and enhance its software in any respect, even if such modifications may be similar to the Permitted Customizations in functionality, appearance or otherwise. Therefore, if Questica develops any modifications which may be similar to the Permitted Customizations, Licensee agrees to not make any claim against Questica for infringement of any of its (or its subcontractors) rights in or to the Permitted Customizations. Questica shall not directly incorporate into its modifications any original source code independently developed by the Licensee.

3. RESTRICTIONS ON USE

Except as set forth herein, Licensee shall (a) not copy the Software except to copy it onto the site computers being used by Licensee and to make one copy of the Software solely for backup or testing purposes; (b) not copy any of the Documentation for any use outside the site; (c) not assign this Agreement or transfer, lease, export or grant a sub-Licensee of the Work or the license contained herein to any Person or organization except as and when authorized to do so by Questica in writing; (d) not reverse engineer, decompile or disassemble the Software; (e) not use the Work except as authorized herein; (f) take such precautions with respect to the Software, as it would take to protect its own proprietary software or hardware or information. For the purposes of this Agreement, "Person" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, the Crown or any agency or instrumentality thereof or any other judicial entity recognized by law.

4. PRICING AND PAYMENT

4.1 LICENSE FEE

For the right and license granted to Licensee pursuant to the terms of and for the term of this agreement, Licensee shall pay a fee in the amount of **\$67,000**. This fee shall be paid to Questica with the following terms:

Net Payable	\$67,000
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Such fees shall be paid by Licensee within thirty (30) days from the later of a) the date of receipt of invoice or b) the invoice date.

The **\$67,000** fee includes:

The TEAMBUDGET Solution Framework	\$10,000
10 Per-User Licensed Users - Capital	\$12,000
30 Per-User Licensed Users - Operating	\$36,000
Actual Cost Module	\$6,000
E-Mail Notification Module	\$3,000
Salaries and Position Planning Module (Included with Operating Licenses)	\$0

4.2 ANNUAL PRODUCT MAINTENANCE FEE

For the product maintenance to be provided by Questica in accordance with Section 10 hereinbelow, for an initial one year period, Licensee shall pay a fee in the amount of **\$12,060**. This fee shall be paid to Questica with the following terms:

Net Payable **\$12,060**

Such fee shall be paid by Licensee within thirty (30) days from the later of a) the date of receipt of invoice or b) the invoice date.

Questica shall provide the said Product Maintenance for additional subsequent one year periods provided an Annual Product Maintenance Fee is received by Questica by no later than the first Business Day of each additional one year period. If payment of the Annual Product Maintenance Fee is not received by Questica on or before said first Business Day of the next additional year, Questica's obligation to provide the said maintenance and support services pursuant to Section 10 hereof shall be terminated. If requested by Licensee at the time of execution of this agreement, Questica will invoice Licensee for the next year's maintenance and support services not less than two months prior to the first Business Day of said next year, and for each year thereafter for so long as Licensee continues to pay said Annual Product Maintenance Fee.

A credit will be issued upon installation of the TeamBudget Framework on the City's server representing the pro-rated value of the Annual Maintenance Fee for the period between the execution of this Agreement and the installation.

4.3 PRODUCT CUSTOMIZATION

Not Applicable

4.4 PRODUCT IMPLEMENTATION

Product Implementation, including associated consulting and training, shall be provided at \$175 per hour, in the amount not to exceed **\$42,700** (244 hours).

On-site days are six and one half (6 ½) hours in duration (9:00am to 12 noon, 1:00pm to 4:30pm). Alternate lunch hours can be mutually arranged with the consultant/training if necessary. If the Licensee requests that the consultant remain onsite beyond the established hours in order to complete or continue with scheduled or new topics, the Licensee will be billed at the fixed after-hours rate of \$175 per hour.

Only approved Consulting, Training or Implementation time shall be invoiced. Such work will proceed only with the written approval of the Licensee's primary contact or their delegate. A mutually determined change control mechanism will be used to accommodate modifications to the scope of the implementation.

4.5 TECHNICAL SUPPORT

Phone and e-mail based Technical Support shall be provided the date of this Agreement for a period of one (1) year on an as-required basis. For up to five (5) Technical Support incidents through this period, the Licensee shall pay a fee in the amount of \$1,895. This fee shall be paid to Questica with the following terms:

Net Payable **\$1,895**

Additional Technical Support is provided at a rate of \$175 per hour, with a four (4) hour minimum per incident. If an incident is resolved in less than the four hour minimum, surplus hours are not carried forward to future support incidents.

Technical Support is available through Questica's normal business hours, Monday through Friday, 9am through 4:30pm, Eastern Standard Time. A qualified individual will be available to address any Technical Support Issue within three (3) business hours.

Technical Support shall only be provided to individuals with the prior written approval of the Budget Manager or Financial Services Director.

Such fees shall be paid by Licensee within thirty (30) days from the later of a) the date of receipt of invoice or b) the invoice date.

4.6 ADDITIONAL CUSTOMIZATION AND OTHER FEES

Questica may provide other customization or support services in addition to those outlined in this Agreement. Such customization and other fees shall be paid by Licensee within thirty (30) days from the later of a) the date of receipt of invoice or b) the invoice date. Questica will not begin any customization or other services without the written approval of the Licensee. Below are Questica's standard rates:

Hours	
Data Conversion	\$175/hr
Custom Services	\$175/hr
Business Consultation	\$175/hr
Travel Costs	
Travel Time	Not Applicable
Travel – via auto	\$.40/km
Travel / Rental Car	Actual Cost
Per Diem	\$75 per Day
Lodging	Actual Cost

Travel costs for up to 2 onsite visits shall not exceed the amount of **\$2,400**.

4.7 ESCALATION OF FEES

Questica may, in its sole discretion, increase the Annual Product Maintenance Fee and/or the Customization and Other Fees, as referred to in Section 4.6, upon two months prior written notice thereof to the Licensee. Such increases shall not exceed the annually adjusted All-items Consumer Price Index (CPI) of the Toronto area.

4.8 WAIVER OF FEE ESCALATION

Questica may, in its sole discretion, waive the escalation provided for in Section 4.7 for any particular year, years, or part of a year. No such waiver shall preclude Questica from applying the escalation to any subsequent year or part of a year, and from making the subsequent application as if all subsequent escalations had been duly made over the period since the date of the last increase.

4.9 GENERAL

The License Fee, Annual Product Maintenance Fees and all customization and other fees are exclusive of all sales, use or other taxes, customs duties and similar levies, if any, payable in or to any jurisdiction or authority whatsoever, which taxes, duties and levies shall be the responsibility of the Licensee (other than taxes on the net income of Questica).

All overdue fees shall accrue interest from the relevant due date until the date that payment is received at the rate of one and one half percent (1 ½ %) per month (eighteen per cent (18%) per annum). Under any circumstances, the Overdue Fees shall be capped at the maximum allowable as permitted by applicable law. For the purposes of this Agreement, Business Day means any day other than a Saturday, Sunday, statutory or civic holiday in Ontario.

All monetary references made in this Agreement are expressed in US dollars.

5. OWNERSHIP AND COPYRIGHT

Questica is the owner of all intellectual property rights in the Work, related written materials, logos, names and other support materials provided pursuant to the terms of this Agreement. No title to the intellectual property in the Work or in any magnetic media or other physical media provided therewith is transferred to the Licensee by this Agreement.

Questica shall defend Licensee against any claim that the Work infringes a patent, copyright, trade-mark or other intellectual property right of any third party and Questica will pay resulting cost, damages and reasonable legal fees finally awarded, provided that:

- (A) Licensee promptly notifies Questica in writing of the claim; and
- (B) Questica has sole control of the defense and all related settlement negotiations.

If such claim has occurred or in Questica's opinion is likely to occur, Licensee agrees to permit Questica at its option and expense, either to procure for Licensee the right to continue using the work or to replace or modify the same so that it becomes non-infringing without loss of functionality.

Questica shall have no obligation to defend Licensee or to pay costs, damages or legal fees for any claim based upon use of other than a current unaltered release of the Work, if such infringement would have been avoided by the use of a current unaltered release thereof.

The foregoing states the entire obligations of Questica with respect to infringement or proprietary or intellectual rights of third parties.

6. LIMITED WARRANTY

Questica warrants that so long as maintenance and support services are provided by Questica, that the Software, when properly installed, will perform substantially in accordance with the accompanying written materials. If the Software does not so perform during such period, Questica will correct, at no cost to Licensee, programming errors in the Software to make the Software so perform provided that:

- (A) the Software has been properly used by the Licensee in accordance with the documentation furnished by Questica to Licensee in connection therewith;
- (B) Licensee notifies Questica of the programming errors and describes the nature of the suspected errors and of the circumstances in which they occur;
- (C) Questica, using reasonable efforts, is able to confirm the existence of the programming errors; and
- (D) Licensee or any third party has not changed or modified the Software.

Licensee agrees that Questica shall not be liable to the Licensee or any other person, regardless of the cause, for the effectiveness or accuracy of the Software, the Documentation or any other related materials, or for any other special, indirect, incidental or consequential damages arising from or occasioned by the use of the Software, the Documentation or the related materials, or the failure or omission on the part of Questica to comply with its obligations under this Agreement.

The Licensee hereby agrees that Questica's maximum liability for any claim arising in connection with the Software, the Documentation or any related materials (whether in contract, tort, including negligence, product liability or otherwise) shall not exceed the License Fee paid by the Licensee in accordance with Section 4 above.

THE ABOVE EXPRESS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES AND CONDITIONS (EXPRESS AND IMPLIED) AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW OR FROM A COURSE OF DEALING OR USAGE OF TRADE, INCLUDING BUT NOT LIMITED TO WARRANTIES OR CONDITIONS OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. NO OTHER WARRANTIES OR CONDITIONS EXPRESS OR IMPLIED ARE GIVEN.

7. LIMITATIONS OF REMEDIES AND DAMAGES

Subject to Section 12 hereof, Questica's entire liability and the Licensee's exclusive remedy under this agreement shall be:

- (A) if Questica is in breach of the Limited Warranty, to require Questica to replace any defective media or to correct any defects and make any modifications which are necessary to cause the Software to conform in all material respects to the Documentation; or

(B) the termination of this agreement.

In the event of any such termination, Questica shall not be liable in the aggregate for any damages which exceed the amount paid hereunder by the Licensee to Questica as Software License Fees. In no event shall Questica be liable for indirect, special, incidental, or consequential damages, even if advised of the possibility of such damages.

8. DISPUTE RESOLUTION / ARBITRATION

In the event of any dispute arising out of or relating to and/or in connection with this Agreement, the parties' project managers shall use every reasonable effort to resolve such dispute in good faith within ten (10) business days. If the project managers have failed to resolve the dispute within such time frame, then the dispute shall be escalated to the next escalation level. At each escalation level, the designated executives shall negotiate in good faith in an effort to resolve the dispute.

Escalation Level	Questica Management Level	LICENSEE Management Level	Period of Resolution Efforts
First Level	Project Manager	Project Manager	10 business days
Second Level	President	Finance Department Manager	5 business days
Third Level	Chairman	Director of Finance or Treasurer	5 business days

If the above escalation periods have elapsed and there continues to be a dispute as to any matter herein, the matter in dispute shall be referred to arbitration by a single arbitrator, if such parties agree upon one arbitrator, or otherwise by three arbitrators, of whom one shall be appointed by Licensee and one shall be appointed by Questica and the third shall be chosen by the first two named before the arbitration. The arbitration and the appointment of the arbitrator shall, unless expressly provided for herein, be conducted in accordance with the Arbitrations Act (Ontario). The award and determination of such arbitrator, arbitrators or any two of such three arbitrators **shall be binding** upon the parties and their respective successors and permitted assigns. Licensee and Questica shall co-operate in completing any arbitration as expeditiously as possible and the arbitrator or arbitrators may hear such experts as may appear to him or them appropriate. Any interested party shall bear its costs and expenses incurred in connection with the arbitration except for the cost of the arbitrator or arbitrators and experts engaged by him or them which shall be borne by Questica and Licensee equally. Notwithstanding the foregoing, arbitration shall not preclude the right of either party to seek injunctive relief.

9. IRREPARABLE HARM

Licensee acknowledges and agrees with Questica that the breach by it of any of the provisions of Sections 1- 5, 11 or 12 of this Agreement would cause serious harm to Questica which could not adequately be compensated for in damages and in the event of a breach by Licensee of any of such provisions, Licensee understands that an injunction may be issued against it restraining it from any further breach of such provisions, but such actions shall not be construed so as to be in derogation of any other remedy which Questica may have in the event of such breach.

10. PRODUCT MAINTENANCE

For the first year of this Agreement, upon paying the Licensee Fee and for each year thereafter, provided that Licensee continues to pay the Annual Product Maintenance Fee in accordance with section 4 hereinabove, Questica shall provide the following maintenance services (the "Services") for the software if the Licensee is not otherwise in breach of the provisions of this Agreement:

- (A) provision to the Licensee of such enhancement, modifications or upgrades to the Software as Questica may from time to time make available to its Licensees generally but excluding the provisions to the Licensee of any New Product (a "New Product" being a solution which, in Questica's determination and subject to general industry standards, does not replace the Software licensed hereunder); and
- (B) any written materials associated with such enhancement, modifications or upgrades to the Software, including user manuals and training aids, that may exist.

Should Licensee otherwise request the Services or request any service that is not a part of the Services, then Questica may comply with such request, at its discretion, at its fees then in effect. Such fees shall be paid by Licensee within thirty (30) days from the later of a) the date of receipt of invoice or b) the invoice date.

11. CONFIDENTIAL INFORMATION AND NONDISCLOSURE

11.1 CONFIDENTIAL INFORMATION

Each of the Parties shall use reasonable efforts (and, in any event, efforts that are no less than those used to protect its own confidential information) to protect from disclosure the confidential information only to its employees or agents who require access to it for the purpose of this Agreement or as otherwise provided in this Agreement. This Section shall survive the termination of the Agreement. For the purposes of this Section, "confidential information" means all data information which when it is disclosed by a Party is designated as confidential and shall include the Work and any other proprietary and trade secrets of Questica to which access is obtained or granted hereunder to Licensee; provided, however that confidential information shall not include any data or information which (a) is or becomes publicly available through no fault of the other Party, (b) is already in the possession of the Party prior to its receipt from the other Party, (c) is independently developed by the other Party, (d) is rightfully obtained by the other Party from a third party, (e) is disclosed with the written consent of the Party whose information it is, or (f) is disclosed pursuant to court order, or other legal compulsion.

11.2 NONDISCLOSURE OF AGREEMENT

Neither Party shall disclose the terms of this Agreement except as required by law or governmental regulation, without the other party's prior written consent, except that either Party may disclose the terms of this Agreement on a confidential basis to accountants, attorneys, and financial advisors and lenders.

12. TERMINATION

This Agreement is effective as of the Effective Date and shall continue unless and until this Agreement is terminated.

Licensee may terminate this Agreement if Questica is declared insolvent, has assigned this Agreement in violation of the terms and conditions herein, or has made an assignment for the benefit of creditors.

After a one year period from the Effective Date, the Licensee may terminate this Agreement at any time for any reason, or no reason, providing their financial obligations to Questica as outlined in Section 4 have been satisfied and paid in full. If the Agreement is terminated in this manner, no refund will be provided for any maintenance or support services paid in advance.

In the event that Licensee shall be in breach of any provisions of the Dispute Resolution / Arbitration Section outlined in this Agreement, Questica may provide notice of such breach to Licensee, who shall have thirty (30) days from the date of such notice to cure or rectify the said breach. Should Licensee fail to cure or rectify the said breach in the said thirty (30) days, Questica may terminate this Agreement. Such termination by Questica shall be in addition to and without prejudice to such rights and remedies as may be available to Questica including injunction and other equitable remedies.

The provisions of Sections 1-5, 7, 9, 11, 13, 14 herein shall survive the termination of this Agreement.

13. DISENTAGLEMENT

In the event that Licensee has entered into or enters into agreements with other Contractors or government institutions for additional work related to the Capital or Operating Budgeting process, Questica agrees to cooperate with such other parties. Questica shall not commit any act which will unnecessarily interfere with the work performed by any such third parties.

In the event of termination of this Agreement, Questica agrees that it shall provide reasonable assistance to, and shall not hinder a complete transition of the software functionality being terminated from Questica and its subcontractors to the Licensee, or to any replacement provider designated by the Licensee, without any interruption of or adverse impact on the services provided hereunder or any other services provided by third parties. Any additional services requested by Licensee during the disentanglement period shall be provided by Questica at Questica's standard rates.

14. NOTICE

Any notice or other communication required or permitted to be given hereunder or for the purposes hereof to any party shall be in writing and shall be sufficiently given if delivered personally to such party, or if sent by prepaid registered mail or if transmitted by facsimile transmissions to such Party:

(A) in the case of a notice to Questica:

3190 Harvester Road, Suite 200,
Burlington, Ontario
Canada
L7N 3T1
Attention: The President
Telephone No. (905) 634-0110
Facsimile No. (905) 634-4039

(B) in the case of a notice to Licensee :

The City of Oceanside
300 North Coast Highway
Oceanside, California
92054. USA

or at such other address or facsimile number as the Party to whom such notice is to be given shall have last notified (in the manner provided herein) the Party giving such notice. Any notice delivered to the Party to whom it is addressed as provided herein shall be deemed to have been given and received on the day it is delivered at such address, provided that if such day is not a Business Day, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice mailed to a Party shall be deemed to have been given and received on the fifth Business Day next following the date of its mailing provided that no postal strike is then in effect or comes into effect within four (4) Business Days after such mailing. Any notice transmitted by facsimile shall be deemed given and received on the day of its transmission if such day is a Business Day and if not, then on the next day that is a Business Day.

15. FORCE MAJEURE

Except as expressly provided otherwise in this agreement, dates and times by which any Party is required to render performance under this agreement or any schedule hereto shall be postponed automatically to the extent and for the period that such Party is prevented from meeting them by reason of any cause beyond its reasonable control (other than lack of funds), provided that the Party prevented from rendering performance notifies the other Party immediately and in detail of the commencement and nature of such cause and the probable consequences thereof, and provided further that such Party uses its reasonable efforts to render performance in a timely manner utilizing to such end all resources reasonably required in the circumstances, including obtaining supplies or services from other sources if same are reasonably available.

16. SOFTWARE ESCROW

Questica will deposit with the accounting firm of Krandel & Company of Toronto, Ontario, the Software source code for the most recent version of the Software. Krandel & Company shall be paid by the Licensee and shall be authorized to release the escrowed source code to the Licensee should Questica become insolvent or cease to carry on business and the business of Questica is not continued by a Receiver or Trustee or Assignee.

17. MEDIA RELEASES

Neither party shall use the name, trademark or logo of the other party without the prior written consent of the other party. Notwithstanding the foregoing, Questica may use the Licensee's name and identify the Licensee as a Questica client in advertising, marketing materials, press releases and similar materials.

18. USE OF SUBCONTRACTORS

Questica warrants that all persons assigned by it to the performance of this Agreement shall be employees or authorized subcontractors of Questica and shall be fully qualified to work under this Agreement. Questica shall ensure that an adequate number of appropriately qualified personnel are employed and available to satisfy its obligations as outlined in this Agreement.

19. EXPORT CONTROL

The Software is intended for distribution only in the United States and Canada. Licensee agrees that it will not directly or indirectly, export or re-export the Software (or portions thereof) to any country, person, entity or end user subject to U.S. or Canadian export restrictions.

20. MISCELLANEOUS

This Agreement, including all Schedules and Exhibits attached hereto, is the entire agreement between Licensee and Questica pertaining to Licensee's right to use the Work and supersedes all prior or collateral oral or written representations or agreement related thereto. This Agreement shall be governed by the law of the province of Ontario, Canada. Except as otherwise provided herein, no term or provisions hereof shall be deemed waived and no breach excused unless such waiver or consent shall be in writing and signed by the Party to, or waiver of, a breach by the other, whether expressed or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

21. HEADINGS; SEVERABILITY

The headings and other captions in this Agreement are for convenience and reference only and are not to be construed in any way as additions or limitations of the covenants and agreements contained in this Agreement. In the event that any provision hereof is found invalid or enforceable pursuant to judicial decree or decision, any such provision shall be deemed to apply only to the maximum extent permitted by law, and the remainder of this Agreement shall remain valid and enforceable according to its terms.

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement.

(QUESTICA)

By: Allan Booth c/s
Name: Allan Booth
Title: Treasurer, Questica Inc.

Witnessed by Robert M Forbes, Notary public, the 1st day of June 2009

[Signature]
Robert M. Forbes
Forbes Law Office

(Licensee)

By: _____ c/s
Name: _____
Title: _____

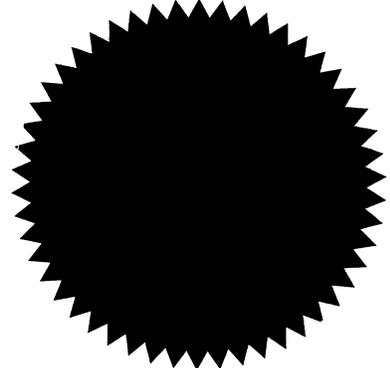


EXHIBIT A

Description of the Software

TEAMBUDGET is a web-based budgeting and forecasting solution designed to simplify the municipal budgeting process.

Capital Budget Module

Key Features:

- Integrates all capital budget and forecasting processes in three straightforward modules: Projects, Reports, and Administration
- Fully secured from unauthorized access
- Budgets are project based, multi-year capable, on a monthly basis.
- Workflow tracks and controls each budget throughout its lifecycle.
- Project ranking according to many categories
- Developed using Microsoft .NET technology

Operating Budget Module

Key Features:

- Integrates all capital budget and forecasting processes in three straightforward modules: Projects, Reports, and Administration
- Create separate budget details for multiple budget scenarios at the monthly, quarterly and yearly levels
- Fully secured from unauthorized access
- Budgets are project based, multi-year capable, on a monthly basis.
- Workflow tracks and controls each budget throughout its lifecycle.
- Actual cost tracking against actual budgets
- Developed using Microsoft .NET technology

Salary and Position Planning Module

- Projects and applies position costs through operating budgets
- Includes benefit calculations and other position modifiers

Notification Module

- Provides dynamic e-mail based notifications based on budgeting events within the TEAMBUDGET suite
- Utilizes your existing SMTP based server technology

Actual Cost Module

- Facilitates the import of actual budget data from third part financial products