COUNTY OF LOS ANGELES
REGISTRAR-RECORDER/COUNTY CLERK
12400 IMPERIAL HWY. – P.O. BOX 1024, NORWALK, CALIFORNIA 90651-1024

CONNY B. McCORMACK
Registrar-Recorder/County Clerk

January 16, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

REQUEST APPROVAL OF MEMORANDUM OF UNDERSTANDING WITH THE CITY OF LOS ANGELES FOR LEASE OF INKAVOTE PLUS SYSTEM (ALL DISTRICTS – 3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the attached Memorandum of Understanding ("Agreement") with the City of Los Angeles (LA City) to lease the County's InkaVote Plus System which consists of Precinct Ballot Readers with an Audio Ballot device (collectively, a "PBR Unit") on an as needed basis, to conduct municipal elections within LA City jurisdiction, at a price equal to recover any County cost associated with the Department of the Registrar-Recorder/County Clerk (RR/CC) staff performing services to prepare the PBR Units for a municipal election, post-election inspection and testing of the PBR Units, and any other equipment, services and/or consumable supplies if applicable. The term of the Agreement is for three (3) years effective upon the execution of all parties, with six (6) one-year renewal options if needed. There is no net County cost.

2. Authorize the Registrar-Recorder, or her designee, to 1) execute the Agreement with the City of Los Angeles, 2) amend the Agreement to exercise up to six (6) one-year renewal options as needed, and 3) amend the Agreement as necessary providing County Counsel approval is obtained.

3. Authorize the Registrar-Recorder/County Clerk, or her designee, to terminate the Agreement pursuant to the termination provisions contained in the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to lease the InkaVote Plus System to LA City to conduct municipal elections within LA City jurisdiction. The use of the PBR Units in municipal elections will provide voters with consistency in the election process and provide the same protections afforded to these same voters in Federal and State elections such as 1) provide voters who are visually impaired with the ability to vote privately and independently at each polling place and 2) alert voters in the event of an over-vote (voting for more candidates than is permitted in a contest) thereby allowing voters the opportunity to make corrections prior to casting their ballots. The Agreement would also reinforce poll worker training and experience since the County and LA City use many of the same poll workers.

Implementation of Strategic Plan Goals:

The recommended action supports the County's Strategic Plan:

Goal No. 1: Service Excellence: Provide the public easy access to quality information and services that are both beneficial and responsive. The Agreement will provide LA City with the equipment to assist visually impaired voters to vote privately and independently using an audio ballot device at their local precinct/polling location and provide voters with the opportunity to have their ballots reviewed for errors prior to casting their ballot.

FISCAL IMPACT/FINANCING

The InkaVote Plus System was purchased with Federal Help American Vote Act of 2002 (HAVA) and State of California Voting Modernization Bond Act of 2002 (Proposition 41) funds. Because the InkaVote Plus System was purchased with federal and state funds, the RR/CC, in concurrence with County Counsel and the Auditor-Controller, will not charge LA City for the use of the PBR Units. However, RR/CC will invoice LA City to recover any costs to the County such as RR/CC staff time and consumable supplies if any. LA City will be responsible for full replacement cost, including shipping and handling, for lost, damaged or stolen units while in LA City possession and reimbursement of any other costs to the RR/CC as specified in the Agreement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On April 18, 2006, your Board approved an agreement with Election Systems and Software, Inc. (ES&S), for the acquisition of voting equipment and related software and services to enhance the County's InkaVote optical scan voting system to comply with the HAVA and authorized the Registrar-Recorder/County Clerk to execute the agreement upon certification of the system by the California Secretary of State. The InkaVote Plus System was certified on April 21, 2006 and the Registrar-Recorder/County Clerk executed the agreement with ES&S on April 25, 2006. The InkaVote Plus System was used on a limited "pilot" basis for the first time in Los Angeles County at fifteen (15) precincts during the June 6, 2006 Primary Election and deployed Countywide at all polling locations for the November 7, 2006 Gubernatorial Election. The Precinct Ballot Reader scans the ballot and alert voters in the event of an over-vote and provides voters the opportunity to make corrections prior to casting their ballots. The Audio Ballot device enables voters who are visually impaired to vote privately and independently.

The Agreement between the County and ES&S granted the County the use and access of the PBR Units for the conduct of elections within the boundaries of the County that are conducted or supported by the RR/CC.

The term of the Agreement is for three (3) years effective upon the execution of all parties, with six (6) one-year renewal options, for an aggregate term of nine (9) years.

In the event of a special election or any other conflict with the County's need for the PBR Units, the needs of the County will take precedence. In the event that an audit is conducted by County or any State or Federal auditor in connection with this Agreement, LA City shall be solely liable for their respective audit findings and sanctions, if any. The County also has authority to terminate the Agreement with 90 days advance notice to LA City if needed.

The Chief Administrative Office has reviewed and approved this Board letter. County Counsel has approved the attached Agreement as to form.

IMPACT ON CURRENT SERVICES/PROJECTS

Approval of the Agreement will benefit the electorate by providing consistency in equipment used in Federal, State and municipal elections and strengthen County and City partnership in improving public service.

CONCLUSION

Upon Board approval, the Executive Officer/Clerk of the Board is requested to return one original stamped copy of the approved Board letter and its attachments to:

County of Los Angeles
Registrar-Recorder/County Clerk
12400 Imperial Hwy, Room 7201
Norwalk, CA 90650
Attn: Ngozi Ume, Head, Management Services

Respectfully submitted,

Conny B. McCormack

Conny B. McCormack
Registrar-Recorder/County Clerk

CBM:NU:yt

Attachment (1)

c: Chief Administrative Officer
County Counsel
Auditor-Controller

MEMORANDUM OF UNDERSTANDING
BETWEEN
COUNTY OF LOS ANGELES
AND
CITY OF LOS ANGELES
FOR
PRECINCT BALLOT READER SYSTEM

This Memorandum of Understanding ("Agreement") is made and entered into effective as of _____, 2007 by and between the County of Los Angeles, a political subdivision of the State of California ("County"), by and through its Department of the Registrar-Recorder/County Clerk ("RR/CC"), and the City of Los Angeles ("LA City"), by and through the Office of the City Clerk ("City Clerk"). County and LA City are hereinafter sometimes referred to collectively as the "Parties" and each individually as a "Party."

WHEREAS, LA City desires to lease RR/CC's Precinct Ballot Reader ("PBR") system (the "PBR System") to conduct elections within the election jurisdiction boundaries of the City of Los Angeles beginning with elections scheduled in calendar year 2007;

WHEREAS, the PBR System consists of (i) PBR equipment with an Audio Ballot Booth device (collectively, a "PBR Unit"), and (ii) PBR System software (the "PBR System Software");

WHEREAS, the PBR System was provided to RR/CC by Election Systems & Software, Inc. ("ES&S") through an agreement by and between County and ES&S which was approved by the County's Board of Supervisors on April 18, 2006 and executed by the RR/CC Department Head on April 25, 2006;

WHEREAS, County's agreement with ES&S permits the use of and access to the PBR System, including the PBR Units and the PBR System Software, in whole or in part, for the conduct of elections within the boundaries of Los Angeles County that are conducted or supported by RR/CC; and

WHEREAS, RR/CC is willing to lease the PBR System to LA City for use in LA City elections under the terms and conditions described herein.

NOW THEREFORE, in consideration of the foregoing recitals and the mutual covenants and promises set forth below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Administration of the Agreement: Each Party identifies the following individual to serve as the authorized administrative representative for that Party. Any Party may change its administrative representative by notifying the other Party in writing of such change. Any such change will become effective upon the receipt

of such notice by the other Party to this Agreement. Notice of the authorized representative must be sent to each Party as follows:

Los Angeles	City of Los Angeles
Michael Petrucello, Assistant RR/CC Registrar-Recorder/County Clerk 12400 Imperial Highway Norwalk, CA 90651-1024 Telephone # (562) 462-2712 Fax # (562) 863-2354 Email: mpetrucello@rrcc.co.la.ca.us	Frank Martinez, City Clerk Los Angeles City Hall 200 North Spring Street, Rm. 232 Los Angeles, CA 90012 Telephone # (213) 978-1020 Fax # (213) 978-1027 Email: frank.martinez@lacity.org

2. PBR System

2.1. RR/CC will provide to LA City the PBR System, certified by the Secretary of State for use in conduction elections within the State of California, with sufficient PBR Units to conduct elections within LA City election jurisdiction boundaries beginning with LA City elections scheduled in calendar year 2007 as provided herein below.

2.2. LA City shall notify RR/CC administrative representative set forth in Paragraph 1 (Administration of the Agreement) of this Agreement, in writing, not less than ninety (90) days prior to an LA City election in which LA City desires to use the PBR System. LA City staff shall meet with RR/CC staff to work out the specific needs for the upcoming LA City election, including the number of PBR Units to be required. If RR/CC equipment, services and/or supplies will be needed, RR/CC will provide LA City with a price quote for said equipment, services and/or supplies within five (5) business days of request. LA City shall accept or reject price quote within five (5) business days.

2.3. In the event of any LA City election which would conflict with County's need for PBR System, including, but not limited to, the conduct of a special election, the needs of the County shall prevail. In such cases the County, at its sole and absolute discretion, will only provide to LA City the equipment, supplies and/or services that do not negatively impact the County's requirements. The County and LA City will immediately notify the other Party of any potential election schedule conflict.

2.4. LA City will arrange for the pick-up and transportation of the PBR System, including the PBR Units. The pick-up will occur during normal business hours (Monday through Friday, 7:30 a.m. to 5:30 p.m.) at a location to be designated by RR/CC. The exact date and time of pick-up will be coordinated with the RR/CC administrative representative set forth in Paragraph 1 (Administration of the Agreement) of this Agreement, or

his/her designee, at least five (5) business days before the tentative pick-up date. RR/CC must approve in advance the pick-up date and time. Such approval will not be unreasonably withheld.

2.5. Unless other arrangements are made with RR/CC, the leased PBR System, including all PBR Units, must be returned to RR/CC within four (4) weeks following the LA City election. LA City shall arrange for the return delivery of the PBR System to RR/CC. The return delivery will occur during normal business hours (Monday through Friday, 7:30 a.m. to 5:30 p.m.) at the location designated by RR/CC. The date and time of return delivery will be provided to the RR/CC administrative representative set forth in Paragraph 1 (Administration of the Agreement) of this Agreement, or his/her designee, for approval before the PBR System are delivered back to RR/CC. Such approval will not be unreasonably withheld.

2.6. LA City will arrange and pay for any costs associated with the pick-up and delivery of the PBR System to and from RR/CC facility. LA City will pay any transportation cost directly to the transporter. RR/CC will not have any obligation to pay for any costs incurred in transporting the PBR System to or from the location designated by RR/CC whatsoever.

2.7. At LA City request, RR/CC may provide staff assistance in the loading and unloading of the PBR System, including the PBR Units, onto or from delivery trucks provided by LA City. Such services will be billed at the hourly rates set forth in Exhibit A (Pricing Schedule).

2.8. At LA City request, RR/CC may provide LA City with professional and technical support services, including, but not limited to, programming or ballot preparation needs, pollworker training, information and technology support, general machine maintenance, and use training. Such professional and technical support services shall be provided at the hourly rates set forth in Exhibit A (Pricing Schedule).

2.9. If the professional and technical support services referred to in Paragraph 2.8 above are requested by LA City and provided by RR/CC, LA City shall review and accept the results of said services. LA City is solely responsible for ensuring the accuracy of the results of all such services, including, but not limited to, programming, ballot preparation, and any and all election information recorded in the PBR Units for LA City Election.

2.10. LA City will use LA City owned memory cards/devices in the PBR Units. LA City shall purchase at its own expense memory cards/devices that are fully compatible with PBR Units. RR/CC is not responsible for any malfunction of PBR System, including, but not limited to, the PBR Units, and/or failure of memory cards/devices.

2.11. LA City shall purchase at its own expense the Custom Ballot Slip Thermal Paper Rolls for use in the Audio Ballot Booths that are fully compatible with the PBR manufacturer's recommendations.

2.12. RR/CC will inspect and test the PBR System, including the PBR Units upon its return to RR/CC. The type and extent of inspection and testing to be performed on PBR System is at the sole and absolute discretion of RR/CC. Inspection and testing services will be billed to LA City at the hourly rates set forth in Exhibit A (Pricing Schedule).

2.13. RR/CC will not arrange for ES&S to provide LA City with any support services of any kind, including, but not limited to, programming or ballot preparation needs, pollworker training, information and technology support, general machine maintenance and use training, under this Agreement. Any support services needed by LA City from ES&S must be by separate arrangements between LA City and ES&S.

2.14. Exhibit A (Pricing Schedule) is subject to change in accordance with scheduled adjustments to County employee salaries and employee benefits as approved by the County of Los Angeles Board of Supervisors. A current Exhibit A (Pricing Schedule) will be provided to LA City upon request.

3. Ownership Security and Prohibited Uses

3.1 Ownership.

3.1.1 Subject to ES&S rights, and the rights of any third party software owners in the intellectual property that is contained within the PBR System, County owns the PBR System, including all PBR Units, and any related hardware or devices acquired under its agreement with ES&S.

3.1.2 Except for interfaces owned by County, the PBR System Software provided to County pursuant to its agreement with ES&S is the property of ES&S. Third party software shall be controlled by ES&S as a licensee of such software, and all such software is subject to the license granted to County. Such third party software provided to County pursuant to its agreement with ES&S shall remain the property of the applicable third party owners. All such software is subject to the license granted to County.

3.2 Security

RR/CC reserves the right to review all security procedures practiced by LA City throughout all phases of the election, and to request additional security procedures be implemented by LA City when the County deems it appropriate. LA City shall guarantee in writing that all security procedures

and chain of custody controls practiced by RR/CC in compliance with all state and federal requirements for approved and certified use of the PBR System will be carried by LA City during their election. This includes, but is not limited to, the following:

3.2.1 Except during the time the PBR System Units are under the custody of the polling place workers, storing the PBR System Units at a secure location that includes access restricted locked areas and security guard personnel 24 hours a day, 7 days a week while PBR equipment is in LA City possession.

3.2.2 Placing serialized tamper-evident security seals over the memory card access door and the RJ37 Ethernet data port immediately following loading and validation of election data.

3.2.3 Recording in a security log the number of the serialized tamper-evident security seals and the number of the PBR System unit they were place on.

3.2.4 Maintaining a documented log of the complete chain of custody of each PBR system unit and audio ballot booth. The log shall record who took possession of each unit at each custody change, the date and time of each custody change, and a security review of the tamper-evident seals. Any security breaches of a PBR System unit shall be reported within one (1) hour of discovery to the RR/CC authorized representative.

3.2.5 Enhancing voting equipment distribution and check-in center procedures and providing adequate levels of staffing to ensure effective processing of additional voting systems.

3.2.6 If LA City uses a PBR system distribution that allows a poll worker pick up the PBR equipment one or more days in advance of Election Day, then LA City shall require all poll workers, before the opening of the poll, to recite their oaths of office and to print from the PBR and retain for official record a "zero report" that confirms no votes were cast on the PBR system unit prior to its first use on Election Day.

3.2.7 Each polling place shall have a sign, placed so that it is easily visible to all, stating the following:

"Warning: Tampering with or attempting to interfere with voting equipment, hardware, or software, is a felony punishable by up to four (4) years in state prison. Violators may also be subject to civil penalties of up to $50,000 per violation. If you detect any tampering with voting equipment

or supplies, including broken or voided tamper-evident seals, alert the Los Angeles County Registrar's office immediately."

3.3 Prohibited Uses

LA City shall not take nor allow any of the following actions with respect to the PBR System Software:

3.3.1 Reverse engineer, decompile, disassemble, re-engineer or otherwise create, attempt to create, or permit, allow or assist others to create, the source code or the structural framework for part or all of the PBR System Software; or

3.3.2 Cause or permit any use, loan, transfer of possession, sublicensing or other dissemination of the PBR System, in whole or in part, to any party without County's prior written consent; or

3.3.3 Cause or permit any change to be made to the PBR System Software without County's prior written consent.

3.4 Audit Findings and Sanctions: In the event that an audit is conducted by County or any State or Federal auditor in connection to this Agreement, LA City shall be solely liable for their respective audit findings and sanctions, if any.

4. Reimbursement of Costs

4.1. LA City will reimburse RR/CC for any cost RR/CC incurs in assisting in the loading and unloading of PBR Units, professional and technical support services, and any other incidental cost RR/CC incurs as part of this Agreement, including inspection and testing costs upon the return of the PBR System. RR/CC will invoice LA City for costs incurred after the PBR System is returned to RRCC and LA City will pay any such invoice within thirty (30) days of receipt.

4.2. LA City will reimburse RR/CC for any and all consumable supplies provided to LA City to support LA City elections which are not returned to RR/CC. Consumable supplies shall be at the price set forth in Exhibit B (Spare Parts/Consumables) of this Agreement. RR/CC will invoice LA City for costs of any consumable supplies not returned with the PBR System. LA City will pay any such invoice within thirty (30) days of receipt.

4.3. LA City will reimburse RR/CC for any costs, including shipping and handling costs incurred by RR/CC in repairing any PBR Unit provided to LA City pursuant to this Agreement that is damaged while in LA City possession, which includes loading and unloading the PBR Units, transportation of the PBR Units, programming election materials, and any other damage caused while the PBR System or any portion thereof is in

LA City possession. RR/CC will invoice LA City for any such costs and LA City will pay any such invoice within thirty (30) days of receipt

4.4. LA City shall reimburse RR/CC for the full replacement cost, including shipping and handling, of any PBR Unit damaged while in LA City possession that is deemed not repairable at the sole determination of RR/CC. RR/CC will provide LA City with supporting documentation from ES&S if a "not repairable" determination is made. RR/CC will invoice LA City for these expenses and LA City will pay any such invoice within thirty (30) days of receipt.

4.5. LA City shall reimburse RR/CC for the full replacement cost, including shipping and handling, of any PBR Unit that is missing, lost or stolen while in LA City possession. In addition, LA City shall provide RR/CC with a full report detailing the incident and investigation, including a copy of the report filed with local law enforcement having jurisdiction over the incident and responsibility for the investigation.

4.6. The County reserves the right to charge LA City for future unforeseen costs related to, or necessary for, LA City's use of the PBR system. RR/CC will notify LA City of its portion of any associated unforeseen costs and provide an opportunity for LA City to review the unforeseen costs to confirm that LA City will benefit from the necessary changes or the unforeseen cost is a result from LA City's use of the PBR System. RR/CC shall invoice LA City and LA City shall pay any such invoice within thirty (30) days of receipt.

5. Indemnification: LA City shall indemnify, defend and hold harmless County, and its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with LA City's acts and/or omissions arising from and/or relating to this Agreement.

6. General Insurance Requirements: Without limiting LA City's indemnification of County and during the term of this Agreement, LA City shall provide and maintain, and shall require all of its sub-contractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at LA City's own expense.

A. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to the Contracts Section at the Registrar-Recorder/County Clerk, 12400 Imperial Hwy, Norwalk, CA 90650, prior to commencing services under this Agreement. Such certificates or other evidence shall:

(1) Specifically identify this Agreement.
(2) Clearly evidence all coverages required in this Agreement.
(3) Contain the express condition that County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
(4) Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities arising from this Agreement.
(5) Identify any deductibles or self-insured retentions for County's approval. The County retains the right to require LA City to reduce or eliminate such deductibles or self-insured retentions as they apply to County, or, require LA City to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

B. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.

7. Insurance Coverage Requirements:

A. General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	$2 million
Products/Completed Operations Aggregate:	$1 million
Personal and Advertising Injury:	$1 million
Each Occurrence:	$1 million

B. Automobile Liability insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than $1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

C. Workers' Compensation and Employers' Liability insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which LA City is responsible. If Contractor's employees will be engaged in maritime employment, coverage shall provide workers compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which Contractor is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	$1 million
Disease - policy limit:	$1 million
Disease - each employee:	$1 million

D. Property Coverage: Such insurance shall be endorsed naming the County of Los Angeles as loss payee, provide deductibles of no greater than 5% of the property value, and shall include special form ("all-risk") coverage for the full replacement value of County-owned or leased property.

LA City may, at its option, satisfy these Insurance Requirements through use of a program of self-insurance, commercial insurance, or any combination thereof. In any case, evidence of such self-insurance or commercial coverage shall be provided to RR/CC before any equipment is picked up or any work performed in connection with this Agreement.

8. Conformance with Rules and Regulations: LA City shall be in conformity with all applicable federal, State and local laws, rules, and regulations, current and hereinafter enacted, including facility and professional licensing and/or certification laws, and keep in effect any and all licenses, permits, notices and certificates as are required for use of the PBR System. LA City shall further comply with all laws applicable to wages and hours of employment, occupational safety, and to fire safety, health and sanitation.

9. Permits and Licenses: LA City certifies that it possesses and shall continue to maintain or shall cause to be obtained and maintained, at no cost to RR/CC, all approvals, permissions, permits, licenses, and other forms of documentation required for it and its employees to comply with all existing federal, State and local laws, ordinances and regulations that may be applicable to the use of the PBR System. RR/CC reserves the right to request and review all such applications, permits, and licenses prior to LA City's use of the PBR System.

10. Third Party Beneficiaries Excluded: This Agreement is intended solely for the benefit of the Parties. Any benefit to any third party is incidental and does not confer on any third party to this Agreement any rights whatsoever regarding the performance of this Agreement. Any attempt to enforce provisions of this Agreement by third parties is specifically prohibited.

11. Amendments to Agreement: No alteration, amendment, variation, or waiver of the terms of this Agreement shall be valid unless made in writing and signed by the authorized administrative representatives set forth in Paragraph 1 (Administration of the Agreement) of this Agreement.

12. Waiver: Any waiver by any party of any default, breach or condition precedent shall not be construed as a waiver of any other default, breach or condition precedent, or any other right hereunder. No interpretation of any provision of this Agreement shall be binding upon any Party unless agreed in writing by each Party and their respective attorneys.

13. Severability: If any terms or provisions of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, or the application of such term and provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and every other term and provision of this Agreement shall be valid and enforced to the maximum extent permitted by law.

14. Entire Agreement: This Agreement represents the full and entire Agreement between the Parties as it relates to the limited issue of leasing PBR System to LA City and LA City's use of the PBR System, including, but not limited to, the PBR Units, and supercedes any prior written or oral agreements that may have existed. This Agreement does not alter, amend or waive any provision of the agreement by and between the County and ES&S executed on April 25, 2006.

15. Scope of Agreement: This Agreement only applies to the program described herein and does not set forth any additional current or future obligations or agreements between the Parties, except that the Parties may, by written amendment, amend the scope of this Agreement.

16. Term: This Agreement shall take effect upon the execution thereof by the Parties, and shall expire three (3) years thereafter unless sooner terminated or extended, in whole or in part, as provided in this Agreement.

    16.1 Termination: Either Party may terminate this Agreement by giving the other Party ninety (90) days prior written notice. Written notice shall be addressed to the authorized administrative representative set forth in Paragraph 1 (Administration of the Agreement) of this Agreement.

    16.2 Extension: This Agreement may be extended up to six (6) one-year renewal periods upon the acceptance of the Parties hereto. Such extension(s) shall be exercised by written amendment to this Agreement pursuant to Paragraph 8 (Amendments to Agreement) of this Agreement. The authorized administrative representatives set forth in Paragraph 1 (Administration of the Agreement) of the Agreement shall be authorized to exercise the renewal periods.

17. No Representations or Warranty: County makes no representations or warranties as to the PBR System. The PBR System is furnished to LA City "As Is" with no warranties of any kind whatsoever. County hereby expressly disclaims any and all warranties express, implied or statutory with respect to the PBR System,

including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose. Should any party challenge the PBR System's compliance with state or federal law, LA City shall notify RR/CC within ten (10) calendar days. The RR/CC reserves the right to seek status as a party in any such action.

18. Counterparts: This Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original but all of which when taken together shall constitute one and the same instrument.

MEMORANDUM OF UNDERSTANDING
BETWEEN
COUNTY OF LOS ANGELES
AND
CITY OF LOS ANGELES
FOR
PRECINCT BALLOT READER SYSTEM

IN WITNESS WHEREOF, the Parties have executed this Agreement as to the date first above written.

CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK

_____
FRANK T. MARTINEZ
City Clerk

APPROVED AS TO FORM:
ROCKARD J. DELGADILLO
City Attorney

By _____
Deputy City Attorney

COUNTY OF LOS ANGELES

_____
CONNY B. McCORMACK
Registrar-Recorder/County Clerk

APPROVED AS TO FORM:
RAYMOND G. FORTNER, JR.
County Counsel

By _____ For
Judy Whitehurst
Principal Deputy County Counsel

EXHIBIT A

PRICING SCHEDULE

September 30, 2006

Job Title or Classification	Hourly Labor Rate*	Daily Labor Rate**
Senior Program Analyst	$119.21	$945.68
Election Assistant II	52.02	416.16
Staff Development Specialist	96.20	769.60
Video Production Specialist	98.85	790.80
Warehouse Worker I	56.51	452.08
Warehouse Worker Aid	53.36	429.36
Warehouse Worker II	64.73	517.84
Senior Clerk	56.34	450.72
Staff Assistant I	66.15	529.20
Senior Information Systems Analyst	65.49	523.92
Information Systems Analyst II	53.77	430.16
Information Systems Analyst I	50.06	400.48
Senior Systems Aid	38.19	305.52
Systems Aid	32.52	260.16

* Rates include employee salaries and benefits and administrative overhead costs where applicable.

** Daily Labor Rates are for an eight (8) hour day.

EXHIBIT B

SPARE PARTS/CONSUMABLES

Item Description	Qty	Unit Cost	Sales Tax	Total Cost
Head Phone (Sony)	1	$ 45.00	$ 3.71	$ 48.71
80mm Thermal Printer	1	390.00	32.18	422.18
82.55mm Thermal Printer	1	500.00	41.25	541.25
PS/2 Keyboard, 5 Quad Keys	1	55.00	4.54	59.54
Booth Unit to PBR Unit Umbilical Cable	1	50.00	4.13	54.13
PBR Unit Report Printer Thermal Paper Roll	1	Per quote at time of purchase	TBD	TBD
PBR Unit to Ballot Box Security Seal	1	.50	.04	.54
PBR Unit Access Door Seal	1	.25	.02	.27