



City Council Work Session Meeting Agenda
August 25, 2020
6:30 PM

Mayor: Robert Duncan
Council President: Mike Caughey
Councilors: Kimberly Downey, Robert Boese, Adam Keaton, Randy Klemm, and Charlotte Thomas.
Meeting Location: Harrisburg Municipal Center located at 354 Smith St.

PUBLIC NOTICES:

1. *This meeting is open to the public and will be tape-recorded.*
2. *Copies of the Staff Reports or other written documents relating to each item on the agenda are on file in the office of the City Recorder and are available for public inspection.*
3. *All matters on the Consent Agenda are considered routine and will be enacted by one motion. Any member of the public can request that a matter be removed from the Consent Agenda for discussion. It will then be discussed under the "Other" part of the meeting schedule.*
4. *The City Hall Council Chambers are handicapped accessible. Persons with disabilities wishing accommodations, including assisted listening devices and sign language assistance are requested to contact City Hall at 541-995-6655, at least 48 hours prior to the meeting date. If a meeting is held with less than 48 hours' notice, reasonable effort shall be made to have an interpreter present. The requirement for an interpreter does not apply to an emergency meeting. ORS 192.630(5)*
5. *Persons contacting the City for information requiring accessibility for deaf, hard of hearing, or speech-impaired persons, can use TTY 711; call 1-800-735-1232, or for Spanish voice TTY, call 1-800-735-3896.*
6. *The City of Harrisburg does not discriminate against individuals with disabilities, and is an equal opportunity provider.*
7. *For information regarding items of discussion on this agenda, please contact City Recorder/Assistant City Administrator Michele Eldridge, at 541-995-6655*
8. *Meetings are held in a facility that is disinfected. Masks are required if there are 10 or more people in the room. Seating is set with 6' physical separation in mind.*
9. *If you wish to testify, and are unable to attend due to the Coronavirus Pandemic, please contact the City Recorder to be placed on a Conference Call list during the meeting.*

CALL TO ORDER AND ROLL CALL by Mayor, Robert Duncan

CONCERNED CITIZEN(S) IN THE AUDIENCE. (Please limit presentation to two minutes per issue.)

NEW BUSINESS

1. THE MATTER OF THE PRESENTATION OF A TRAFFIC REPORT FROM THE COBURG POLICE DEPARTMENT

STAFF REPORT:

Exhibit A: A traffic report will be provided at the Council meeting

ACTION: DISCUSSION ONLY

2. THE MATTER OF REVIEWING HARRISBURG CRIME STATISTICS AS REPORTED BY/ON LCSO DASHBOARD

STAFF REPORT: None

ACTION: NO ACTION – DISCUSSION ONLY

3. THE MATTER OF DISCUSSING USE OF CITY OWNED PROPERTY FOR POLITICAL ADVOCACY

STAFF REPORT:

Exhibit A: Draft Policy

ACTION: NO ACTION – DISCUSSION AND REVIEW ONLY

4. THE MATTER OF DISCUSSING STREET PARKING ISSUES

STAFF REPORT:

Exhibit A: Existing City Code HMC 10.05.150

Exhibit B: Summary of Parking Concepts

ACTION: NO ACTION – DISCUSSION ONLY

5. THE MATTER OF DISCUSSING CITY LAND USE PROCEDURES AND TENTATIVE ZONING CONCEPTS

STAFF REPORT:

Exhibit A: Planning Commission Staff Report

ACTION: NO ACTION – DISCUSSION ONLY

**6. THE MATTER OF DISCUSSING A POTENTIAL AGREEMENT WITH THE
AZAVAR CORPORATION TO PROVIDE A ‘REVENUE AUDIT’ FOR THE CITY**

STAFF REPORT:

Exhibit A: Draft Professional Services Agreement

ACTION: NO ACTION – DISCUSSION ONLY

OTHER ITEMS

ADJOURN

STAFF REPORT:

Exhibit A: A traffic report will be provided at the Council meeting

ACTION: **DISCUSSION ONLY**

THIS AGENDA BILL IS DESTINED FOR: Work Session Agenda – August 25, 2020

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:

Staff recommend that City Council listen to the presentation provided by the Coburg Police Department

BACKGROUND INFORMATION:

Part of our Enhanced Traffic Enforcement contract with the City of Coburg Police Department specified that Coburg would furnish Harrisburg with a summary traffic survey. The agreement states it should document the type, frequency, and severity of traffic violations.

City Administrator John Hitt has been working with Police Chief Larry Larson to define the scope and delivery of the report itself. While the agreement stated June 30th was the deadline for the report, due to the Coronavirus Pandemic, the mutual decision of both parties was to push the traffic survey to August. Chief Larson will bring the report to this meeting.

REVIEW AND APPROVAL:

John Hitt
City Administrator

Date

Agenda Bill

Harrisburg City Council

Harrisburg, Oregon

THE MATTER OF REVIEWING HARRISBURG CRIME STATISTICS AS
REPORTED BY/ON LCSO DASHBOARD

STAFF REPORT: NONE

ACTION: NO ACTION – DISCUSSION ONLY

THIS AGENDA BILL IS DESTINED FOR: Work Session – August 25.

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:
Staff recommends a review of the crime statistics as available on the LCSO
Dashboard

BACKGROUND INFORMATION:
At the request of ourselves and Millersburg, the LCSO began to develop a tool to track crimes, as reported to LCSO, in the contract cities. At the August 25th Council workshop, I will demonstrate (if the technology cooperates) how the Dashboard works as well as some comparative crime stats I have put together myself.

REVIEW AND APPROVAL:

John Hitt

Date

City Administrator

Agenda Bill
Harrisburg City Council
Harrisburg, Oregon

THE MATTER OF DISCUSSING USE OF CITY OWNED PROPERTY FOR POLITICAL ADVOCACY

STAFF REPORT:

Exhibit A: Draft Policy

ACTION: NO ACTION – DISCUSSION AND REVIEW ONLY

THIS AGENDA BILL IS DESTINED FOR: Work Session Agenda – August 25, 2020

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:

Staff recommends a thorough review and discussion of the proposed policy

BACKGROUND INFORMATION:

About two months ago we were approached by a group wanting to use city property to set-up a table and solicit members of the public to sign a political action type petition. After consultation with the City Attorney, it was decided we could not prohibit such activities on all city-owned properties at all times. They were allowed to use the city owned gravel parking lot immediately to the south of City Hall for two or three weekends in June and July.

However, we can pose 'reasonable' regulatory requirements provided they don't 'de facto' unduly circumscribe what is considered 'protected political free speech'. After coordination with the City Attorney, the attached 'Draft Policy' was put together for your review and discussion prior to a possible inclusion on a future City Council business meeting agenda.

REVIEW AND APPROVAL:

John Hitt
City Administrator

Date

CITY OF HARRISBURG
COUNCIL POLICY MANUAL

POLICY AREA 1 – GENERAL

CP 20-1.05 Use of Public Property for Political Advocacy

Adopted: TBD

1.05.010 Purpose

The purpose of this policy is to guide City Staff in allowing the use of specific public property for protected speech activities that includes a sustained presence on City-owned property.

Definition: 'Political' actions or activities shall be as defined in ORS 260.005(10)(A) ff.

1.05.020 Policy

It is the Council's policy that an application shall be used whenever there is a sustained presence on City owned property, involving physical elements such as tables, tents or booths or where the sustained use of the property consists of more than 10 persons. **(Exhibit 1)**.

1.05.030 Procedure

City staff shall implement the Harrisburg Policy for the Use of City Owned Property for Political Advocacy and adhere to the guidelines provided therein **(Exhibit 1)**. An Application shall be provided for all citizens wishing to utilize City Property for these purposes.

1.05.040 Review and Update

This policy shall be reviewed every five years by the City Administrator, and updated as appropriate.

EXHIBIT A

CITY OF HARRISBURG POLICY FOR USE OF CITY OWNED PROPERTY FOR POLITICAL ADVOCACY

- I. Persons seeking to use City-owned property for protected speech activities that includes a sustained presence on City-owned property involving physical elements like tables, tents, and/or booths, or where the sustained presence consists of more than 10 persons, shall submit a written application to the City for a permit.
- II. The Applicant for the permit shall complete the application and identify the name(s) of responsible parties, the dates and times proposed, the preferred location(s), a general description of the sustained presence, and a plan for maintaining cleanliness and order during the activity.
- III. The Applicant for the permit shall submit their complete application to City staff at least five business days prior to the date of the proposed protected speech event.
- IV. The activities permitted by the Permit shall not be conducted for more than 8 hours per day, during daylight hours only, and not for more than three days in a calendar quarter (Jan-March, April-June, etc.) Applicants may renew the permit by applying for an extension for as much as an additional three days in the same calendar quarter, which the City Administrator shall grant, unless a permit has been issued to another permit holder that conflicts with the extended period. Permits may be renewed once, after which an applicant must re-apply, but only after any renewal period has expired, or a subsequent calendar quarter begun.
- V. The City Administrator may approve applications and extensions that meet the criteria of this policy and designate either the site requested by the applicant, or another City- owned site, for use by the applicant. The City Administrator shall designate the approved dates and times for which the permit is active.
- VI. Persons or organizations with permits to use City-owned property for protected speech activities shall be responsible for thoroughly cleaning the property, consistent with COVID-19 best practices, before and after use, and shall remove from the city owned property all trash, dirt, garbage, etc. that accumulated during the activity.
- VII. Protected speech activities and all participants in protected speech activities must conform to state, federal and local ordinances; must not occupy, block or otherwise hinder ADA access to a City right-of-way; and must not block or hinder pedestrian or vehicular traffic on sidewalks, drives or streets. An access, sidewalk, drive or street is blocked if any person seeking to travel via the access, sidewalk, drive or street is unable to pass undisturbed after making a reasonably clear indication of their intention to travel on the access, sidewalk, drive or street.
- VIII. City approval of an application to use city owned property for protected speech activities is not an assurance of any exclusive right for use of the city property. Others may use the same property, at the same time, for similar or divergent protected speech, provided that:
 - a. They maintain a physical separation of at least 25 feet from the approved applicant.

- b. They do not harass, threaten, intimidate, or otherwise prevent the applicant from engaging in his/her/their protected speech

- IX. Signs or placards used for the purpose of protected speech activities on city property may not be posted or placed in or on any public right-of-way and otherwise must conform to HMC 18.70.050 (Prohibited Signs). Public rights-of-way include, on fences or trees located in the public right-of-way, on utility poles, in public parks, planting strips, scenic areas or on bridges. The overall size of the sign may not exceed 32 square feet and the entire message must be contained on one sign. Fragmentation of messages on separate sign panels is prohibited.
- X. Protected speech activities may not cause nor reasonably create the risk of causing any of the following:
 - a. A threat to public safety;
 - b. A conflict with other city approved uses;
 - c. Damage to buildings, landscaping, city equipment or other city properties;
 - d. Any new or unusual expense to the city for staffing, clean-up, repairs, or like expenses.

Any violation of this provision will result in permit revocation and immediate termination of the activity.
- XI. Election laws do not allow the placement of any political advocacy booth, table, petition, or process, in any location within 100' of a ballot box/polling booth. Harrisburg's ballot box is located at City Hall, 120 Smith St. Poll booths and ballot boxes are delivered approximately 30 days before a scheduled election day.
- XII. The City Administrator may delegate any authority under this process to the Assistant City Administrator. If the City Administrator refuses to grant a Permit, an unsuccessful applicant(s) may appeal that refusal to the Harrisburg City Council to be heard at their next regularly scheduled meeting. The City Council will only grant an appeal of a decision to deny a permit if the person submitted a complete application and the City Administrator's decision was arbitrary and capricious.



APPLICATION TO USE CITY OF HARRISBURG OWNED PROPERTY FOR THE PURPOSE OF POLITICAL ADVOCACY.

Name of Individual or Organization: _____

Address of Responsible Person: _____

Phone: _____

Email: _____

Type or Nature of Proposed Political Advocacy:

General Description of how your area will be set up: (Canopy, tables, etc.)

** A Garbage can is required!*

Dates and Times Requested: (Maximum of 8 hours (daylight only) per day, 3 days per calendar quarter - 1 - extension may be requested per quarter.)

Location Requested: _____

** Please note that locations are not reserved!*

I have read and agree to follow the attached City of Harrisburg Policy regarding the use of City owned land for the purpose of political advocacy.

Signature: _____

Printed Name: _____

Date: _____

Staff Use Only:

Date Reviewed:

Approved For (date and location):

Not Approved: (basis for disapproval)

Reviewed by: _____ Date: _____

Agenda Bill

Harrisburg City Council

Harrisburg, Oregon

THE MATTER OF DISCUSSING STREET PARKING ISSUES

STAFF REPORT:

Exhibit A: Existing City Code HMC 10.05.150

Exhibit B: Summary of Parking Concepts

ACTION: NO ACTION – DISCUSSION ONLY

THIS AGENDA BILL IS DESTINED FOR: Work Session Agenda – August 25, 2020

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:

Staff recommends consideration of possible amendments to HMC 10.05.150

BACKGROUND INFORMATION:

HMC 10.05.150 establishes limitations on motor vehicles and recreational vehicles (RVs) parking on city streets.

We have both cars and RVs parking on city streets for extended periods of time. The current code allows essentially unlimited street parking for ‘motor vehicles’ if it is parked “.... adjoining the address on the registration”. RVs and trailers “...of any kind” are limited to 24 hours of on-street parking unless they are moved “at least two-tenths of a mile” in which case there are no stated limits.

Several issues have arisen with the current code: 1. Vehicles often remain parked in the same location for extended periods of time. This can cause possible problems with street cleaning and utility access. 2. Moving a vehicle “two-tenths” of a mile is not only almost impossible to enforce, but simply moves the problem from one place to another. 3. The current code prohibits using a car or RV for “sleeping or housekeeping” purposes but leaves it unclear how enforcement officials could determine such.

The attached Exhibit ‘B’ gives some broad concepts that would involve greater restrictions on street parking. It should be kept in mind that street parking is a difficult issue that often provokes substantial disagreement. If City Council wants to further consider any changes to HMC 10.05.150, these could be formalized and brought back for the October regular business meeting.

REVIEW AND APPROVAL:

_____ John Hitt City Administrator	_____ Date
--	---------------

10.05.150 Prohibited parking or standing.

No person shall park or stand:

1. A vehicle in violation of the Oregon Vehicle Code or in violation of a parking limitation device.
2. A vehicle in an alley other than for the expeditious loading or unloading of persons or materials, but in no case for a period in excess of 30 minutes.
3. A vehicle on a public street or other public property for the principal purpose of:
 - a. Displaying the vehicle for sale;
 - b. Repairing or servicing the vehicle, except while making repairs necessitated by an emergency;
 - c. Displaying temporary advertising from the vehicle; or
 - d. Selling merchandise from the vehicle, except when authorized.
4. A motor vehicle on a public street or on public property:
 - a. For more than 48 hours without moving at least two-tenths of a mile if it is not parked adjoining the address shown on the registration for the vehicle; or
 - b. For more than 14 days without moving at least one mile if it is otherwise legally parked adjoining the address shown on the registration for the vehicle.
5. An inoperable vehicle on a public street or public property for a period of more than 24 hours.
6. A recreational vehicle or any kind of trailer on a public street or public property for a period of more than 24 hours without moving a distance of at least two-tenths of a mile.
7. A motor vehicle, recreational vehicle, or trailer for the purpose of sleeping or housekeeping purposes, except where provision is made for the removal of wastewater and it is parked:
 - a. Within an approved recreational vehicle park; or
 - b. On the premises of a private residence and with the consent of the occupant of the residence; provided, that such use is limited to not more than 30 days in any 90-day period; or
 - c. On private property with the consent of the resident of the property and with the approval of the City Council. A special temporary permit may be issued for up to 90 days to alleviate a temporary housing hardship which cannot otherwise be satisfied. Such approval may be subject to any conditions which the City Council deems appropriate to maintain public safety

and community aesthetics. In addition, any such permit may be revoked upon 10 days' notice by the City Council. A special temporary permit can be renewed upon application to the City Council.

(1) Notice of hearing for special temporary permit shall be provided to neighboring property owners and residents within 100 feet of the subject site.

8. A vehicle in front of and 10 feet on either side of a mailbox(es) during the hours of 8:00 a.m. and 5:00 p.m., except on Sundays and Federal holidays. [Ord. 969 § 1 (Exh. A), 2019; Ord. 949 § 1 (Exh. A), 2017; Ord. 933 § 1 (Exh. A), 2015; Ord. 928 § 1 (Exh. A), 2015; Ord. 907 § 4, 2012; Ord. 906 § 1, 2012.]

CONCEPTS

ADJUSTMENTS TO CITY STREET PARKING

HMC 10.05.150

1. Eliminate indefinite street parking exception for vehicles parked “adjoining the address on the registration”. Rationale: Very difficult to enforce and means many vehicles will be parked in one place for substantial periods of time. It also, arguably, gives an unfair benefit to homes with longer street frontage, especially in comparison to cul-de-sac homes.
2. Prohibit outright, or limit by time, parking of very large vehicles on city streets. Perhaps anything longer than 35’ or 40’ Rationale: The bigger the vehicle the greater the problem. Also, easier to enforce.
3. Prohibit outright any trailer or RV that has water or electrical connections to a house that cross any portion of the public ROW. Rationale: This is easier to enforce and is an issue I have frequently observed in the city.
4. Place an absolute maximum time limit (which could vary by vehicle type) for any type of vehicle, trailer, RV, etc. to park anywhere on public streets Rationale: Easier to enforce than moving requirements, would keep down current long-term parking in-place problem
5. Prohibit parking of a truck trailer (and or travel trailer/RV) on any street within a residential district.
6. Restrict the parking on certain, defined streets, where parking is currently most problematic.

Agenda Bill

Harrisburg City Council

Harrisburg, Oregon

THE MATTER OF DISCUSSING CITY LAND USE PROCEDURES AND TENTATIVE ZONING CONCEPTS

STAFF REPORT:

Exhibit A: Planning Commission Staff Report

ACTION: NO ACTION – DISCUSSION ONLY

THIS AGENDA BILL IS DESTINED FOR: Work Session Agenda – August 25.2020

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
N/A	N/A	N/A

STAFF RECOMMENDATION:

Staff recommends a review and discussion regarding City Planner staff reports and zoning concepts for revised zoning code

BACKGROUND INFORMATION:

As City Administrator I would like to make the staff reports dealing with land use applications simpler and more focused on key issues. The last Planning Commission and Staff Report for the Bucher application differed from most prior reports in the following ways: 1.The staff report was condensed to 5 pages from the more usual 8-10. 2. The statewide and Comp Plan goals while referenced, are not re-stated word for word in the new Staff Report. 3. The new report format does not include discussion on already met, or non-applicable goals. 4. The findings for each relevant goal are abbreviated and do not include extensive citations from statewide planning goals or our Comp. Plan.

The Planning Commission seemed comfortable with the abbreviated Staff Report format. However, if City Council would prefer to return to the longer, more detailed report used up until now, staff can certainly provide that.

Exhibit A includes a staff report given to the Planning Commission giving an overview of my recommendations for the anticipated update to the city's zoning and subdivision codes. Please review for possible discussion at this meeting. If the City Council is uncomfortable with this overall zoning approach, there is still ample time to make adjustments at the Planning Commission level.

REVIEW AND APPROVAL:

John Hitt	Date
City Administrator	

Agenda Bill

Harrisburg Planning Commission

Harrisburg, Oregon

THE MATTER OF REVIEW AND DISCUSSION OF PROPOSED ZONING TABLE AND ZONING USES ALLOWED AND GENERAL REVIEW PROCEDURES

Exhibit A: Zoning Districts & Uses Allowed

Exhibit B: General Review Procedures

ACTION: DISCUSSION AND STAFF DIRECTION ONLY

THIS AGENDA ITEM IS DESTINED FOR: Regular Agenda -July 21, 2020.

BACKGROUND INFORMATION:

The Planning Commission has done extensive work with the Oregon Small Cities Model Zoning Code as it should apply to Harrisburg. I have reviewed the work previously done by the Planning Commission and would like to discuss modifying some of that work, while still maintaining the basic framework of the Model Code and work of the Planning Commission.

Attached as **Exhibit A** is my revised Zoning Districts and the 'Uses Allowed' in each district. My overall approach to this was guided by the following overarching goals:

1. Eliminate any redundant or unnecessary zones. We are a small city, both geographically and by population, with pretty well established commercial, residential, and industrial areas. The fewer and more flexible zones we have the easier the administration and the fewer zone change requests are needed.
2. Make as many uses as reasonable, in each zone, be permitted outright. (**P** on the table from **Exhibit A**). This simplifies and streamlines the land use process and pretty much avoids appeals to LUBA.
3. Allow uses that are not traditional in each zone IF they can happen with very minimal or no negative impact on existing uses in that zone. (**S** in the zoning table). An example would be light or artisan manufacturing in the commercial zone. This is a type of "performance zoning". That is, the applicant must demonstrate that their proposed **S** type use meets more stringent standards than **P** uses for the same zone. These more stringent **S** standards are detailed in a separate chapter of the Model Code and as you may further define them.
4. Create a new 'Public Use Zone' (PUZ) that is a catch-all for not only publicly owned areas, but also uses that primarily benefit the public such as recreational areas, public utilities, transportation facilities, etc. Doing so will require some fair

Agenda Bill

Harrisburg City Council

Harrisburg, Oregon

THE MATTER OF DISCUSSING A POTENTIAL AGREEMENT WITH THE AZAVAR CORPORATION TO PROVIDE A 'REVENUE AUDIT' FOR THE CITY

STAFF REPORT:

Exhibit A: Draft Professional Services Agreement

ACTION: NO ACTION – DISCUSSION ONLY

THIS AGENDA BILL IS DESTINED FOR: Work Session Agenda – August 25, 2020

BUDGET IMPACT		
COST	BUDGETED?	SOURCE OF FUNDS
\$200	Yes	Consultant Services - GF

STAFF RECOMMENDATION:

Staff recommends careful consideration of this agreement

BACKGROUND INFORMATION:

The Azavar Company “ reviews and audits....any and all sources of customer (city) revenue” in order to “determine past, present and future tax revenue, fees, etc.....owed to the customer” They do this primarily for cities in states that have a sales tax. However, they are recently seeking cities in Oregon in order to focus on franchise fees and transient lodging tax receipts.

The City of Coos Bay has had an agreement with them for about four years. Their annual ‘Azar found’ revenues amount to about \$12,000 - \$16,000. Ours would be less than that as Coos Bay is approximately 4 times larger.

For the first three years of the agreement we have to share 45% of found new revenues as well as pay about a \$200 set-up fee. There seems to be little down-side to an agreement with them, but probably only a modest gain, as well.

REVIEW AND APPROVAL:

John Hitt Date
City Administrator

This Professional Services Agreement (this "Agreement") is made and entered into on the 1st day of May, 2020 by and between Azavar Audit Solutions, Inc. (DBA Azavar Government Solutions), an Illinois corporation having its principal place of business at 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604 ("Azavar"), and the City of Harrisburg, Oregon, an Oregon municipal corporation having its principal place of business at 120 Smith Street P.O. Box 378, Harrisburg, Oregon 97446 ("Customer").

1. SCOPE OF SERVICES

1.1 Subject to the following terms and conditions, Azavar shall provide professional management, government, revenue and tax, and computer consulting services ("Services") in accordance with written statements of work agreed to by the parties (each, a "Statement of Work") attached hereto as Exhibit A, which may be subsequently amended by the parties. Each Statement of Work and any subsequent amendments thereto shall be executed on behalf of each of the parties, whereupon it shall be deemed incorporated herein by reference as though fully set forth herein. The parties agree that certain Statements of Work may be delegated by Azavar to different affiliates or entities that shall operate under the terms set forth in this Agreement.

1.2 Azavar shall be responsible for providing the Services in substantial accordance with each Statement of Work. Azavar will render the services provided under this Agreement in a workmanlike manner in accordance with industry standards.

1.3 Customer agrees to provide reasonable facilities and space should Azavar work on Customer's premises as may be reasonably required for the performance of the Services set forth in this Agreement and in any Exhibit hereto.

2. **INDEPENDENT CONTRACTOR.** Azavar acknowledges and agrees that the relationship of the parties hereunder shall be that of independent contractor and that neither Azavar nor its employees shall be deemed to be an employee of Customer for any reason whatsoever. Neither Azavar nor Azavar's employees shall be entitled to any Customer employment rights or benefits whatsoever.

3. **PAYMENT TERMS.** Customer shall compensate Azavar the fees set forth in each Statement of Work. Azavar shall be entitled to compensation for time which is actually spent providing the Services set forth in each Statement of Work. Azavar shall submit an invoice to Customer on a monthly or quarterly basis detailing the amounts charged to Customer pursuant to the terms of this Agreement and each Statement of Work hereto. Customer shall remit payment to Azavar within thirty (30) days of the date of

each invoice. If Customer defaults on payment of any invoice that is not disputed in writing by Customer within thirty (30) days after the receipt of such invoice Azavar, at its discretion, may accelerate all payments due under this Agreement, any Statement of Work attached hereto, and seek recovery of all estimated fees due to Azavar. Azavar shall be entitled to recover all costs of collection including, but not limited to, finance charges, interest at the rate of one percent (1%) per month, reasonable attorney's fees, court costs, and collection service fees and costs for any efforts to collect fees from the Customer.

4. CONFIDENTIAL INFORMATION

4.1 Each party acknowledges that in the performance of its obligations hereunder, either party may have access to information belonging to the other which is proprietary, private and highly confidential ("Confidential Information"). Each party, on behalf of itself and its employees, agrees not to disclose to any third party any Confidential Information to which it may have access while performing its obligations hereunder without the written consent of the disclosing party which shall be executed by an officer of such disclosing party. Confidential Information does not include: (i) written information legally acquired by either party prior to the negotiation of this Agreement, (ii) information which is or becomes a matter of public knowledge, (iii) information which is or becomes available to the recipient party from third parties and such third parties have no confidentiality obligations to the disclosing party, and (iv) information subject to disclosure under any state or federal laws.

4.2 Azavar agrees that any work product or any other data or information that is provided by Customer in connection with the Services shall remain the property of Customer, and shall be returned promptly upon demand by Customer, or if not earlier demanded, upon expiration of the Services provided under each Statement of Work hereto.

5. INTELLECTUAL PROPERTY

5.1 No work performed by Azavar or any Consultant with respect to the Services or any supporting or related documentation therefore shall be considered to be a Work Made for Hire (as defined under U.S. copyright law) and, as such, shall be owned by and for the benefit of Azavar. In the event that it should be determined that any of such Services or supporting documentation qualifies as a "Work Made for Hire" under U.S. copyright law, then Customer will and hereby does assign to Azavar, for no additional consideration, all right, title, and interest that it may possess in such Services and related documentation including, but not limited to, all copyright and proprietary rights relating thereto. Upon request, Customer will take

such steps as are reasonably necessary to enable Azavar to record such assignment. Customer will sign, upon request, any documents needed to confirm that the Services or any portion thereof is not a Work Made for Hire and/or to effectuate the assignment of its rights to Azavar.

5.2 Under no circumstance shall Customer have the right to distribute or make public any information or software containing, or based upon, Confidential Information of Azavar to any third party without the prior written consent of Azavar which must be executed by a senior officer of Azavar.

6. DISCLAIMER

EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, AZAVAR DOES NOT MAKE ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES RENDERED UNDER THIS AGREEMENT OR THE RESULTS OBTAINED FROM AZAVAR'S WORK, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT SHALL AZAVAR BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR INDIRECT DAMAGES, OR FOR ACTS OF NEGLIGENCE THAT ARE NOT INTENTIONAL OR RECKLESS IN NATURE, REGARDLESS OF WHETHER IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. CLIENT AGREES THAT AZAVAR'S LIABILITY HEREUNDER FOR DAMAGES, REGARDLESS OF THE FORM OF ACTION, SHALL NOT EXCEED THE TOTAL AMOUNT PAID FOR THE SERVICES GIVING RISE TO THE DAMAGES UNDER THE APPLICABLE ESTIMATE OR IN THE AUTHORIZATION FOR THE PARTICULAR SERVICE IF NO ESTIMATE IS PROVIDED.

7. TERMINATION

7.1 This Agreement shall be effective ("Term") from the date first written above and shall continue thereafter until terminated upon 90 days written notice by Customer or Azavar ("Initial Term") and automatic renewal terms ("Renewal Terms"). The Initial Term shall be for a thirty-six (36) month period, beginning on the first day of the execution of this Agreement. Upon completion of the Initial Term, this Agreement shall automatically renew for the Renewal Terms, as successive thirty-six (36) month periods, unless previously terminated. A Party may terminate one or more of a Statement of Work, without terminating either this Agreement or another Statement of Work.

7.2 Termination for any cause or under any provision of this Agreement shall not

prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to either party.

7.3 The provisions set forth above in Section 3 (Payment Terms), Section 4 (Confidential Information), and Section 5 (Intellectual Property) and below in Section 9 (Assignment), Section 10 (Non-Solicitation of Employees), and Section 11 (Use of Customer Name) shall survive termination of this Agreement.

8. NOTICES. Any notice made in accordance with this Agreement shall be sent by certified mail or by overnight express mail:

If to Azavar:
General Counsel
Azavar Audit Solutions, Inc.
55 East Jackson Boulevard
Suite 2100
Chicago, Illinois 60604

If to Customer:
City Administrator
City of Harrisburg
120 Smith Street, P.O. Box 378
Harrisburg, Oregon 97446

9. ASSIGNMENT. Neither party may assign this Agreement or any of its rights hereunder without the prior written consent of the other party hereto, except Azavar shall be entitled to assign its rights and obligations under this Agreement in connection with a sale of all or substantially all of Azavar's assets.

10. NONSOLICITATION OF EMPLOYEES. During the period in which any Exhibit to this Agreement is in effect and for a period of twelve (12) months thereafter, each party agrees it will not, without the prior written consent of the other party, solicit the employees of the other party for the purpose of offering them employment; provided, however, that good faith solicitations by way of mass media (i.e., newspapers, internet) shall not be deemed to be a violation of this Section 10.

11. USE OF CUSTOMER NAME. Customer hereby consents to Azavar's use of Customer's name in Azavar's marketing materials; provided, however, that Customer's name shall not be so used in such a fashion that could reasonably be deemed to be an endorsement by Customer of Azavar.

COMPLETE AGREEMENT

This Agreement, along with each Statement of Work attached hereto from time to time, contains the entire Agreement between the parties hereto with respect to the matters specified herein. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof.

This Agreement shall not be amended except by a written amendment executed by the parties hereto. No delay, neglect or forbearance on the part of either party in enforcing against the other any term or condition of this Agreement shall either be, or be deemed to be, a waiver or in any way prejudice any right of that party under this Agreement. This Agreement shall be construed in accordance with the laws of the State of Illinois and the parties hereby consent to the jurisdiction of the courts of the State of Illinois.

City of Harrisburg, Oregon

BY:

NAME:

TITLE:

Azavar Audit Solutions, Inc.

BY:

NAME:

TITLE:

EXHIBIT A – STATEMENT OF WORK 1

This Statement of Work ("Statement of Work") is made and entered into on this 1st Day of May, 2020 by and between Azavar Audit Solutions, Inc., an Illinois corporation having its principal place of business at 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604 ("Azavar"), and the City of Harrisburg, Oregon, an Oregon municipal corporation having its principal place of business at 120 Smith Street, P.O. Box 378, Harrisburg, Oregon 97446 ("Customer").

WHEREBY the parties entered into a Professional Services Agreement ("Agreement") by signature by the parties attached hereto on May 1, 2020.

1. **COMPLIANCE AUDITS & ONGOING REVENUE MAXIMIZATION AND MONITORING SERVICES:** In addition to the Services and work defined in the Agreement, Services shall be provided in substantial accordance with the below statements:
 - (a) Azavar, as Customer's authorized agent and third-party administrator ("TPA"), shall undertake a Local Government Revenue Compliance Audit, Maximization, and Monitoring Program ("Revenue TPA Program") on behalf of the Customer. As part of the Revenue TPA Program Azavar shall, on behalf of the Customer, separately review, audit, maximize, and regularly monitor for the Term of this Statement of Work any and all sources of Customer revenue and related expenses ("Audits"), including, but not limited to, each sales, occupation, and use tax, ordinance, license, service fee, contract, franchise agreement, intergovernmental agreement, payment in lieu of taxes, and any and all expenses imposed by or upon the Customer within the Customer's corporate boundaries, and as permitted by the Customers' ordinances and state and federal law, including those revenues, whether levied, imposed, or administered by the Customer, elsewhere locally, by the state or federal government, taxpayers, remitters, or those that should be remitting any funds or savings to the Customer ("Auditee(s)"), revenues and expenditures related to (and where applicable), but not limited to the following:
 - i. Electricity providers and/or consumers
 - ii. Natural gas providers and/or consumers
 - iii. Multichannel video (i.e. cable) franchise fees and service fees and/or consumers
 - iv. Telecommunications (i.e. phone, fiber, wireless, etc.) providers and/or consumers
 - v. Water, sewer, and/or stormwater providers and/or consumers
 - vi. Waste or refuse hauling providers and/or consumers
 - vii. Fuel providers and/or consumers, oil and gas well drilling and production, and oil and gas pipelines in right-of-way
 - viii. Locally imposed, levied, and/or administered charges, fees or fines
 - ix. Locally imposed and/or administered Business Licenses, Registrations, or Occupation Taxes
 - x. Locally imposed and/or administered Residential Rental Licenses
 - xi. Taxpayers subject to Property Taxes and Levies
 - xii. Taxpayers subject to Vehicle Related Fees or Taxes (i.e. Wheel Tax, Rental Tax, etc.)
 - xiii. Taxpayers subject to Local Amusement or Entertainment Taxes
 - xiv. Taxpayers subject to Business License and/or Registration Fees
 - xv. Taxpayers subject to the Food & Beverage, Restaurant, or Places of Eating Tax
 - xvi. Taxpayers subject to Liquor Licenses and/or Taxes
 - xvii. Fixed Location taxpayers subject to Hotel Occupation/Use Taxes
 - xviii. Online travel companies and short-term online rental management platforms taxpayers subject to local occupation/sales/use taxes
 - xix. Taxpayers subject to Real Estate Transfer Taxes
 - xx. A review of revenues distributed to the Customer by the state, including reviewing state distributions and address designations for sales tax, remote sellers sales tax, service taxes, use taxes, and service use taxes.
 - xxi. Should the Customer own or operate its own utilities including, but not limited to, electric, natural gas, water or other utilities, Azavar shall also review and audit the revenues and expenses of those Customer owned or operated utilities.
 - (b) The purpose of each Audit is to determine past, present, and future taxes, license fees, service fees, or any other recoveries, refunds, monies or revenue owed to the Customer that were not properly attributed to the Customer or were not properly paid or collected and to determine future taxes, franchise fees, and other monies owed to the Customer not previously counted so that Customer can collect these past, present, and future monies. Federal and state law, the Customer's own local ordinances and databases, any agreements, contracts or bills between Customer and Auditee are used by Azavar to conduct the Audits and Azavar will present to Customer in writing during the course of the Audits reports detailing compliance findings and findings of monies paid, due, or potentially due to the Customer for review by the Customer per Auditee ("Findings"). Where already allowable by existing Customer contracts or agreements or federal, state, or local laws or ordinances, this Statement of Work authorizes Azavar to correct any prospective errors and make a reasonable effort to collect monies due to the Customer under such applicable laws, local ordinances, or contracts. Additionally, Azavar shall regularly monitor all revenues and related expenditures monthly during the Term of this Agreement and shall make any corrections accordingly. Azavar shall review Customer ordinances and shall present Findings to Customer to maximize Customer revenues as part of the Audits, and where such Findings requires a change into the future, Azavar will only implement such change after Customer has reviewed and agreed to in writing any such change. Customer understands that Findings may include, but are not limited to, changes to technology, organizational processes, process automation, Customer communication practices, Customer governing practices, and/or updates to local ordinances or the codification thereof. Customer agrees that any Findings, whether implemented in whole or in part by Azavar or the Customer, shall be fully compensable under Section 2 of this Statement of Work, including wherein the Findings require any amendments to an ordinance and wherein the ordinance is changed. Customer agrees to review any Findings within thirty (30) days;
 - (c) Customer hereby represents that it is not engaged in any Audits as contemplated under this Statement of Work and shall therefore pay Azavar the fees set forth in this Agreement for any Findings made by Azavar. Customer agrees during the Term of this Statement of Work that it shall not initiate or engage in any Audits, changes to any ordinances related to any Audits, or execution or renewal of any contracts or agreements related to any Audits as contemplated under this Statement of Work without Azavar's prior written consent;
 - (d) In order to perform the Audits, Azavar shall require full access to Customer records and Auditee records. Customer shall use its authority as necessary to assist in acquiring information and procure data from Auditees. Customer agrees that it shall cooperate with Azavar, provide any documentation and records requested by Azavar, and provide continued access (prior to, during, and following any Audits) to documentation and records, and shall engage in meetings with Auditees when requested by Azavar. Customer shall notify Azavar of any Auditee communications or requested meetings with Customer and shall include Azavar in said communications and meetings. Customer shall also designate one (1) professional staff member to be the Customer's Primary Contact;

- (e) During the course of each Audit, Azavar may find that rather than being owed past due funds, the Customer owes funds erroneously paid to the Customer. In this case, Azavar will immediately terminate its Audit for that specific Auditee and will document the error and provide the Customer with information necessary to correct the error. Azavar shall have no liability to Customer for these errors or actions arising from Azavar's or Customer's knowledge thereof;
- (f) Customer acknowledges that each Auditee is a separate entity that is not controlled by Azavar and therefore Azavar cannot predict all the steps or actions that an Auditee will take to limit its responsibility or liability during an Audit. Should Customer negotiate, abate, cancel, amend, delay, or waive by any means all or a portion of funds identified as payable to Customer during an audit, Customer shall pay all Azavar expenses and fees for that Audit in addition to any applicable contingency fees for any Findings that were identified by Azavar or by its Audits and that would have been compensable under Section 2 of this Statement of Work;
- (g) During the Audits, Azavar will educate fee and taxpayers and provide all necessary support to onboard them to file and remit payments to Customer using Azavar software as defined in Exhibit A – Statement of Work 2;
- (h) Audit timelines and processes are set in accordance with Azavar's proprietary audit process and applicable law. The first Audit start date is expected to be within no later than thirty (30) days from the date of this Statement of Work unless changed and approved by the Customer's Primary Contact;
- (i) Each Audit is expected to last at least six (6) months. Each subsequent Audit will begin after payment terms and obligations have been satisfactorily met from previously completed Audits however overlapping Audit work may take place at the discretion of Azavar. Audit status meetings will be held regularly via phone, email, or in person throughout the course of the Audits between Azavar and the Customer's Primary Contact and will occur approximately every quarter;
- (j) Jason Perry, Local Government Revenue Compliance Audit, Maximization, and Monitoring Program, and Azavar specialists will be auditors under this Statement of Work. All Azavar staff or subcontractors shall be supervised by the Azavar Program Manager.

2. **PAYMENT TERMS.**

- 2.1 Customer shall compensate Azavar the fees set forth in this Statement of Work on a contingency basis. If applicable, Azavar shall submit an invoice to Customer on a monthly basis detailing the amounts charged to Customer pursuant to the terms of this Statement of Work. Should Customer negotiate, abate, cancel, amend, delay, or waive, without Azavar's written consent, any tax determination or Findings that were identified by Azavar or by its Audits where such Findings were allowed under the law at the time the tax determination or Findings were made, Customer shall pay to Azavar applicable contingency fees for the total said tax determination or Findings at the rates set forth below and for the following thirty-six (36) months. If Customer later implements during the subsequent thirty-six (36) months any Findings Customer initially declined based on Azavar programs or recommendations, Azavar shall be paid by Customer its portion of the savings and/or recoveries over the following thirty-six (36) months at the contingency fee rates set forth below.
- 2.2 For any and all Audits and/or Findings (under Section 1), Customer shall pay Azavar an amount equal to forty-five (45) percent of any new revenues, savings, or prospective funds recovered per account or per Auditee for thirty-six (36) months following when funds begin to be properly remitted to the Customer. In the event Azavar is able to recover any additional savings or revenue increases for any time period, or any credits at any time, Customer will pay Azavar an amount equal to forty-five (45) percent of any savings, funds, and fair market value for any other special consideration or compensation recovered for or received by the Customer from any Auditee. All contingency fees paid to Azavar are based on determinations of recovery by Azavar including Auditee data and regulatory filings. All revenue after the subsequent thirty-six (36) month period for each account individually will accrue to the sole benefit of the Customer.
- 2.3 Customer shall reimburse Azavar's travel expenses in accordance with Internal Revenue Service guidelines and rules.

- 3. **COMPLETE AGREEMENT:** This Statement of Work and the Agreement contains the entire Agreement between the parties hereto with respect to the matters specified herein. The invalidity or unenforceability of any provision of this Statement of Work shall not affect the validity or enforceability of any other provision hereof. This Agreement shall not be amended except by a written amendment executed by the parties hereto. No delay, neglect or forbearance on the part of either party in enforcing against the other any term or condition of this Statement of Work shall either be, or be deemed to be, a waiver or in any way prejudice any right of that party under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Statement of Work to be executed in duplicate originals by their duly authorized representatives as of the date set forth below.

AZAVAR AUDIT SOLUTIONS, INC.

CUSTOMER CITY OF HARRISBURG, OREGON

By _____

By _____

Title _____

Title _____

EXHIBIT A – STATEMENT OF WORK 2

This Statement of Work ("Statement of Work") is made and entered into on this 1st Day of May, 2020 by and between Azavar Audit Solutions, Inc.'s affiliate, Azavar Technologies Corporation, an Illinois corporation having its principal place of business at 55 East Jackson Boulevard, Suite 2100, Chicago, Illinois 60604 ("Azavar"), and City of Harrisburg, Oregon, an Oregon municipal corporation having its principal place of business at 120 Smith Street, P.O. Box 378, Harrisburg, Oregon 97446 ("Customer").

WHEREBY the parties entered into a Professional Services Agreement ("Agreement") by signature by the parties attached hereto on May 1, 2020.

1. **REVENUE ADMINISTRATION SERVICES:** In addition to the Services and work defined in the Agreement, Services shall be provided in substantial accordance with the below statements:

- i. **Professional Services, Ordinance Review, Analysis, and Modification:** Azavar shall review Customer ordinances and shall present any recommendations ("Findings") to Customer to maximize Customer revenues as part of the Audits, and where such Findings requires a change into the future, Azavar will only implement such change after Customer has reviewed and agreed to in writing any such change. Customer understands that Findings may include, but are not limited to, changes to technology, organizational processes, process automation, Customer communication practices, Customer governing practices, and/or updates to local ordinances or the codification thereof. Customer agrees that any Findings, whether implemented in whole or in part by Azavar or the Customer, shall be fully compensable under Section 3 of the Agreement, including wherein the Findings require any amendments to an ordinance and wherein the ordinance is changed. Customer agrees to review any Findings within thirty (30) days.
- ii. **Electronic Monitoring and Automated Management of Locally Authorized and Administered Tax/Fee and Any Other Revenues:** Azavar shall provide Customer for an additional fee with Services and software to continuously monitor and manage locally authorized and administered taxes, fees, and any other revenues to ensure compliance with locally authorized taxes and fees. Services to be included by Azavar are as follows: (i) Customer will have a single Azavar point of contact for inquiries or reporting issues; (ii) Regular (weekly, semi-monthly, or monthly) status calls with the assigned Azavar project manager; (iii) Defect/Enhancement reporting and tracking tool; (iv) Project management portal. Additional Services related to the software specifically to be provided to the Customer are as follows: **Tax and Fee Administration Software Module and Services**
 1. 99.7% guaranteed system uptime (including pre-arranged system maintenance schedule);
 2. Cyber liability insurance coverage and NACHA and PCI compliance;
 3. Help Desk support for Customer and Customer End Users Monday through Friday, 9am-5pm CST (excluding state and federal holidays);
 4. One (1) business day response time to support inquiries;
 5. One (1) onsite training on application for Customer staff (onsite location, date, time, and duration to be mutually agreed to by Customer and Azavar);
 6. One (1) onsite demonstration and training for Customer End Users and taxpayers (onsite location, date, time, and duration to be mutually agreed to by Customer and Azavar);
 7. Report generation configured to the Customer's requirements in collaboration between the Customer and Azavar;
 8. Production of marketing material to communicate the Services and software to Customer End Users;
 9. Concierge Customer Service: In the event an individual Customer End User is unable to use the Azavar Software to file and pay Customer Taxes, Azavar shall be responsible for providing manual, individual support to the individual Customer End User;
 10. Delinquency reporting and regular follow up with delinquent taxpayers by Azavar Customer Service; and,
 11. Setup of an on-site kiosk (optional) within Customer facilities.

2. **IMPLEMENTATION AND USE OF AZAVAR SOFTWARE**

- 2.1 Customer agrees that it shall use Azavar developed, hosted, managed, and supported software pertaining to local government expense management, tax location management, tax filing and payment applications for locally authorized and/or administered taxes, expenses, proceeds, monies owed, or fees, (collectively "Taxes") and revenue monitoring, management, and reporting software ("Azavar Software" or "Software"). Customer agrees that it shall, within no more than thirty days (30) from the date of execution of this Statement of Work:
 - (a) Provide Azavar full cooperation and information necessary to immediately implement, deploy, and integrate Azavar Software for electronic filing, payment, and collection of Taxes with Customer's existing database and/or enterprise resource planning ("ERP") systems, wherein the Azavar Software is accessible on Customer's official website to users of Customer's website ("End Users") in a live and secure production environment. Customer shall identify one (1) staff person to test the Software and provide feedback to Azavar regarding the Azavar Software on a reasonably regular basis, especially during Customer onboarding on to Azavar Software. Azavar is expressly authorized by Customer to contact and work with web, Information Technology, and/or ERP providers of Customer for the purposes of implementing and updating Azavar Software as necessary. Should Customer require additional Services for implementation, configuration, customization, or integration of Azavar Software not set forth in this Statement of Work, Azavar shall provide said professional services to Customer on a time and materials basis (Azavar's blended hourly rate for said services is \$150.00/hour for the 2019 Calendar Year) at Azavar's then current rate schedule; and,
- 2.2 Azavar shall retain all rights, at its sole discretion, to recover service fees or cost(s) from Customer and/or End Users and to set reasonable prices for Customer and/or End Users. This includes, but is not limited to, reclamation of fees for ACH/EFT/eCheck processing electronic payments processing fees or for Credit/Debit Card processing fees. End Users with returned ACH/EFT/eCheck payments shall be assessed a fee of \$25.00 by Azavar and shall be retained by Azavar. Azavar shall assess Customer, and Customer shall absorb, a service fee of 1.95% for all transactions.

3. **END USER LICENSE AGREEMENT**

- 3.1 **Software License.** Azavar hereby grants a non-exclusive license to the Customer to use the Azavar Software for the purpose of payment, filing and collection of all Taxes, as well as for collection of all additional and ancillary data generated by such collections. The Customer shall not sublet, duplicate, modify, decompile, reverse engineer, disassemble, or attempt to derive the source code of said Software. The license granted hereunder shall not imply ownership by Customer of said Software, rights of the Customer to sell the Software, or rights to use said software for the benefit of others, except as provided below in Section 3.2. Customer shall not create any derivative work or product based on or derived from

the Software or documentation, or modify the Software or documentation without prior written consent of Azavar. Azavar agrees that it install and maintain the Software during the Initial Term and for any further term as agreed upon by the parties.

6.

3.2 **Sublicense:** The license grant provided to Customer includes a limited right to allow an unlimited number of End Users to the system for the purposes of reporting, filing, and paying of all locally authorized and/or administered Taxes and revenue. Each End User shall generate a user name and password and will agree to a limited end user license agreement for accessing and using the Azavar Software for the purposes of filing, payment, and collection of Taxes and revenue due to Customer.

3.3 **Customer Data:** Azavar acknowledges that the data provided by the Customer ("Customer Data") during the use and implementation of the Software is the property of the Customer. Customer authorizes Azavar to access, import, process and generate reports ("Azavar Data") from the Customer Data with Azavar's various proprietary systems. No confidential or otherwise sensitive information will be released. Azavar owns any rights in and to the Azavar Data, including but not limited to all Intellectual Property rights that may vest in such Azavar Data. The Azavar Data shall be made available to the Customer in a format acceptable to both the Customer and Azavar.

3.4 **Duration, Fee, and Term:**

3.4.1 **Duration:** The grant of the Software License in Section 2.1 above is provided to Customer for the Initial Term and any Renewal Terms to use, install, implement and deploy the Azavar Software at the license fee set forth below.

3.4.2 **Fee:** Customer shall pay a \$195.00 one-time onboarding service fee upon execution of this Statement of Work. Customer shall pay Azavar a discounted service/license fee of \$50.00 per month, invoiced annually, for the distinct and unique locally authorized and/or administered Tax forms listed below and implemented within Azavar Software for the Customer's benefit upon execution of this Statement of Work, whether or not such Tax form(s) has yet been deployed to a live production environment. Billing of the service/license fee shall start upon deployment of Azavar Software to a live production environment. Customer agrees and authorizes that Azavar shall deploy a distinct and unique license and/or Tax form for filing and collection of each, but not limited to, Customer Tax and Fee upon execution of this Statement of Work. Customer may request at any time, in writing to Azavar, that Azavar implement and deploy any additional module(s). A separate fee may be applicable for additional modules.

4 **LICENSE, PERMITS, AND/OR APPROVALS**

4.1 Azavar and Customer will work together to obtain such licenses, permits, and/or approvals ("Approvals") as necessary and required by law for the performance of the Services and implementation of the Azavar Software as provided in this Statement of Work. Customer shall be responsible for payment of all such fees or licenses necessary for said implementation.

5 **INDEMNITY**

5.1 **For Azavar:** Azavar shall indemnify and hold harmless Customer and its officers, officials, and employees from any liability for damage or claims for personal injury, as well as from claims of breach of confidentiality, which may arise out of the performance of the work described herein, caused in whole or in part by any negligent act or omission of Azavar, its officers, agents and employees under this Statement of Work.

5.2 **For Customer:** Customer shall indemnify and hold harmless Azavar, its officers, agents, and employees from any liability for damage or claims for personal injury, as well as from claims for breach of confidentiality or property damage which may arise from Customer's negligent acts, errors or omissions under this Statement of Work.

6 **INTELLECTUAL PROPERTY**

6.1 **Ownership:** Azavar owns all rights in and to the Azavar Software as well as all modifications and amendments necessary for implementation of the Azavar Software. In the event that it should be determined that any Azavar Software or related documentation qualifies as a "Work Made for Hire" under U.S. copyright law, then Customer will and hereby does assign to Azavar, for no additional consideration, all right, title, and interest that it may possess in such Services and related documentation including, but not limited to, all copyright and proprietary rights relating thereto. Upon request, Customer will take such steps as are reasonably necessary to enable Azavar to record such assignment. Customer will sign, upon request, any documents needed to confirm that the Services or any portion thereof is not a Work Made for Hire and/or to effectuate the assignment of its rights to Azavar.

6.2 **Proprietary Information:** As used herein, the term "Proprietary Information" means any information which relates to Azavar's Software, audit processes or related services, techniques, or general business processes. Customer shall hold in confidence and shall not disclose to any other party any Proprietary Information in connection with this Statement of Work, or otherwise learned or obtained by the Customer through implementation of the Azavar Software.

7 **COMPLETE AGREEMENT:** This Statement of Work and the Agreement contains the entire Agreement between the parties hereto with respect to the matters specified herein. The invalidity or unenforceability of any provision of this Statement of Work shall not affect the validity or enforceability of any other provision hereof. This Agreement shall not be amended except by a written amendment executed by the parties hereto. No delay, neglect or forbearance on the part of either party in enforcing against the other any term or condition of this Statement of Work shall either be, or be deemed to be, a waiver or in any way prejudice any right of that party under this Agreement.

IN WITNESS WHEREOF, the parties have caused this Statement of Work to be executed in duplicate originals by their duly authorized representatives as of the date set forth above.

AZAVAR TECHNOLOGIES CORPORATION

CUSTOMER CITY OF HARRISBURG, OREGON

By _____

By _____

Title _____

Title _____