



## POLICE DEPARTMENT

Council Meeting Date: August 20, 2013  
Staff Report #: 13-140

Agenda Item #: F-2

**REGULAR BUSINESS:** Authorize the City Manager to Execute a 5-Year Agreement Not-to-Exceed \$335,000 annually with Redflex Traffic Systems, Inc. for a Photo Red Light Enforcement Program, Authorize an Additional Red Light Camera at Bayfront Expressway and Chilco Street, and Increase the Red Light Camera Facilitator position from 0.75 FTE to 1.0 FTE

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### RECOMMENDATION

Staff recommends that the City Council:

1. Authorize the City Manager to execute a five (5) year agreement not to exceed \$335,000 annually between the City of Menlo Park and Redflex Traffic Systems, Inc. for a photo red light enforcement program.
2. Authorize an additional red light camera at Bayfront Expressway and Chilco Street.
3. Authorize the City Manager to increase the Red Light Enforcement Facilitator position from three-quarter time (0.75 FTE) to full-time (1.0 FTE) to provide for the increased workload of the additional location and anticipated increase in court appearance frequency.

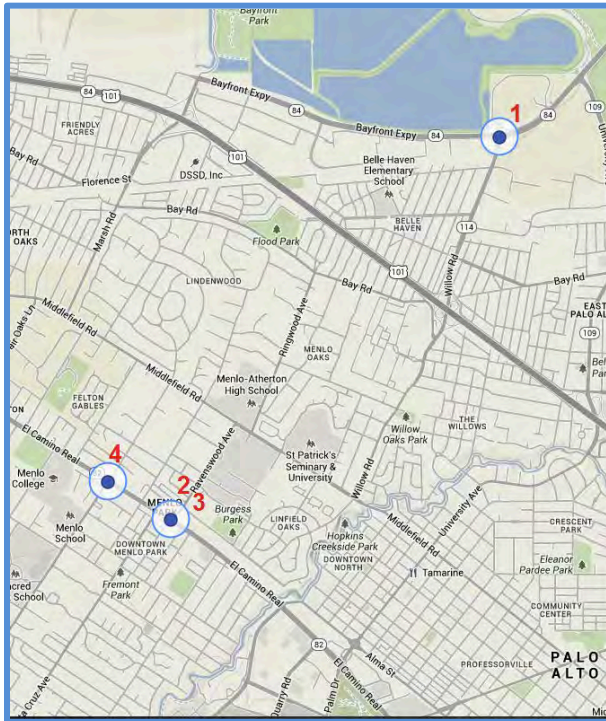
### BACKGROUND

On December 6, 2006, the City Council approved an agreement with Redflex Traffic Systems, Inc., for a photo red light enforcement program to be administered at four (4) different approaches throughout the City. The five (5) year agreement began in 2008 upon implementation of the cameras and was set to expire on May 3, 2013. Since May 2013, the program has been operating under two (2) separate short-term extensions. The current extension will expire on September 2, 2013.

The purpose of the red light enforcement cameras (RLCs) is to increase traffic safety by reducing the number and severity of traffic collisions and to increase driver awareness

of the hazards associated with unsafe driving in and around signal controlled intersections.

These locations were selected based on a variety of concerns including, but not limited to, collision data, complaints from the public and the ability of officers to safely conduct enforcement activities.



### City of Menlo Park Red Light Camera Locations

1. Northbound Bayfront Expressway and Willow Rd., (left turn)
2. Northbound El Camino Real and Ravenswood Ave., (through lanes & left turn)
3. Southbound El Camino Real and Menlo Ave., (through lanes, right & left turns)
4. Northbound El Camino Real and Glenwood Ave., (through lanes, right & left turns)

### Red Light Camera Violation Process

A potential red light camera violation incident is triggered when a camera at an enforced approach detects a possible red light violation. The camera captures 3-4 images. These images include a picture of the driver and pictures of the suspect vehicle. A twelve (12) second video is included in each incident packet as well. The video captures the vehicle six (6) seconds before the incident and six (6) seconds following the incident. The incident packet (pictures and video) are sent electronically to the red light camera processing center.

The vendor examines the incident in a three (3) stage process. During the first stage, the vendor determines if the incident is indeed a red light violation. If the incident is determined to be a violation, the vendor matches the vehicle and driver to California Department of Motor Vehicle records during the second stage of screening. During the third stage a different employee reviews and confirms that a red light violation was captured and that the DMV information is accurate and matched correctly. The violation is then forwarded to the Menlo Park Police Department for internal review and

independent verification. A Police Department staff member reviews the incident and determines the validity of the citation.

When the Police Department employee authorizes a violation, the vendor mails a notice of violation to the driver. The violator can either pay the fine or contest the citation via a written declaration or a court hearing. Only an estimated 2% of violators contest their citations. The violator also has the option to identify another individual as the driver at the time of the violation. In this case, and only upon match confirmation, a citation is issued to the identified driver.

The red light camera program includes numerous duties. These include reviewing violations, preparing documentation for court, court appearances, answering written and telephone questions, violation nominations, requests for appointments to view violation videos, and follow up to letters of inquiry and correspondence from the court. Staff also responds to requests for informal discoveries from attorneys or violators. Compiling evidentiary packets for "Trials by Written Declaration" requires significant staff time. The red light program includes a budgeted three quarter time civilian position (0.75 FTE) who reports to the Traffic Sergeant. The position is currently vacant and the Traffic Sergeant is performing the duties of this position with the assistance of temporary staff. Court appearances typically require eight (8) hours of staff time each week.

#### Recent Legislation Affecting Red Light Camera Enforcement

The governor signed SB 1303 into law in 2012 requiring notification signage within 200 feet of each red light camera enforced intersection by January 1, 2014. The legislation also clarifies the legitimacy of red light camera generated evidence in court proceedings. The City of Menlo Park is already in compliance with this legislation.

Two California Assembly bills have been introduced during the current legislative session.

One piece of legislation would require the addition of one (1) second to the amber time period at red light camera enforced intersections. The City of Menlo Park Transportation Division and the California League of Cities do not support this legislation. Current amber light intervals are based on considerable research and actual practice, and reflect the conditions of the particular intersection. Additionally, according to City Transportation Division staff, adding one second to amber lights at red light camera intersections could disrupt synchronized corridors and may encourage drivers to enter intersections further into the amber phase creating safety concerns at non-red light camera controlled intersections.

The second bill currently proposed in the California Assembly would change red light camera violations from a criminal infraction to an administrative action and move adjudication out of superior courts to an administrative process similar to that of code enforcement violations.

### History of Traffic Enforcement Unit in Menlo Park

Budget reductions in June 2003 reduced the Menlo Park Police Department (MPPD) traffic unit from four (4) officers to one (1) officer. The remaining officer was transferred to the patrol unit later in 2003. MPPD did not deploy traffic officers again until August 2008. The FY2008-09 budget included funding for two (2) traffic officers. One (1) traffic officer transferred to patrol in January 2009. In 2010, existing personnel were reassigned to staff the Narcotics Enforcement Team (NET) to address rising drug, gang, and gun violence in the city at that time.

Personnel have not been reassigned to traffic enforcement duties on a full-time basis. Instead, patrol personnel conduct traffic enforcement when possible and as part of their ongoing patrol efforts. A majority of enforcement efforts involve observed violations (stop signs, traffic signals or speed violations) or are in response to resident complaints.

The red light camera program exists to supplement traffic enforcement and enhance public safety in Menlo Park.

## **ANALYSIS**

### Proposed Amended and Restated Agreement

The City and Redflex Traffic Systems, Inc. have negotiated terms as part of a new contract to continue the photo red light enforcement program. The term of the proposed agreement is for five (5) years with the option of two 1-year extensions. The City has also negotiated a shorter termination clause (30 days upon a vote of 4/5 of the Council) and the right to terminate the agreement immediately upon certain changes in California law or in response to court decisions affecting the effectiveness of enforcing or prosecuting violations. The price for existing locations would be reduced by 15% to \$5397.50 per approach per month with the option to add new locations at a cost of \$6,200 per approach per month.

### Traffic Accident Statistics

Traffic collisions pre-camera at red light camera enforced intersections totaled 141 from 2003 to mid-year 2008 when the first camera went live. Collisions decreased post red light camera implementation totaling 103 from mid-year 2008 to June 30, 2013. The greatest decrease in total number of collisions along the El Camino Real corridor in Menlo Park occurred when the City utilized both traffic officers and red light camera enforcement (Attachment A).

### Reduction in Accident Severity

According to the National Highway Traffic Safety Commission, more than 900 people a year die and nearly 2,000 are injured as a result of vehicles running red lights. About half of those deaths are pedestrians and occupants of other vehicles who are hit by red light runners. Side-impact or T-bone accidents represent 28.9% of all U.S. auto accidents and 20.9% of auto accident fatalities nationwide, with vehicle occupants on the side of the car that absorbs the impact being more likely to receive severe injuries than they would in a front- or rear-side auto accident. Rear-end accidents account for

25% of police-reported U.S. auto accidents and 5% of nationwide auto accident fatalities. On average, injury costs for side-impact accidents are 159% greater than rear-side accidents.

Consistent with Federal Highway Administration findings, the number of rear-end collisions occurring in Menlo Park’s RLC enforced intersections has increased and the number of side-impact (T-bone) collisions has decreased (Attachment B). Studies find the coupling of these trends results in an overall net reduction in accident severity, including fewer serious injuries.

Issued Citations and Violator Characteristics

Red light violations peaked in 2009 with the first complete year of RLC enforcement. The decrease in citations since 2009 (Attachment C) would indicate that driver awareness and adherence to the red light enforcement is effective. In addition, ninety-seven percent (97%) of violators cited for RLC violations in Menlo Park are one-time offenders. Only three percent (3%) of violators were cited two (2) or more times indicating that driver education is also occurring.

<b>Citations Received</b>	<b>Number of Violators</b>	<b>Percentage of Violators</b>
6+	1	0.00%
5	3	0.01%
4	13	0.05%
3	66	0.25%
2	795	3.02%
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	878	3.34%

On average, ten percent (10%) of vehicles cited by red light cameras at City enforced intersections are issued to vehicles registered to an address with a 94025 or 94026 zip code. Ninety percent (90%) are from vehicles outside of Menlo Park.

<b>Year</b>	<b>Total Citations</b>	<b>Percentage who are Menlo Park Residents</b>
2008	3,764	9%
2009	6,381	10%
2010	4,738	10%
2011	4,350	11%
2012	3,898	11%
2013	2,057	10%

Support for Chilco Camera

In 2012-2013, various sites were evaluated as possible locations for placement of additional red light cameras. One location was Bayfront Expressway at Chilco Street. On August 24, 2011, a bicyclist was struck and killed in the crosswalk while attempting to cross eastbound over the Expressway. It was clear that either the bicyclist or the motorist ran a red light. Since 2008, there have been 20 collisions in the intersection

resulting in 11 injury collisions. There were 13 minor injuries, 1 major injury and the fatal injury as mentioned above. A “test hang” was conducted to determine if red light violations were a significant problem at this location and results confirmed this as the case.

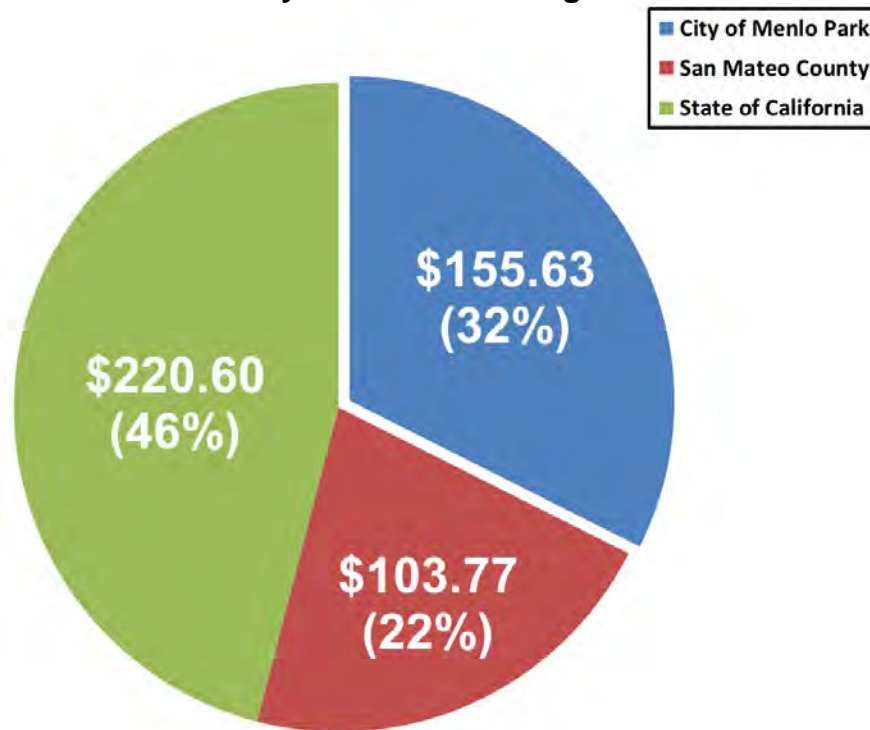
Program Work Load and Request to Increase 0.75 FTE to 1.0 FTE

The Red Light Camera Technician monitors a “hotline” for public requests. These calls can incorporate questions, identification of violators (drivers), or requests for appointments to view video footage of a violation. Some of these calls require follow-up inquiries or letters of correspondence to the court. The Police Department receives requests for informal discoveries, either from attorneys or violators. These are time sensitive and must be answered in a timely manner. The review of the violation “queue” is only one aspect of the position. The Technician is responsible for testifying in court on the cases that are heard in front of a commissioner. They need to assemble evidentiary packets for those cases that are disputed by “Trials by Written Declaration. The workload associated with the position supports a 40-hour a week employee.

**IMPACT ON CITY RESOURCES**

A fully paid citation equals \$480.00 and this fine is set by the State of California. The City of Menlo Park receives only \$155.63 from each fully paid citation and an equal percentage (32.4%) for fines adjusted by the courts. For example, an adjusted citation commonly means a reduced fine or even a conversion to community service.

**Distribution of Fully Paid \$480 Red Light Violation Citation**



Since the red light cameras became operational, revenue generated from the red light camera program has exceeded expenditures in each year of operation. The City has not subsidized the program.

	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Revenue	\$487,774	\$551,190	\$463,619	\$529,732	\$361,879
Expenditures	\$347,482	\$449,284	\$462,776	\$419,504	\$295,002
Net Revenue	\$140,262	\$101,907	\$843	\$110,228	\$66,877

Equipment service and maintenance along with Police Department staffing make up the bulk of program expenditures. The five-year average General Fund Contribution of \$84,023 can be considered to partially offset the average \$180,000 fully-burdened cost of one traffic unit officer. The red light camera program supplements and enhances public safety efforts by providing twenty-four (24) hour red light enforcement at monitored approaches.

Increasing the Red Light Enforcement Facilitator from three-quarter time (0.75 FTE) to full-time (1.0 FTE) increases expenditures by approximately \$16,300.

**POLICY ISSUES**

The proposed action is consistent with City’s focus on public safety.

**ENVIRONMENTAL REVIEW**

The proposed action does not require environmental review.

**PUBLIC NOTICE**

Public Notification was achieved by posting the agenda, with this agenda item being listed, at least 72 hours prior to the meeting.

**ATTACHMENTS**

- A. Border to Border Traffic Collision Counts on El Camino Real (Atherton to Palo Alto) 2004-2012
- B. El Camino Real Rear End and Side-impact (T-Bone) Collisions 2008-2012
- C. Citations Issued by Approach 2008-2012
- D. Proposed Agreement with Redflex Traffic Systems, Inc.

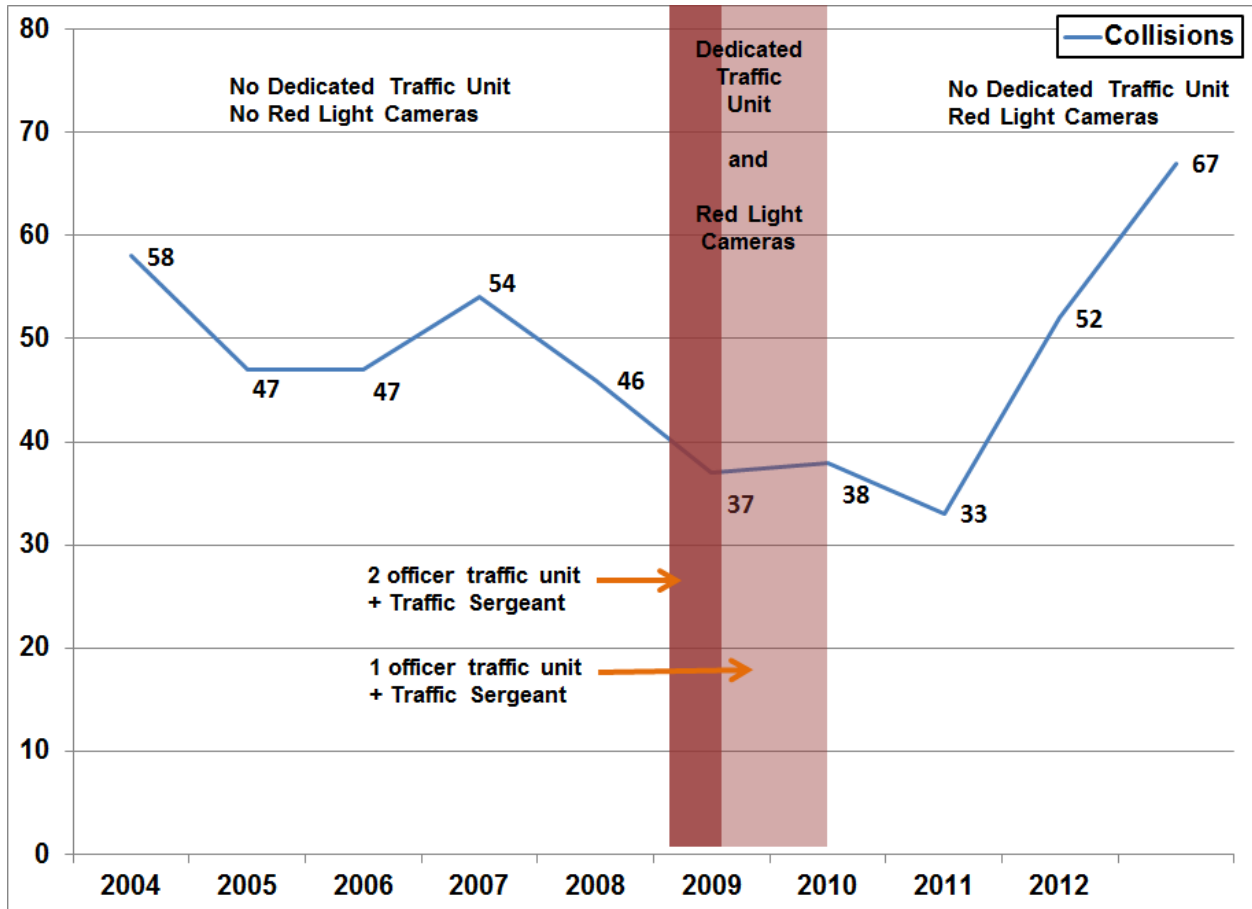
Report prepared by:  
 David Carnahan  
 City Manager’s Intern

Sharon Kaufman  
 Traffic Sergeant

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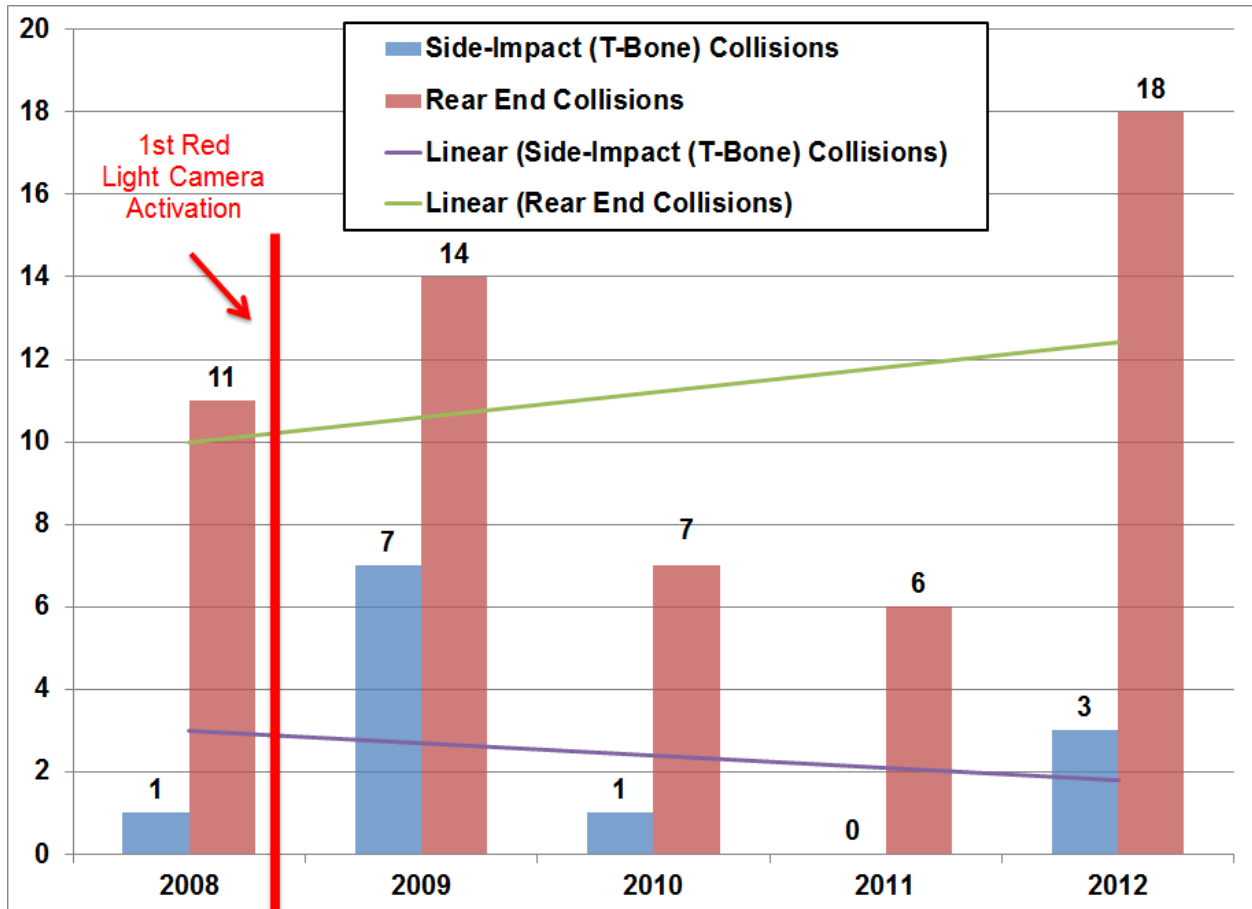


**Border to Border Traffic Collision Counts on El Camino Real (Atherton to Palo Alto) 2004-2012**



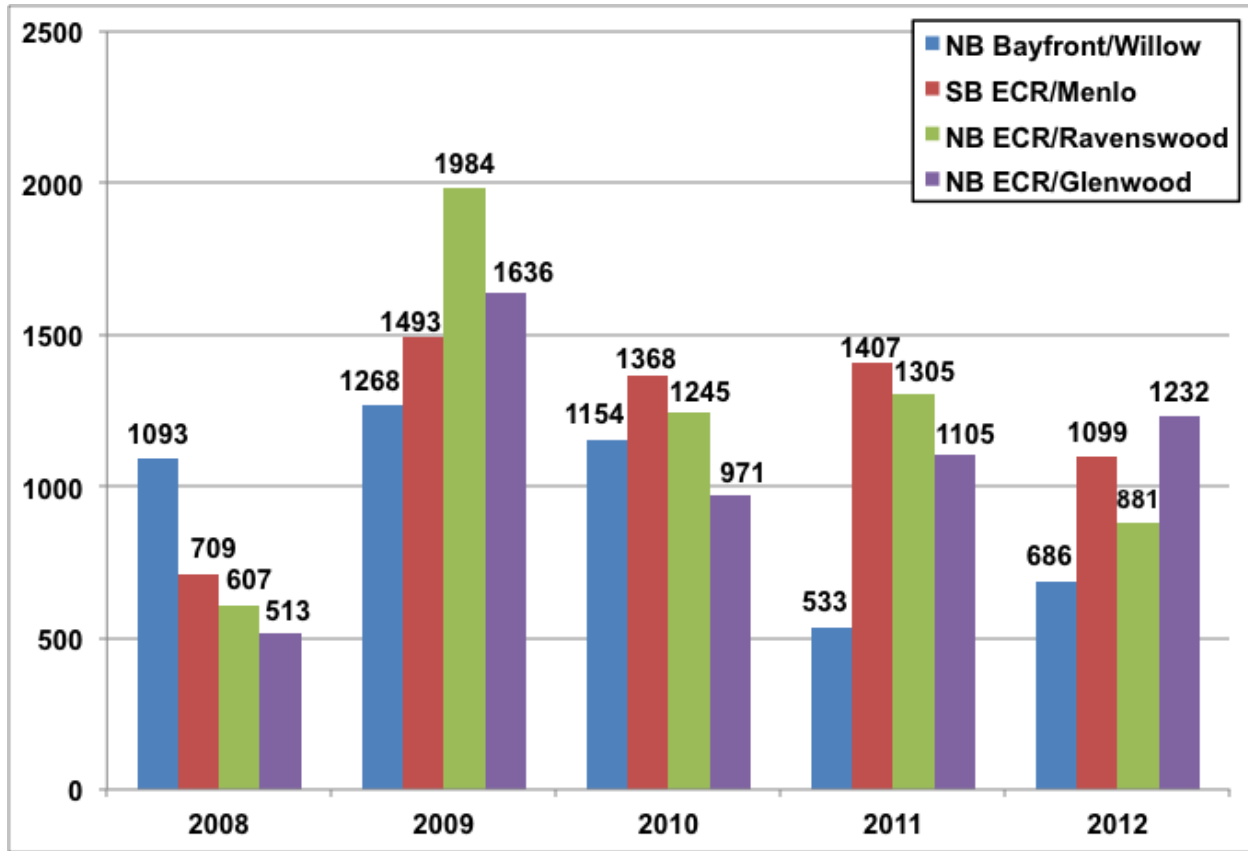
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El Camino Real Rear End and Side-impact (T-Bone) Collisions 2008-2012



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Citations Issued by Location 2008-2012



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AMENDMENT TO AND RESTATEMENT OF THE EXCLUSIVE AGREEMENT  
BETWEEN THE CITY OF MENLO PARK AND REDFLEX TRAFFIC SYSTEMS,  
INC. FOR A PHOTO RED LIGHT ENFORCEMENT PROGRAM

This Agreement and Restatement (“Agreement”) is made this day of August \_\_\_ 2013, by and between Redflex Traffic Systems, Inc. with offices at 5835 Uplander Way, Culver City, California 90230 (“Redflex”), and The City of Menlo Park a municipal corporation, with offices at 701 Laurel Street, Menlo Park, California 94025 (the “City”), collectively referred to as the “Parties.”

**RECITALS:**

WHEREAS, Redflex and City entered into an agreement for services dated December 5, 2006, entitled Exclusive Agreement Between the City of Menlo Park and Redflex Traffic Systems, Inc. For Photo Red Light Enforcement Program (“2006 Agreement”).

WHEREAS, Redflex has exclusive knowledge, possession and ownership of certain equipment, licenses, applications, and citation processes related to digital photo red light enforcement systems; and

WHEREAS, City desires to continue to engage the services of Redflex to provide certain equipment, processes and back office services so that sworn peace officers of the City are able to monitor, identify and enforce red light running violations.

WHEREAS, the Parties wish to enter into this Agreement, which is intended to fully and completely supersede the 2006 Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other valuable consideration received, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**AGREEMENT**

1. **DEFINITIONS.** In this Agreement, the words and phrases below shall have the following meanings:
  - 1.1. “Authorized Officer” means the Police Project Manager or such other individual(s) as the City shall designate to review Potential Violations and to authorize the Issuance of Citations in respect thereto, and in any event, a sworn peace officer or a qualified employee of the Police Department.
  - 1.2. “Authorized Violation” means each Potential Violation in the Violation Data for which authorization to issue a citation in the form of an Electronic Signature is given by the Authorized Officer by using the Redflex System.
  - 1.3. “Citation” means the notice of a Violation, which is mailed or otherwise delivered by Redflex to the violator on the appropriate Enforcement Documentation in respect of each Authorized Violation.
  - 1.4. “Confidential or Private Information” means, with respect to any Person, any information, matter or thing of a secret, confidential or private nature, whether or

not so labeled, which is connected with such Person's business or methods of operation or concerning any of such Person's suppliers, licensors, licensees, Citys or others with whom such Person has a business relationship, and which has current or potential value to such Person or the unauthorized disclosure of which could be detrimental to such Person, including but not limited to:

- 1.4.1. Matters of a business nature, including but not limited to information relating to development plans, costs, finances, marketing plans, data, procedures, business opportunities, marketing methods, plans and strategies, the costs of construction, installation, materials or components, the prices such Person obtains or has obtained from its clients or Citys, or at which such Person sells or has sold its services; and
- 1.4.2. Matters of a technical nature, including but not limited to product information, trade secrets, know-how, formulae, innovations, inventions, devices, discoveries, techniques, formats, processes, methods, specifications, designs, patterns, schematics, data, access or security codes, compilations of information, test results and research and development projects. For purposes of this Agreement, the term "trade secrets" shall mean the broadest and most inclusive interpretation of trade secrets.
- 1.4.3. Notwithstanding the foregoing, Confidential Information will not include information that: (i) was generally available to the public or otherwise part of the public domain at the time of its disclosure, (ii) became generally available to the public or otherwise part of the public domain after its disclosure and other than through any act or omission by any party hereto in breach of this Agreement, (iii) was subsequently lawfully disclosed to the disclosing party by a person other than a party hereto, (iv) was required by a court of competent jurisdiction to be described, or (v) was required by applicable state law to be described.
- 1.5. "Designated Intersection Approaches" means the Intersection Approaches set forth on Exhibit A attached hereto, and such additional Intersection Approaches as Redflex and the City shall mutually agree from time to time.
- 1.6. "Electronic Signature" means the method through which the Authorized Officer indicates his or her approval of the issuance of a Citation in respect of a Potential Violation using the Redflex System.
- 1.7. "Enforcement Documentation" means the necessary and appropriate documentation related to the Photo Red Light Enforcement Program, including but not limited to warning letters, citation notices (using the specifications of the Judicial Council and the City, a numbering sequence for use on all citation notices (in accordance with applicable court rules), instructions to accompany each issued Citation (including in such instructions a description of basic court procedures, payment options and information regarding the viewing of images and data collected by the Redflex System), chain of custody records, criteria regarding operational policies for processing Citations (including with respect to coordinating with the Department of Motor Vehicles), and technical support documentation for applicable court and judicial officers .
- 1.8. "Equipment" means any and all cameras, sensors, equipment, components, products, software and other tangible and intangible property relating to the



Redflex Photo Red Light System(s), including but not limited to all camera systems, housings, radar units, servers and poles.

- 1.9. “Fine” means a monetary sum assessed for Citation, including but not limited to bail forfeitures, but excluding suspended fines.
- 1.10. “Governmental Authority” means any domestic or foreign government, governmental authority, court, tribunal, agency or other regulatory, administrative or judicial agency, commission or organization, and any subdivision, branch or department of any of the foregoing.
- 1.11. “Installation Date of the Photo Red Light Program” means the date on which Redflex completes the construction and installation of at least one (1) Intersection Approach in accordance with the terms of this Agreement so that such Intersection Approach is operational for the purposes of functioning with the Redlight Photo Enforcement Program.
- 1.12. “Intellectual Property” means, with respect to any Person, any and all now known or hereafter known tangible and intangible (a) rights associated with works of authorship throughout the world, including but not limited to copyrights, moral rights and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secrets rights, (d) patents, designs, algorithms and other industrial property rights, (e) all other intellectual and industrial property rights (of every kind and nature throughout the universe and however designated), whether arising by operation of law, contract, license, or otherwise, and (f) all registrations, initial applications, renewals, extensions, continuations, divisions or reissues hereof now or hereafter in force (including any rights in any of the foregoing), of such Person.
- 1.13. “Intersection Approach” means a conduit of travel with up to four (4) contiguous lanes from the curb (e.g., northbound, southbound, eastbound or westbound) on which at least one (1) system has been installed by Redflex for the purposes of facilitating Redlight Photo Enforcement by the City.
- 1.14. “Operational Period” means the period of time during the Term, commencing on the Installation Date, during which the Photo Red Light Enforcement Program is functional in order to permit the identification and prosecution of Violations at the Designated Intersection Approaches by a sworn peace officer of the City and the issuance of Citations for such approved Violations using the Redflex System.
- 1.15. “Person” means a natural individual, company, Governmental Authority, partnership, firm, corporation, legal entity or other business association.
- 1.16. “Police Project Manager” means the project manager appointed by the City in accordance with this Agreement, which shall be a sworn peace officer or a qualified employee of the Police Department and shall be responsible for overseeing the installation of the Intersection Approaches and the implementation of the Redlight Photo Enforcement Program, and which manager shall have the power and authority to make management decisions relating to the City’s obligations pursuant to this Agreement, including but not limited to change order authorizations, subject to any limitations set forth in the City’s charter or other organizational documents of the City or by the city counsel or other governing body of the City.

- 1.17. “Potential Violation” means, with respect to any motor vehicle passing through a Designated Intersection Approach, the data collected by the Redflex System with respect to such motor vehicle, which data shall be processed by the Redflex System for the purposes of allowing the Authorized Officer to review such data and determine whether a Red Light Violation has occurred.
- 1.18. “Proprietary Property” means, with respect to any Person, any written or tangible property owned or used by such Person in connection with such Person’s business, whether or not such property is copyrightable or also qualifies as Confidential Information, including without limitation products, samples, equipment, files, lists, books, notebooks, records, documents, memoranda, reports, patterns, schematics, compilations, designs, drawings, data, test results, contracts, agreements, literature, correspondence, spread sheets, computer programs and software, computer print outs, other written and graphic records and the like, whether originals, copies, duplicates or summaries thereof, affecting or relating to the business of such Person, financial statements, budgets, projections and invoices.
- 1.19. “Redflex Marks” means all trademarks registered in the name of Redflex or any of its affiliates, such other trademarks as are used by Redflex or any of its affiliates on or in relation to Photo Red Light Enforcement at any time during the Term this Agreement, service marks, trade names, logos, brands and other marks owned by Redflex, and all modifications or adaptations of any of the foregoing.
- 1.20. “Redflex Project Manager” means the project manager appointed by Redflex in accordance with this Agreement, which project manager shall initially be Ray Torrez or such person as Redflex shall designate by providing written notice thereof to the City from time to time, who shall be responsible for overseeing the construction and installation of the Designated Intersection Approaches and the implementation the Photo Red Light Enforcement Program, and who shall have the power and authority to make management decisions relating to Redflex’s obligations pursuant to this Agreement, including but not limited to change-order authorizations.
- 1.21. “Redflex Photo Red Light System” means, collectively, the SmartCam™ System, the SmartOps™ System, the Redlight Photo Enforcement Program, and all of the other equipment, applications, back office processes and digital red light traffic enforcement cameras, sensors, components, products, software and other tangible and intangible property relating thereto.
- 1.22. “Photo Red Light Enforcement Program” means the process by which the monitoring, identification and enforcement of Violations is facilitated by the use of certain equipment, applications and back office processes of Redflex, including but not limited to cameras, flashes, central processing units, signal controller interfaces and detectors (whether loop, radar or video loop) which, collectively, are capable of measuring Violations and recording such Violation data in the form of photographic images of motor vehicles.
- 1.23. “Photo Redlight Violation Criteria” means the standards and criteria by which Potential Violations will be evaluated by sworn peace officers of the City, which standards and criteria shall include, but are not limited to, the duration of time that a traffic light must remain red prior to a Violation being deemed to have

occurred, and the location(s) in an intersection which a motor vehicle must pass during a red light signal prior to being deemed to have committed a Violation, all of which shall be in compliance with all applicable laws, rules and regulations of Governmental Authorities.

- 1.24. “SmartCam™ System” means the proprietary digital redlight photo enforcement system of Redflex relating to the Photo Red Light Enforcement Program.
  - 1.25. “SmartOps™ System” means the proprietary back-office processes of Redflex relating to the Photo Red Light Enforcement Program.
  - 1.26. “SmartScene™ System” means the proprietary digital video camera unit, hardware and software required for providing supplemental violation data.
  - 1.27. “Traffic Signal Controller Boxes” means the signal controller interface and detector, including but not limited to the radar or video loop, as the case may be.
  - 1.28. “Violation” means any traffic violation contrary to the terms of the Vehicle Code or any applicable rule, regulation or law of any other Governmental Authority, including but not limited to operating a motor vehicle contrary to traffic signals, and operating a motor vehicle without displaying a valid license plate or registration.
  - 1.29. “Violations Data” means the images and other Violations data gathered by the Redflex System at the Designated Intersection Approaches.
  - 1.30. “Warning Period” means the period of thirty (30) days after the Installation Date of the first intersection approach.
2. **TERM.** “The Term of this Agreement shall continue for a period of five (5) years from the date of this Agreement. City shall have two (2) additional optional extensions, each consisting of one (1) year periods following the expiration of the initial five (5) year term, which shall be termed the “Renewal Term(s)”. The City may exercise the right to extend the term of this Agreement for each Renewal Term by providing written notice to Redflex not less than thirty (30) days prior to the last day of the initial five (5) year term or the conclusion of the first Renewal Term.”
  3. **SERVICES.** Redflex shall provide the Photo Red Light Enforcement Program to the City, in each case in accordance with the terms and provisions set forth in this Agreement.
    - 3.1. **INSTALLATION.** With respect to the construction and installation of (1) the Designated Intersection Approaches and the installation of the Redflex System at such Designated Intersection Approaches, the City and Redflex shall have the respective rights and obligations set forth on Exhibit B attached hereto.
    - 3.2. **MAINTENANCE.** With respect to the maintenance of the Redflex System at the Designated Intersection Approaches the City and Redflex shall have the respective rights and obligations set forth on Exhibit C attached hereto.
    - 3.3. **VIOLATION PROCESSING.** During the Operational Period, Violations shall be processed as follows:

- 3.3.1. All Violations Data shall be stored on the Redflex System;
- 3.3.2. The Redflex System shall process Violations Data gathered from the Designated Intersection Approaches into a format capable of review by the Authorized Officer via the Redflex System;
- 3.3.3. The Redflex System shall be accessible by the Authorized Officer through a virtual private network in encrypted format by use of a confidential password on any computer equipped with a high-speed internet connection and a web browser;
- 3.3.4. Redflex shall provide the Authorized Officer with access to the Redflex System for the purposes of reviewing the pre-processed Violations Data within seven (7) days of the gathering of the Violation Data from the applicable Designated Intersection Approaches
- 3.3.5. The City shall cause the Authorized Officer to review the Violations Data and to determine whether a citation shall be issued with respect to each Potential Violation captured within such Violation Data, and transmit each such determination in the form of an Electronic Signature to Redflex using the software or other applications or procedures provided by Redflex on the Redflex System for such purpose, and REDFLEX HEREBY ACKNOWLEDGES AND AGREES THAT THE DECISION TO ISSUE A CITATION SHALL BE THE SOLE, UNILATERAL AND EXCLUSIVE DECISION OF THE AUTHORIZED OFFICER AND SHALL BE MADE IN SUCH AUTHORIZED OFFICER'S SOLE DISCRETION (A "CITATION DECISION"), AND IN NO EVENT SHALL REDFLEX HAVE THE ABILITY OR AUTHORIZATION TO MAKE A CITATION DECISION;
- 3.3.6. With respect to each Authorized Violation, Redflex shall print and mail a Citation within six (6) days after Redflex's receipt of such authorization; provided, however, during the Warning Period, warning violation notices shall be issued in respect of all Authorized Violations;
- 3.3.7. Redflex shall provide a toll-free telephone number for the purposes of answering citizen inquiries
- 3.3.8. Redflex shall permit the Authorized Officer to generate monthly reports using the Redflex Standard Report System.
- 3.3.9. Upon Redflex's receipt of a written request from the City and in addition to the Standard Reports, Redflex shall provide, without cost to the City, reports regarding the processing and issuance of Citations, the maintenance and downtime records of the Designated Intersection Approaches and the functionality of the Redflex System with respect thereto to the City in such format and for such periods as the City may reasonably request; provided, however, Redflex shall not be obligated to provide in excess of six (6) such reports in any given twelve (12) month period without cost to the City;
- 3.3.10. Upon the City's receipt of a written request from Redflex, the City shall provide, without cost to Redflex, reports regarding the prosecution of Citations and the collection of fines, fees and other monies in respect thereof in such format and for such periods as Redflex may reasonably request; provided, however, the City shall not be obligated to provide in excess of six

- (6) such reports in any given twelve (12) month period without cost to Redflex and subject to availability of such reports and/or information from the San Mateo County court system;
- 3.3.11. During the six (6) month period following the Installation Date and/or upon Redflex's receipt of a written request from the City at least fourteen (14) calendar days in advance of court proceeding, Redflex shall provide expert witnesses for use by the City in prosecuting Violations; provided, however, the City shall use reasonable best efforts to seek judicial notice in lieu of requiring Redflex to provide such expert witnesses; and
- 3.3.12. During the three (3) month period following the Installation Date, Redflex shall provide such training to law enforcement personnel as shall be reasonably necessary in order to allow such personnel to act as expert witnesses on behalf of the City with respect to the Redlight Enforcement Program.
- 3.4. PROSECUTION AND COLLECTION; COMPENSATION. The City shall diligently prosecute Citations and the collection of all Fines in respect thereof, and Redflex shall have the right to receive, and the City shall be obligated to pay, the compensation set forth on Exhibit D attached hereto.
- 3.5. OTHER RIGHTS AND OBLIGATIONS. During the Term, in addition to all of the other rights and obligations set forth in this Agreement, Redflex and the City shall have the respective rights and obligations set forth on Exhibit E attached hereto.
- 3.6. UPGRADES TO SYSTEM. Commencing 24 months after the Installation Date Redflex shall provide City the option, at no cost to City, to upgrade the system to the latest available technology being offered by Redflex to other cities, including upgrades to hardware, software, camera system, violation detection systems, etc. Such offer shall be made in writing. City shall at any time thereafter have the right to direct Redflex to implement any or all such upgrades at its sole option. Upon receipt of City's election, Redflex shall diligently proceed to implement and/or install the selected upgrades at its sole cost and shall provide City with any necessary training to operate the upgraded system at no cost to City. This section is subject to Paragraph 1.20 of Exhibit B.
- 3.7. CHANGE ORDERS. The City may from time to time request changes to the work required to be performed or the addition of products or services to those required pursuant to the terms of this Agreement by providing written notice thereof to Redflex, setting forth in reasonable detail the proposed changes (a "Change Order Notice"). Upon Redflex's receipt of a Change Order Notice, Redflex shall deliver a written statement describing the effect, if any, the proposed changes would have on the pricing terms set forth in Exhibit D (the "Change Order Proposal"), which Change Order Proposal shall include (i) a detailed breakdown of the charge and schedule effects, (ii) a description of any resulting changes to the specifications and obligations of the parties, (iii) a schedule for the delivery and other performance obligations, and (iv) any other information relating to the proposed changes reasonably requested by the City. Following the City's receipt of the Change Order Proposal, the parties shall negotiate in good faith and agree to a plan and schedule for implementation of

the proposed changes, the time, manner and amount of payment or price increases or decreases, as the case may be, and any other matters relating to the proposed changes; provided, however, in the event that any proposed change involves only the addition of equipment or services to the existing Designated Intersection Approaches, or the addition of Intersection Approaches to be covered by the terms of this Agreement, to the maximum extent applicable, the pricing terms set forth in Exhibit D shall govern. Any failure of the parties to reach agreement with respect to any of the foregoing as a result of any proposed changes shall not be deemed to be a breach of this Agreement, and any disagreement shall be resolved in accordance with Section 10.

**4. License; Reservation of Rights.**

- 4.1. License. Subject to the terms and conditions of this Agreement, Redflex hereby grants the City, and the City hereby accepts from Redflex upon the terms and conditions herein specified, a non-exclusive, non-transferable license during the Term of this Agreement to: (a) solely within the City of (insert name), access and use the Redflex System for the sole purpose of reviewing Potential Violations and authorizing the issuance of Citations pursuant to the terms of this Agreement, and to print copies of any content posted on the Redflex System in connection therewith, (b) disclose to the public (including outside of the City of (insert name)) that Redflex is providing services to the City in connection with Photo Red Light Enforcement Program pursuant to the terms of this Agreement, and (c) use and display the Redflex Marks on or in marketing, public awareness or education, or other publications or materials relating to the Photo Red Light Enforcement Program, so long as any and all such publications or materials are approved in advance by Redflex.
- 4.2. RESERVATION OF RIGHTS. The City hereby acknowledges and agrees that: (a) Redflex is the sole and exclusive owner of the Redflex System, the Redflex Marks, all Intellectual Property arising from or relating to the Redflex System, and any and all related Equipment, (b) the City neither has nor makes any claim to any right, title or interest in any of the foregoing, except as specifically granted or authorized under this Agreement, and (c) by reason of the exercise of any such rights or interests of City pursuant to this Agreement, the City shall gain no additional right, title or interest therein.
- 4.3. RESTRICTED USE. The City hereby covenants and agrees that it shall not (a) make any modifications to the Redflex System, including but not limited to any Equipment, (b) alter, remove or tamper with any Redflex Marks, (c) use any of the Redflex Marks in any way which might prejudice their distinctiveness, validity or the goodwill of Redflex therein, (d) use any trademarks or other marks other than the Redflex Marks in connection with the City's use of the Redflex System pursuant to the terms of this Agreement without first obtaining the prior consent of Redflex, or (e) disassemble, de-compile or otherwise perform any type of reverse engineering to the Redflex System, the Redflex System, including but not limited to any Equipment, or to any, Intellectual Property or Proprietary Property of Redflex, or cause any other Person to do any of the foregoing.
- 4.4. PROTECTION OF RIGHTS. Redflex shall have the right to take whatever action it deems necessary or desirable to remedy or prevent the infringement of

any Intellectual Property of Redflex, including without limitation the filing of applications to register as trademarks in any jurisdiction any of the Redflex Marks, the filing of patent application for any of the Intellectual Property of Redflex, and making any other applications or filings with appropriate Governmental Authorities. The City shall not take any action to remedy or prevent such infringing activities, and shall not in its own name make any registrations or filings with respect to any of the Redflex Marks or the Intellectual Property of Redflex without the prior written consent of Redflex.

4.5. INFRINGEMENT. The City shall use its reasonable best efforts to give Redflex prompt notice of any activities or threatened activities of any Person of which it becomes aware that infringes or violates the Redflex Marks or any of Redflex's Intellectual Property or that constitute a misappropriation of trade secrets or act of unfair competition that might dilute, damage or destroy any of the Redflex Marks or any other Intellectual Property of Redflex. Redflex shall have the exclusive right, but not the obligation, to take action to enforce such rights and to make settlements with respect thereto. In the event that Redflex commences any enforcement action under this Section 4.5, then the City shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex, and Redflex shall be entitled to any damages or other monetary amount that might be awarded after deduction of actual costs; provided, that Redflex shall reimburse the City for any reasonable costs incurred in providing such cooperation and assistance.

4.6. INFRINGING USE. The City shall give Redflex prompt written notice of any action or claim action or claim, whether threatened or pending, against the City alleging that the Redflex Marks, or any other Intellectual Property of Redflex, infringes or violates any patent, trademark, copyright, trade secret or other Intellectual Property of any other Person, and the City shall render to Redflex such reasonable cooperation and assistance as is reasonably requested by Redflex in the defense thereof; provided, that Redflex shall reimburse the City for any reasonable costs incurred in providing such cooperation and assistance. If such a claim is made and Redflex determines, in the exercise of its sole discretion, that an infringement may exist, Redflex shall have the right, but not the obligation, to procure for the City the right to keep using the allegedly infringing items, modify them to avoid the alleged infringement or replace them with non-infringing items.

## **5. Representations and Warranties.**

### **5.1. Redflex Representations and Warranties.**

5.1.1. Authority. Redflex hereby warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations hereunder.

5.1.2. Professional Services. Redflex hereby warrants and represents that any and all services provided by Redflex pursuant to this Agreement shall be performed in a professional and workmanlike manner and, with respect to the installation of the Redflex System, subject to applicable law, in compliance with all specifications provided to Redflex by the City.

### **5.2. City Representations and Warranties.**

- 5.2.1. Authority. The City hereby warrants and represents that it has all right, power and authority to execute and deliver this Agreement and perform its obligations hereunder.
- 5.2.2. Professional Services. The City hereby warrants and represents that any and all services provided by the City pursuant to this Agreement shall be performed in a professional and workmanlike manner.
- 5.3. LIMITED WARRANTIES. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, REDFLEX MAKES NO WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE REDFLEX SYSTEM OR ANY RELATED EQUIPMENT OR WITH RESPECT TO THE RESULTS OF THE CITY'S USE OF ANY OF THE FOREGOING. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREIN, REDFLEX DOES NOT WARRANT THAT ANY OF THE DESIGNATED INTERSECTION APPROACHES OR THE REDFLEX SYSTEM WILL OPERATE IN THE WAY THE CITY SELECTS FOR USE, OR THAT THE OPERATION OR USE THEREOF WILL BE UNINTERRUPTED. THE CITY HEREBY ACKNOWLEDGES THAT THE REDFLEX SYSTEM MAY MALFUNCTION FROM TIME TO TIME, AND SUBJECT TO THE TERMS OF THIS AGREEMENT, REDFLEX SHALL DILIGENTLY ENDEAVOR TO CORRECT ANY SUCH MALFUNCTION IN A TIMELY MANNER.

**6. Termination.**

- 6.1. TERMINATION FOR CAUSE:** City shall have the right to terminate this Agreement immediately by written notice to Redflex if (i) the California Legislature adopts or enacts any law that prohibits or otherwise impacts or limits the continued operation of photo red light enforcement systems in the State of California; (ii) any California Court having jurisdiction over the operation of red light enforcement systems, or state or federal statute declares, that results from the Redflex System of photo red light enforcement are inadmissible in evidence, illegal, or found to be improper for the purposes of prosecution of any violation; (iii) any Legislative or Court decision limiting the ability of the City to enforce red light citations and to prosecute red light citations in the San Mateo County Superior Court or otherwise effect the ability of the City to collect fines for red light citations; (iv) the other party commits any material breach of any of the provisions of this Agreement; or (v) the Menlo Park City Council, upon a vote of 4/5<sup>th</sup> of the members, votes to terminate the Agreement upon thirty (30) days' notice to Redflex. Either Party shall have the right to terminate this Agreement immediately upon the material breach by either party of any provision of this Agreement. In the event of a termination due to Section 6.1(i), 6.1(ii), or 6.1(iii) above, City shall be relieved of any further obligations for payment to Redflex other than as specified in Exhibit D. In the event of termination due to Section 6.1(iv), either party shall have the right to remedy the cause for termination within forty-five (45) calendar days after written notice from the non-causing party setting forth in reasonable detail the events of the cause for termination.



- 6.2. PROCEDURES UPON TERMINATION. The termination of this Agreement shall not relieve either party of any liability that accrued prior to such termination. Except as set forth in Section 6.3, upon the termination of this Agreement, all of the provisions of this Agreement shall terminate and:
- 6.2.1. Redflex shall (i) immediately cease to provide services, including but not limited to work in connection with the construction or installation activities and services in connection with the Photo Red Light Enforcement Program, (ii) promptly deliver to the City any and all Proprietary Property of the City provided to Redflex pursuant to this Agreement, (iii) promptly deliver to the City a final report to the City regarding the collection of data and the issuance of Citations in such format and for such periods as the City may reasonably request, and which final report Redflex shall update or supplement from time to time when and if additional data or information becomes available, (iv) promptly deliver to City a final invoice stating all fees and charges properly owed by City to Redflex for work performed and Citations issued by Redflex prior to the termination, and (v) provide such assistance as the City may reasonably request from time to time in connection with prosecuting and enforcing Citations issued prior to the termination of this Agreement.
- 6.2.2. The City shall (i) immediately cease using the Photo Red Light Enforcement Program, accessing the Redflex System and using any other Intellectual Property of Redflex, (ii) promptly deliver to Redflex any and all Proprietary Property of Redflex provided to the City pursuant to this Agreement, and (iii) promptly pay any and all fees, charges and amounts properly owed by City to Redflex for work performed and Citations issued by Redflex prior to the termination.
- 6.2.3. Unless the City and Redflex have agreed to enter into a new agreement relating to the Photo Red Light Enforcement Program or have agreed to extend the Term of this Agreement, Redflex shall remove any and all Equipment or other materials of Redflex installed in connection with Redflex's performance of its obligations under this Agreement, including but not limited to housings, poles and camera systems, and Redflex shall restore the Designated Intersection Approaches to substantially the same condition such Designated Intersection Approaches were in immediately prior to this Agreement.
- 6.3. SURVIVAL. Notwithstanding the foregoing, the definitions and each of the following shall survive the termination of this Agreement: (x) Sections 4.2 (Reservation of Rights), 5.1 (Redflex Representations and Warranties), 5.2 (City Representations and Warranties), 5.3 (Limited Warranty), 7 (Confidentiality), 8 (Indemnification and Liability), 9 (Notices), 10 (Dispute Resolution), 11.1 (Assignment), 11.17 (Applicable Law), 11.16 (Injunctive Relief; Specific Performance) and 11.18 (Jurisdiction and Venue), and (y) those provisions, and the rights and obligations therein, set forth in this Agreement which either by their terms state, or evidence the intent of the parties, that the provisions survive

the expiration or termination of the Agreement, or must survive to give effect to the provisions of this Agreement.

7. **CONFIDENTIALITY.** During the term of this Agreement and for a period of three (3) years thereafter, neither party shall disclose to any third person, or use for itself in any way for pecuniary gain, any Confidential Information learned from the other party during the course of the negotiations for this Agreement or during the Term of this Agreement. Upon termination of this Agreement, each party shall return to the other all tangible Confidential Information of such party. Each party shall retain in confidence and not disclose to any third party any Confidential Information without the other party's express written consent, except (a) to its employees who are reasonably required to have the Confidential Information, (b) to its agents, representatives, attorneys and other professional advisors that have a need to know such Confidential Information, provided that such parties undertake in writing (or are otherwise bound by rules of professional conduct) to keep such information strictly confidential, and (c) pursuant to, and to the extent of, a request or order by any Governmental Authority, including laws relating to public records.

8. **Indemnification and Liability.**

8.1. **Indemnification by Redflex.** Subject to Section 8.3, Redflex hereby agrees to defend and indemnify the City and its affiliates, shareholders or other interest holders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and each of their affiliates, and all persons acting by, through, under or in concert with them, or any of them (individually a "City Party" and collectively, the "City Parties") against, and to protect, save and keep harmless the City Parties from, and to pay on behalf of or reimburse the City Parties as and when incurred for, any and all liabilities, obligations, losses, damages, penalties, demands, claims, actions, suits, judgments, settlements, costs, expenses and disbursements (including reasonable attorneys', accountants' and expert witnesses' fees) of whatever kind and nature (collectively, "Losses"), which may be imposed on or incurred by any City Party arising out of or related to (a) any material misrepresentation, inaccuracy or breach of any covenant, warranty or representation of Redflex contained in this Agreement, (b) the negligence or willful misconduct of Redflex, its employees or agents which result in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the negligence or willful misconduct of any City Party, or (c) any claim, liability or damage to persons or property arising out of, relating to, or caused by, the use or operation of the Redflex System, including but not limited to any claim, action or demand (other than citation enforcement) arising out of, relating to, or alleging a malfunction of the Redflex System, except to the extent caused by the negligence or willful misconduct of any City Party.

8.2. **Indemnification by City.** Subject to Section 8.3, the City hereby agrees to defend and indemnify Redflex and its affiliates, shareholders or other interest holders, managers, officers, directors, employees, agents, representatives and successors, permitted assignees and all persons acting by, through, under or in concert with them, or any of them (individually a "Redflex Party" and collectively, the

“Redflex Parties”) against, and to protect, save and keep harmless the Redflex Parties from, and to pay on behalf of or reimburse the Redflex Parties as and when incurred for, any and all Losses which may be imposed on or incurred by any Redflex Party arising out of or in any way related to (a) any material misrepresentation, inaccuracy or breach of any covenant, warranty or representation of the City contained in this Agreement, (b) the negligence or willful misconduct of the City, its employees, contractors or agents which result in death or bodily injury to any natural person (including third parties) or any damage to any real or tangible personal property (including the personal property of third parties), except to the extent caused by the negligence or willful misconduct of any Redflex Party, or (c) any claim, action or demand challenging the City’s use of the Redflex System or any portion thereof, the validity of the results of the City’s use of the Redflex System or any portion thereof, or the validity of the Citations issued, prosecuted and collected as a result of the City’s use of the Redflex System or any portion thereof, except any claim, action or demand (other than citation enforcement) arising out of, relating to, or alleging a malfunction of the Redflex System, and further excepting any claim, action or demand for which City has immunity under State or Federal law.

8.3. Indemnification Procedures. In the event any claim, action or demand (a “Claim”) in respect of which any party hereto seeks indemnification from the other, the party seeking indemnification (the “Indemnified Party”) shall give the party from whom indemnification is sought (the “Indemnifying Party”) written notice of such Claim promptly after the Indemnified Party first becomes aware thereof; provided, however, that failure so to give such notice shall not preclude indemnification with respect to such Claim except to the extent of any additional or increased Losses or other actual prejudice directly caused by such failure. The Indemnifying Party shall have the right to choose counsel to defend such Claim (subject to the approval of such counsel by the Indemnified Party, which approval shall not be unreasonably withheld, conditioned or delayed), and to control, compromise and settle such Claim, and the Indemnified Party shall have the right to participate in the defense at its sole expense; provided, however, the Indemnified Party shall have the right to take over the control of the defense or settlement of such Claim at any time if the Indemnified Party irrevocably waives all rights to indemnification from and by the Indemnifying Party. The Indemnifying Party and the Indemnified Party shall cooperate in the defense or settlement of any Claim, and no party shall have the right enter into any settlement agreement that materially affects the other party’s material rights or material interests without such party’s prior written consent, which consent will not be unreasonably withheld or delayed.

8.4. LIMITED LIABILITY. Notwithstanding anything to the contrary in this Agreement, neither party shall be liable to the other, by reason of any representation or express or implied warranty, condition or other term or any duty at common or civil law, for any indirect, incidental, special, lost profits or consequential damages, however caused and on any theory of liability arising out of or relating to this Agreement.

9. **NOTICES.** Any notices to be given hereunder shall be in writing, and shall be deemed to have been given (a) upon delivery, if delivered by hand, (b) upon the date of receipt or refusal after being mailed first class, certified mail, return receipt requested, postage and registry fees prepaid, or (c) upon receipt after being delivered to a reputable overnight courier service, excluding the U.S. Postal Service, prepaid, marked for next day delivery, if the courier service obtains a signature acknowledging receipt, in each case addressed or sent to such party as follows:

9.1. Notices to Redflex:

Redflex Traffic Systems, Inc.  
23751 N. 23<sup>rd</sup> Ave  
Phoenix, Arizona 85085  
Attention: Mr. James Saunders  
Facsimile: (623) 207-2905

9.2. Notices to the City:

City of Menlo Park  
Civic Center  
701 Laurel Street  
Menlo Park, CA 94025  
Attention: Chief of Police  
Facsimile: (650) 327-0170

With a copy to:

Jorgenson, Siegel, McClure & Flegel, LLP  
1100 Alma Street, Suite 210  
Menlo Park, CA 94025  
Attention: William L. McClure  
Facsimile: (650) 324-0227

10. **DISPUTE RESOLUTION.** Upon the occurrence of any dispute or disagreement between the parties hereto arising out of or in connection with any term or provision of this Agreement, the subject matter hereof, or the interpretation or enforcement hereof (the “Dispute”), the parties shall engage in informal, good faith discussions and attempt to resolve the Dispute. In connection therewith, upon written notice of either party, each of the parties will appoint a designated officer whose task it shall be to meet for the purpose of attempting to resolve such Dispute. The designated officers shall meet as often as the parties shall deem to be reasonably necessary. Such officers will discuss the Dispute. If the parties are unable to resolve the Dispute in accordance with this Section 10, and in the event that either of the parties concludes in good faith that amicable resolution through continued negotiation with respect to the Dispute is not reasonably likely, then the parties may mutually agree to submit to binding or nonbinding arbitration or mediation.

**11. Miscellaneous.**

11.1. **Assignment.** Neither party may assign all or any portion of this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, the City hereby acknowledges and agrees that the execution (as outlined in Exhibit F), delivery and performance of Redflex’s rights pursuant to this Agreement shall require a significant investment by Redflex, and that in order to finance such investment, Redflex may be required to enter into certain agreements or arrangements (“Financing Transactions”) with equipment lessor’s, banks, financial institutions or other similar persons or entities (each, a “Financial Institution” and collectively, “Financial Institutions”). The City hereby agrees that Redflex shall have the right to assign, pledge, hypothecate or otherwise transfer (“Transfer”) its rights, or any of them, under this Agreement to any Financial Institution in connection with any Financing Transaction between Redflex and any such Financial Institution, subject to the City’s prior written approval, which approval shall not be unreasonably withheld or delayed. The City further acknowledges and agrees that in the event that Redflex provides written notice to the City that it intends to Transfer all or any of Redflex’s rights pursuant to this Agreement, and in the event that the City fails to provide such approval or fails to object to such Transfer within forty-five (45) business days after its receipt of such notice from Redflex, for the purposes of this Agreement, the City shall be deemed to have consented to and approved such Transfer by Redflex. Notwithstanding the above, this Agreement shall inure to the benefit of, and be binding upon, the parties hereto, and their respective successors or assigns. Notwithstanding any permitted assignment or transfer, nothing herein shall relieve Redflex of its obligations set forth in this Agreement, nor modify any of the terms and conditions of this Agreement without the express written approval of City.

11.2. **RELATIONSHIP BETWEEN REDFLEX AND THE CITY.** Nothing in this Agreement shall create, or be deemed to create, a partnership, joint venture or the relationship of principal and agent or employer and employee between the parties. The relationship between the parties shall be that of independent contractors, and nothing contained in this Agreement shall create the relationship of

principal and agent or otherwise permit either party to incur any debts or liabilities or obligations on behalf of the other party (except as specifically provided herein).

- 11.3. AUDIT RIGHTS. Each of parties hereto shall have the right to audit to audit the books and records of the other party hereto (the "Audited Party") solely for the purpose of verifying the payments, if any, payable pursuant to this Agreement. Any such audit shall be conducted upon not less than forty-eight (48) hours' prior notice to the Audited Party, at mutually convenient times and during the Audited Party's normal business hours. Except as otherwise provided in this Agreement, the cost of any such audit shall be borne by the non-Audited Party. In the event any such audit establishes any underpayment of any payment payable by the Audited Party to the non-Audited Party pursuant to this Agreement, the Audited Party shall promptly pay the amount of the shortfall, and in the event that any such audit establishes that the Audited Party has underpaid any payment by more than twenty five percent (25%) of the amount of actually owing, the cost of such audit shall be borne by the Audited Party. In the event any such audit establishes any overpayment by the Audited Party of any payment made pursuant to this Agreement, non-Audited Party shall promptly refund to the Audited Party the amount of the excess.
- 11.4. FORCE MAJEURE. Neither party will be liable to the other or be deemed to be in breach of this Agreement for any failure or delay in rendering performance arising out of causes beyond its reasonable control and without its fault or negligence. Such causes may include but are not limited to, acts of God or the public enemy, terrorism, significant fires, floods, earthquakes, epidemics, quarantine restrictions, strikes, freight embargoes, or Governmental Authorities approval delays which are not caused by any act or omission by Redflex, and unusually severe weather. The party whose performance is affected agrees to notify the other promptly of the existence and nature of any delay.
- 11.5. ENTIRE AGREEMENT. This Agreement represents the entire Agreement between the parties, and there are no other agreements (other than invoices and purchase orders), whether written or oral, which affect its terms. This Agreement may be amended only by a subsequent written agreement signed by both parties.
- 11.6. SEVERABILITY. If any provision of this Agreement is held by any court or other competent authority to be void or unenforceable in whole or part, this Agreement shall continue to be valid as to the other provisions thereof and the remainder of the affected provision.
- 11.7. WAIVER. Any waiver by either party of a breach of any provision of this Agreement shall not be considered as a waiver of any subsequent breach of the same or any other provision thereof.
- 11.8. CONSTRUCTION Except as expressly otherwise provided in this Agreement, this Agreement shall be construed as having been fully and completely negotiated and neither the Agreement nor any provision thereof shall be construed more strictly against either party.
- 11.9. HEADINGS. The headings of the sections contained in this Agreement are included herein for reference purposes only, solely for the convenience of the parties hereto, and shall not in any way be deemed to affect the meaning,

interpretation or applicability of this Agreement or any term, condition or provision hereof.

- 11.10. EXECUTION AND COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and such counterparts together shall constitute only one instrument. Any one of such counterparts shall be sufficient for the purpose of proving the existence and terms of this Agreement, and no party shall be required to produce an original or all of such counterparts in making such proof.
- 11.11. COVENANT OF FURTHER ASSURANCES. All parties to this Agreement shall, upon request, perform any and all acts and execute and deliver any and all certificates, instruments and other documents that may be necessary or appropriate to carry out any of the terms, conditions and provisions hereof or to carry out the intent of this Agreement.
- 11.12. REMEDIES CUMULATIVE. Each and all of the several rights and remedies provided for in this Agreement shall be construed as being cumulative and no one of them shall be deemed to be exclusive of the others or of any right or remedy allowed by law or equity, and pursuit of any one remedy shall not be deemed to be an election of such remedy, or a waiver of any other remedy.
- 11.13. BINDING EFFECT. This Agreement shall inure to the benefit of and be binding upon all of the parties hereto and their respective executors, administrators, successors and permitted assigns.
- 11.14. COMPLIANCE WITH LAWS. Nothing contained in this Agreement shall be construed to require the commission of any act contrary to law, and whenever there is a conflict between any term, condition or provision of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the term, condition or provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the requirement of the law, provided that such construction is consistent with the intent of the Parties as expressed in this Agreement.
- 11.15. NO THIRD PARTY BENEFIT. Nothing contained in this Agreement shall be deemed to confer any right or benefit on any Person who is not a party to this Agreement.
- 11.16. INJUNCTIVE RELIEF; SPECIFIC PERFORMANCE. The parties hereby agree and acknowledge that a breach of Sections 4.1 (License), 4.3 (Restricted Use) or 7 (Confidentiality) of this Agreement would result in severe and irreparable injury to the other party, which injury could not be adequately compensated by an award of money damages, and the parties therefore agree and acknowledge that they shall be entitled to injunctive relief in the event of any breach of any material term, condition or provision of this Agreement, or to enjoin or prevent such a breach, including without limitation an action for specific performance hereof.
- 11.17. APPLICABLE LAW. This Agreement shall be governed by and construed in all respects solely in accordance with the laws of the State of California, United States.

11.18. JURISDICTION AND VENUE. Any dispute arising out of or in connection with this Agreement shall be submitted to the exclusive jurisdiction and venue of the courts located in the County of San Mateo and both parties specifically agree to be bound by the jurisdiction and venue thereof.

(The remainder of this page is left intentionally blank)



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first set forth above.

“City”

“Redflex”

CITY OF MENLO PARK

REDFLEX TRAFFIC SYSTEMS, INC.,

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title:

**EXHIBIT "A"**  
**Designated Intersection Approaches**

The contract is for the implementation of up to twenty (20) intersections. Identification of enforced intersection will be based on mutual agreement between Redflex and the City as warranted by community safety and traffic needs.

EXHIBIT “B”  
Construction and Installation Obligations

Timeframe for Installation: Fixed Photo Red Light System

Redflex will have each specified intersection installed and activated in phases in accordance with an implementation plan to be mutually agreed to by Redflex Traffic Systems and the Municipality.

Redflex will use reasonable commercial efforts to install the system in accordance with the schedule set forth in the implementation plan that will be formalized upon project commencement.

Redflex will use reasonable commercial efforts to install and activate the first specified intersection within forty-five (45) to sixty (60) days subsequent to formal project kick-off. The Municipality agrees that the estimated timeframe for installation and activation are subject to conditions beyond the control of Redflex and are not guaranteed.

In order to provide the client with timely completion of the photo enforcement project Redflex Traffic Systems requires that the City assist with providing timely approval of City permit requests. The City acknowledges the importance of the safety program and undertakes that in order to keep the project on schedule the City is to provide city engineers review of Redflex permit requests and all documentation in a timely manner.

1. Redflex Obligations. Redflex shall do or cause to be done each of the following (in each case, unless otherwise stated below, at Redflex’s sole expense):
  - 1.1. Appoint the Redflex Project Manager and a project implementation team consisting of between one (1) and four (4) people to assist the Redflex Project Manager;
  - 1.2. Request current “as-built” electronic engineering drawings for the Designated Intersection Approaches (the “Drawings”) from the city traffic engineer;
  - 1.3. Develop and submit to the City for approval construction and installation specifications in reasonable detail for the Designated Intersection Approaches, including but not limited to specifications for all radar sensors, pavement loops, electrical connections and traffic controller connections, as required; and
  - 1.4. Seek approval from the relevant Governmental Authorities having authority or jurisdiction over the construction and installation specifications for the Designated Intersection Approaches (collectively, the “Approvals”), which will include compliance with City permit applications.
  - 1.5. Finalize the acquisition of the Approvals;
  - 1.6. Submit to the City a public awareness strategy for the City’s consideration and approval, which strategy shall include media and educational materials for the City’s approval or amendment (the “Awareness Strategy”);
  - 1.7. Develop the Redlight Violation Criteria in consultation with the City;
  - 1.8. Develop the Enforcement Documentation for approval by the City, which approval shall not be unreasonably withheld;

- 1.9. Complete the installation and testing of all necessary Equipment, including hardware and software, at the Designated Intersection Approaches (under the supervision of the City);
  - 1.10. Cause an electrical sub-contractor to complete all reasonably necessary electrical work at the Designated Intersection Approaches, including but not limited to the installation of all related Equipment and other detection sensors, poles, cabling, telecommunications equipment and wiring, which work shall be performed in compliance with all applicable local, state and federal laws and regulations;
  - 1.11. Install and test the functionality of the Designated Intersection Approaches with the Redflex System and establish fully operational Violation processing capability with the Redflex System;
  - 1.12. Implement the use of the Redflex System at each of the Designated Intersection Approaches;
  - 1.13. Deliver the Materials to the City; and
  - 1.14. Issue citation notices for Authorized Violations;
  - 1.15. Redflex shall provide training (i) for up to fifteen (15) personnel of the City, including but not limited to the persons who City shall appoint as Authorized Officers and other persons involved in the administration of the Redlight Photo Enforcement Program, (ii) for at least sixteen (16) hours in the aggregate, (iii) regarding the operation of the Redflex System and the Redlight Photo Enforcement Program, which training shall include training with respect to the Redflex System and its operations, strategies for presenting Violations Data in court and judicial proceedings and a review of the Enforcement Documentation;
  - 1.16. Interact with court and judicial personnel to address issues regarding the implementation of the Redflex System, the development of a subpoena processing timeline that will permit the offering of Violations Data in court and judicial proceedings, and coordination between Redflex, the City and juvenile court personnel; and
  - 1.17. Provide reasonable public relations resources and media materials to the City in the event that the City elects to conduct a public launch of the Redlight Photo Enforcement Program.
  - 1.18. Citation processing and citation re-issuance.
  - 1.19. Assist City in compliance with all State, Federal, and Local legislation and court decision directives, including, but not limited to, implementation of the requirements of Senate Bill 1303, enacted September 28, 2012.
  - 1.20. Redflex agrees to upgrade the City's existing Red Light Camera installations to the latest digital technology, at no cost to the City, when mutually agreed the issuance rate would significantly increase due to the upgrade in technology."
2. **CITY OBLIGATIONS.** The City shall do or cause to be done each of the following (in each case, unless otherwise stated below, at City's sole expense):
- 2.1.1. Appoint the Project Manager;
  - 2.1.2. Assist Redflex in obtaining the Drawings from the relevant Governmental Authorities;

- 2.1.3. Notify Redflex of any specific requirements relating to the construction and installation of any Intersection Approaches or the implementation of the Redlight Photo Enforcement Program;
- 2.1.4. Provide assistance to Redflex in obtaining access to the records data of the Department of Motor Vehicles in Redflex's capacity as an independent contractor to the City; and
- 2.1.5. Assist Redflex in seeking the Approvals
- 2.1.6. Provide reasonable access to the City's properties and facilities in order to permit Redflex to install and test the functionality of the Designated Intersection Approaches and the Redlight Photo Enforcement Program;
- 2.1.7. Provide reasonable access to the personnel of the City and reasonable information about the specific operational requirements of such personnel for the purposes of performing training;
- 2.1.8. Seek approval or amendment of Awareness Strategy and provide written notice to Redflex with respect to the quantity of media and program materials (the "Materials") that the City will require in order to implement the Awareness Strategy during the period commencing on the date on which Redflex begins the installation of any of the Designated Intersection Approaches and ending one (1) month after the Installation Date;
- 2.1.9. Assist Redflex in developing the Redlight Violation Criteria; and
- 2.1.10. Seek approval of the Enforcement Documentation.

## EXHIBIT "C"

### Maintenance

1. All repair and maintenance of Photo Red Light Enforcement systems and related equipment will be the sole responsibility of Redflex, including but not limited to maintaining the casings of the cameras included in the Redflex System and all other Equipment in reasonably clean and graffiti-free condition.
2. Redflex shall not open the Traffic Signal Controller Boxes without a representative of city Traffic Engineering present.
3. The provision of all necessary communication, broadband and telephone services to the Designated Intersection Approaches will be the sole responsibility of the Redflex
4. The provision of all necessary electrical services to the Designated Intersection Approaches will be the sole responsibility of the City
5. In the event that images of a quality suitable for the Authorized Officer to identify Violations cannot be reasonably obtained without the use of flash units, Redflex shall provide and install such flash units.
6. The Redflex Project Manager (or a reasonable alternate) shall be available to the Police Project Manager each day, on a reasonable best efforts basis.
7. Redflex will inspect the Equipment and the functionality of the Redflex System at each Designated Intersection Approach at least monthly, conduct remote inspection of the System at least weekly, and make automated camera checks each business day. Redflex shall respond to any material malfunction of any Redflex System within twenty-four (24) hours of its receipt of a notice of malfunction from the City or its own discovery of such malfunction. In the event of any Redflex System malfunction at a Designated Intersection Approach, Redflex shall use its best efforts to cause the malfunction to be repaired within forty eight (48) hours of its receipt of a malfunction notice from the City or discovery of the malfunction itself. If the malfunction has not been satisfactorily repaired so that functionality has been restored within such forty eight (48) hour period, Redflex shall notify the City's Project Manager and Redflex's compensation shall be reduced according to Exhibit "D."

EXHIBIT "D"  
COMPENSATION & PRICING

1. **PAYMENT:** City shall pay a fixed fee of \$5,397.50, per month for each of the four (4) Designated Intersection Approaches located at Bayfront Expressway at Willow (BAWI-01); El Camino Real at Ravenswood (ECRA-01); El Camino Real at Ravenswood (ECRA-03); and El Camino Real at Glenwood/Valparaiso (ECVA-01) (together, \$21,590.00, for all four intersections). City shall pay a fixed fee of \$6,200.00, per month for the Designated Intersection Approach at Bayfront Express at Chilco (BACH-01), if the Parties agree to install this new approach and for any other new approach which may be constructed. Together, these payments shall be full remuneration for performing all of the services contemplated in this Amendment.
2. **CREDIT FOR MALFUNCTIONS:** The Customer shall not be obligated to pay, and will not be invoiced, for each calendar day that the Redflex System at a particular Designated Intersection Approach is not functioning for a period of more than two consecutive days in any thirty day period due to Equipment related malfunction. The invoice for the relevant period will show a credit of 1/30th of the Fixed Fee for each day that the Redflex System was not functioning in that month. In any calendar month where the Redflex System is not functioning for fourteen (14) or more days at a particular Designated Intersection Approach, the Customer shall not be obligated to pay and will not be invoiced for the Fixed Fee for that Designated Intersection Approach.
3. **DISABLED APPROACHES:** Redflex and City recognize that due to construction or maintenance by City, the State or State Agency or Redflex, or by actions taken by third parties outside the control of either Redflex or City, occasionally approaches may be temporarily disabled. For approaches disabled for a period of seven (7) consecutive days or more, the City shall only be invoiced and will only be obligated to pay, an amount equal to fifty percent (50%) of the Fixed Fee for that specific approach.
4. **PAYMENT:** City agrees to pay Redflex within thirty (30) days after the invoice is received.
5. **RELOCATION OF APPROACHES:** Intersection approaches can be relocated to a new site at the City's request and expense.

6. **EQUITABLE COST RECOVERY BY REDFLEX UPON EARLY TERMINATION OF THE CONTRACT BY A 4/5TH VOTE OF THE CITY COUNCIL:** In the event the City exercises its right to terminate this Agreement under Section 6.1, Redflex shall be entitled to a cancellation fee for each installed approach which reflects reimbursement of the direct labor costs and direct material costs (not including Equipment costs and salvageable material costs) solely associated with the installation of the Redflex Photo Red Light System at all Intersection Approaches where such system(s) have been installed prior to the effective date of Termination (the “Reimbursable Costs”). For new installations, Reflex shall provide an itemization of the Reimbursable Costs, with supporting invoices and labor expense documentation, to the City within thirty (30) days of the completion of installation of the Redflex Photo Red Light System at each designated Intersection Approach. Said Reimbursable Costs are currently estimated to equal approximately \$25,000 per Intersection Approach but, in no event, shall said amount exceed \$50,000 per Intersection Approach. For the purpose of this section, the cancellation fee shall be derived in accordance with the following formula:

The cancellation fee shall be derived in accordance with the following formula:

x the number of months remaining in the Agreement

Y = the number of months of the Agreement

X1Y = the percentage of remaining Agreement

Z = the Reimbursable Costs per Installed Approach (not to exceed \$50,000)

(X1Y)Z amount to be paid as cancellation fee

For example, if the Agreement ends on the last day of the 24th month and the

Installed Approach was installed in month 12, the cancellation fee would be:

x = 36 (60 months - 24 months transpired under the Agreement).

Y = 60 (number of months of the Agreement).



$Z = \$60,000$  (value of reimbursable costs)

$7Y * Z = (36/60 *$

$\$60,000)$

Calculation of Fee =  $\$36,000$

Exhibit "E"

Additional Rights and Obligations

Redflex and the City shall respectively have the additional rights and obligations set forth below:

1. Redflex shall assist the City in public information and education efforts, including but not limited to the development of artwork for utility bill inserts, press releases and schedules for any public launch of the Redlight Photo Enforcement Program (actual print and production costs are the sole responsibility of the City).
2. As part of the standard reports, Redflex will provide a report that monitors violation counts at each enforced intersection; which will demonstrate the impact of Redflex system.
3. Redflex shall be solely responsible for installing and maintaining such Signage. The Redflex shall be solely responsible for the fabrication of any signage, notices or other postings required pursuant to any law, rule or regulation of any Governmental Authority ("Signage"), including but not limited to the Vehicle Code, and shall assist in determining the placement of such Signage.
4. The Redflex Project Manager and the Police Project Manager shall meet on a weekly basis during the period commencing as of the date of execution hereof and ending on the Installation Date, and on a monthly basis for the remainder of the Term, at such times and places as the Redflex Manager and the City Manager shall mutually agree.
5. The City shall not access the Redflex System or use the Redlight Photo Enforcement Program in any manner other than prescribed by law and which restricts or inhibits any other Person from using the Redflex System or the Redflex Photo Enforcement Program with respect to any Intersection Approaches constructed or maintained by Redflex for such Person, or which could damage, disable, impair or overburden the Redflex System or the Redflex Photo Enforcement Program, and the City shall not attempt to gain unauthorized access to (i) any account of any other Person, (ii) any computer systems or networks connected to the Redflex System, or (iii) any materials or information not intentionally made available by Redflex to the City by means of hacking, password mining or any other method whatsoever, nor shall the City cause any other Person to do any of the foregoing.
6. The City shall maintain the confidentiality of any username, password or other process or device for accessing the Redflex System or using the Redlight Photo Enforcement Program.
7. Each of Redflex and the City shall advise each other in writing with respect to any applicable rules or regulations governing the conduct of the other on or with respect to the property of such other party, including but not limited to rules and regulations relating to the safeguarding of confidential or proprietary information, and when so advised, each of Redflex and the City shall obey any and all such rules and regulations.
8. The City shall promptly reimburse Redflex for the cost of repairing or replacing any portion of the Redflex System, or any property or equipment related thereto, damaged directly or indirectly by the City, or any of its employees, contractors or agents.

9. Redflex shall promptly repair or reimburse City for the cost of repairing or replacing any traffic signal equipment, pavement, or other property of City, damaged directly or indirectly by Redflex, or any of its employees, contractors or agents.

### Insurance

1. During the Term, Redflex shall procure and maintain at Redflex's sole cost and expense the following insurance coverage with respect to claims for injuries to persons or damages to property which may arise from or in connection with the performance of work or services pursuant to this Agreement by Redflex, and each of Redflex's subcontractors, agents, representatives and employees:
2. Commercial General Liability Insurance. Commercial General Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury and property damage;
3. Commercial Automobile Liability Insurance. Commercial Automobile Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) combined single limit per occurrence for bodily injury or property damage, including but not limited to coverage for all automobiles owned by Redflex, hired by Redflex, and owned by third parties;
4. Professional Liability (Errors and Omissions) Insurance. Redflex will use its commercial best efforts to procure and maintain Professional Liability (Errors and Omissions) Insurance with coverage of not less than One Million Dollars (\$1,000,000) per occurrence and in the aggregate.
5. Workers' Compensation and Employer's Liability Insurance. Workers' Compensation Insurance with coverage of not less than the limits required by the Labor Code of the State of (insert name), Employer's Liability Insurance with coverage of not less than One Million Dollars (\$1,000,000) per occurrence.
6. With respect to the insurance described in the foregoing Section of this Exhibit E, any deductibles or self-insured retentions must be declared to and approved by the City, and any changes to such deductibles or self-insured retentions during the Term must be approved in advance in writing by the City. Redflex shall be responsible for paying all deductibles or self insured retentions in connection with any insured loss covered by Redflex's insurance.
7. With respect to the Commercial General Liability Insurance the following additional provisions shall apply:
8. The City Parties shall be covered as additional insureds with respect to any liability arising from any act or omission of any Redflex Parties on the premises upon which any such Redflex Parties may perform services pursuant to this Agreement, and such coverage shall contain no special limitations on the scope of protection afforded to such additional insureds.
9. The insurance coverage procured by Redflex and described above shall be the primary insurance with respect to the City Parties in connection with this Agreement, and any insurance or self-insurance maintained by any of the City Parties shall be in excess, and not in contribution to, such insurance.
10. Any failure to comply with the reporting provisions of the various insurance policies described above shall not affect the coverage provided to the City Parties, and such insurance policies shall state the such insurance coverage shall apply separately with respect to each additional insured against whom any claim is made or suit is brought, except with respect to the limits set forth in such insurance policies.

11. With respect to the insurance described in the foregoing Section of this Exhibit E, each such insurance policy shall be endorsed to state that the coverage provided thereby shall not be cancelled except after thirty (30) calendar days' prior written notice to the City. If any of the Redflex Parties are notified by any insurer that any insurance coverage will be cancelled, Redflex shall immediately provide written notice thereof to the City and shall take all necessary actions to correct such cancellation in coverage limits, and shall provide written notice to the City of the date and nature of such correction. If Redflex, for any reason, fails to maintain the insurance coverage required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement, and the City shall have the right, but not the obligation and exercisable in its sole discretion, to either (i) terminate this Agreement and seek damages from Redflex for such breach, or (ii) purchase such required insurance, and without further notice to Redflex, deduct from any amounts due to Redflex pursuant to this Agreement, any premium costs advanced by the City for such insurance. If the premium costs advanced by the City for such insurance exceed any amounts due to Redflex pursuant to this Agreement, Redflex shall promptly remit such excess amount to the City upon receipt of written notice thereof.
12. Redflex shall provide certificates of insurance evidencing the insurance required pursuant to the terms of this Agreement, which certificates shall be executed by an authorized representative of the applicable insurer, and which certificates shall be delivered to the City prior to Redflex commencing any work pursuant to the terms of this Agreement.

Exhibit F

FORM OF ACKNOWLEDGMENT AND CONSENT

This Acknowledgement and Consent, dated as of \_\_\_\_\_, 2013, is entered into by and between the City of Menlo Park (the "City") and Redflex Traffic Systems, Inc., ("Redflex"), with reference to the Agreement between the City of Menlo Park and Redflex Traffic Systems, inc. for Photo red light enforcement program, dated as of \_\_\_\_\_, by and between the City and Redflex (the "Agreement").

1. Redflex has entered into a Credit Agreement, dated as of August 3, 2003 (the "Harris-Redflex Credit Agreement"), with Harris Trust and Savings Bank (the "Bank"), pursuant to which the Bank has provided certain working capital credit facilities to Redflex. Such credit facilities will provide Redflex the working capital that it needs to perform its obligations to the City under the Agreement.

2. Pursuant to the Harris-Redflex Credit Agreement, Redflex has granted Harris a security interest in all of Redflex's personal property as collateral for the payment and performance of Redflex's obligations to the Bank under the Harris-Redflex Credit Agreement. Such security interest applies to and covers all of Redflex's contract rights, including, without limitation, all of Redflex's rights and interests under the Agreement.

3. Redflex will not, by virtue of the Harris-Redflex Credit Agreement, be relieved of any liability or obligation under the Agreement, and the Bank has not assumed any liability or obligation of Redflex under the Agreement.

4. The City hereby acknowledges notice of, and consents to, Redflex's grant of such security interest in favor of the Bank in all of Redflex's rights and interests under the Agreement pursuant to the Harris-Redflex Credit Agreement.

5. The City further acknowledges and agrees that this Acknowledgement and Consent shall be binding upon the City and shall inure to the benefit of the successors and assigns of the Bank and to any replacement lender which refinances Redflex's obligations to the Bank under the Harris-Redflex Credit Agreement.

IN WITNESS WHEREOF, the City and Redflex have caused this Acknowledgement and Consent to be executed by their respective duly authorized and elected officers as of the date first above written.

The City:	Redflex:
CITY OF MENLO PARK, California	REFLEX TRAFFIC SYSTEMS, INC., a Delaware Corporation
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____