EXHIBIT L-I

CHARGES AND LIQUIDATED DAMAGES

I.   CHARGES.

A.   **Total Maximum Contract Sum**. The Total Maximum Contract Sum during the Initial Term shall be determined by aggregating the Maximum Contract Sums specified in Exhibit L-I and shall not exceed $483,854,928. If the COUNTIES determine to extend the term of this Agreement pursuant to Section 2.2, the Total Maximum Contract Sum so extended shall not exceed $86,674,775 during the 36 months of the extended period.

B.   **Maximum Contract Sums**.

1. **CalWIN Deliverables**. The Maximum Contract Sum for Deliverables required hereunder for CalWIN, including without limitation the products of Development Services, Design, User Acceptance Test, Pilot Test, Training, Conversion, and Consortium-wide Implementation, *e.g.*, all Deliverables to be provided under Tasks 1 through 9 in Section A4.0 (CalWIN Tasks and Deliverables) of Exhibit A for this Agreement during the Initial Term shall not exceed $132,174,545.

2. **Determination of Fixed Rate Costs and Maximum Contract Sums for VENDOR-provided Local Office Hardware and any associated Third Party Software, Operations and Telecommunications, and CalWIN Application Software Modifications**. The parties acknowledge and agree that the Fixed Rate Prices for VENDOR-provided Local Office Hardware and any associated Third Party Software shall be based on COUNTIES' estimates of the number and location of CalWIN Workstations, for Operations and Telecommunications shall be based on the projected caseload volumes, and for CalWIN Application Software Modifications shall be based on a COUNTY's fixed number of hours, invoicing and payment for these goods and Services. The parties further agree, however, that the actual Fixed Rate Price therefor shall utilize the Fixed Rates, but shall apply the Fixed Rates to actual quantities of goods and Services provided by VENDOR. Therefore, the procedures described below shall apply in establishing Maximum Contract Sums for the following goods and Services.

3. **VENDOR-provided Local Office Hardware and any associated Third Party Software**.

A. The Maximum Contract Sum for all VENDOR-provided Local Office Hardware and any associated Third Party Software during the Initial Term shall not exceed $12,701,850.

B. COUNTIES will approve or disapprove payments based upon the number of individual VENDOR-provided Local Office Hardware and any associated Third Party Software items Approved prior to each invoicing period.

C. At the completion of Pilot Office installation and Approval and for each invoicing period thereafter throughout the Operational Period, VENDOR shall submit, as a part of its invoice, an accounting of the number of each type of VENDOR-provided Local Office Hardware and any associated Third Party Software items Approved during the invoicing period.

D. The amount of the payment per Device shall be the Fixed Rate for the category of VENDOR-provided Local Office Hardware and any associated Third Party Software in accordance with Schedule C, multiplied by the approved number of items in the category.

4. **Operations and Telecommunications**.

A. The Maximum Contract Sum for Operations and Telecommunications goods and Services for this Agreement during the Agreement's Initial Term shall not exceed $125,218,358.

B. Should COUNTIES determine to extend this Agreement pursuant to Section 2.2, the Maximum Contract Sum for Operations and Telecommunications so extended shall not exceed $56,571,576 during the 36 months of the extended period.

C. VENDOR shall provide, as part of each invoice for Facilities Management/Operations and Telecommunications, an accounting of the usage of Facilities Management/Operations and Telecommunications. This usage shall be defined in terms of a monthly fixed rate based upon VENDOR –provided Services for each item defined in Schedule D-Rates and D-2-Rates of Exhibit G depending upon the volume thresholds. By way of example but not limitation, for a particular invoicing period, the active case count would be 10,000. In

the example, VENDOR's Utilization Fixed Rate for Operations Services is $100/1,000 active cases. VENDOR's billing shall be based on the Operations Services Utilization Fixed Rate included in <u>Schedule D-4</u> of <u>Exhibit G</u> multiplied by the usage, *i.e.*, the number of active cases divided by 1,000 active cases. Therefore, the usage would be 10 (10,000 active cases/1,000 active cases) multiplied by $100 for an Operations Services total of $1,000.

      5. Existing System Application Software Maintenance and Modification. Deleted by agreement of the parties

      6. CalWIN Application Software Modifications.

        A. The Maximum Contract Sum for CalWIN Application Software Modifications during the Initial Term shall not exceed $165,628,707. Once the Maximum Contract Sum for CalWIN Application Software Modifications has been expended, VENDOR shall have no obligation to perform any further CalWIN Application Software Modifications unless additional funds for such work have been authorized by COUNTIES.

        B. Should COUNTIES determine to extend this Agreement pursuant to <u>Section 2.2</u>, the Maximum Contract Sum for CalWIN Application Software Modifications (as defined in <u>Section 9.3</u>) so extended shall not exceed $30,103,200.

        C.   VENDOR shall determine the total monthly cost for CalWIN Application Software Modifications by adding together the costs for the following Services:

          (1) Joint Services: The total monthly Joint Services charge shall be determined by using the following formula:

    J =   A x B where:

    J =   the total Joint Services charge

    A =   the total number of person-hours actually worked
        and billed for each staff category

    B =   the existing Services Billing Rate for each
        staff category

(2)   Support Services: The total monthly change for agreed upon expenses including travel.

(3)   VENDOR shall determine each COUNTY's share of these total Monthly Joint Services costs according to the following procedure:

(A)   A base COUNTY share shall be established by using the following formula:

B = $\underline{J + S}$ / N where:

B =   the base COUNTY share

J =   the total monthly Joint Services charge

S =   the total monthly Support Services charge

N =   the number of participating Counties

(B)   The base COUNTY share shall then be modified for each participating COUNTY according to the following guidelines:

(i) For the small Counties (as defined by the WCDS Joint Committee and which currently consist of Placer, San Luis Obispo, Santa Cruz and Yolo), the actual COUNTY rate shall be computed using the following formula:

R(s) = $\underline{B}$ / 2 where:

R(s) =   the small COUNTY share

B   =   the base COUNTY share

(ii) For the medium-sized Counties (as defined by the WCDS Joint Committee and which currently consist of San Mateo, Santa Barbara, Solano, Sonoma and Ventura), the actual COUNTY share shall be the same as the base COUNTY share.

(iii) For the large Counties (as defined by the WCDS Joint Committee and which currently consist of Alameda, Contra Costa, Fresno, Orange, San Diego, San Francisco, Santa Clara, Tulare and Sacramento), the

actual COUNTY rate shall be computed using the following formula:

$$R(l) = B + (((\underline{\#S \times B}) / 2) \times \#L) \text{ where:}$$

R(l) = the large COUNTY share

B = the base COUNTY share

#S = the number of small participant Counties

#L = the number of large participant Counties

9. Separate Services. VENDOR shall determine each COUNTY's Charges for Separate Services performed pursuant to <u>Section 12</u>. Such Charges shall be itemized as to actual expenditures and will be based on person-hours at the Separate Services rate, Travel Expenses, and clerical Services required in performance of the requested Service. When more than one COUNTY participates in the same request for Separate Services, each COUNTY so participating shall be billed for its equal share of the cost for such Services or as COUNTIES agree. Travel Expenses shall be billed to the requesting COUNTY at cost.

C. Project Facility-Related Costs. The Maximum Contract Sum for Project facility-related costs during the CalWIN Development/Implementation Period shall not exceed $48,131,468. This Maximum Contract Sum including all of VENDOR's costs for furnishing and operating an office to house COUNTIES' Project staff, including but not limited to lease or rental, furniture and fixtures, utilities, telephone, office equipment, security, janitorial services, and the like and will be provided pursuant to <u>Section 4.2.6</u> (Project Site) of this Agreement and <u>Schedule F</u> of <u>Exhibit G</u>.

D. Applicable Taxes. The Maximum Contract Sums set forth above of this section include all applicable taxes, including but not limited to sales, use, property and excise taxes. VENDOR shall be solely responsible for and shall pay all such taxes when due.

E.   Utilization Fixed Rate Adjustments

1.   COUNTIES reserve the right to renegotiate adjustments to Utilization Fixed Rates for VENDOR-provided Local Office Hardware and any associated Third Party Software , Operations and Telecommunications if caseload, user, location and/or person hours increase significantly (as defined below) from the projected numbers during the term of this Agreement. COUNTIES may exercise this right at the end of the first full year of the Operational Period and/or at the end of any subsequent six-month period during the term of this Agreement. Renegotiations shall be based on VENDOR's original methodology for determining the Utilization Fixed Rates, new COUNTIES' projections of items of VENDOR-provided Local Office Hardware and any associated Third Party Software, caseloads, and significant increases in the number of program changes required. For purposes of this section, a significant increase is defined as an increase over the projected level of 20% or more.

2.   Changes Prior to Approval of Detailed Systems Design Document.

A.   During the period from the Commencement Date to 30 Days prior to the delivery of the Detailed System Design Deliverables, VENDOR will provide, within the Charges for System Development shown on Schedule A of <u>Exhibit G</u> and/or as additional Charges, reasonable modifications to CalWIN that may be required by COUNTIES. Such modifications will only include minor changes required by:

(1)   COUNTIES' implementation of changes mandated by Federal, State or COUNTIES' statutes, rules, regulations or court decisions;

(2)   modifications to COUNTIES' procedures and policies; or

(3)   changes which may be required for the operation of the CalWIN.

B.   Following is an example of a minor change to be made under the previous section: A recent California court decision made the following ruling that would require a change in the General System Design Deliverable. An unrelated child in a household was considered a separate

budget unit, resulting in a grant of about $300.00 per month. The court decision upheld a California policy that such children be considered as being within the existing household budget unit, thereby reducing the grant for that child to about $100.00 per month.

                C.   The parties will make good faith efforts to reduce the impact of such changes on the CalWIN and CalWIN Project. The parties recognize that such changes may have a cumulative adverse impact on the schedule set forth in the PCD, the CalWIN, CalWIN Project resources and other performance requirements of the CalWIN. Therefore the parties will periodically review the cumulative impact of such changes to determine whether the schedule set forth in the PCD, the CalWIN, CalWIN Project resources, other performance requirements of the CalWIN, and/or other functional or technical requirements of the CalWIN need to be modified, and any such modification shall be made using the modification control procedures set forth in Section 6.9.

II.   LIQUIDATED DAMAGES.

        A.   Failure to Meet CalWIN Performance Standards.

        1.   The parties agree that it would be impracticable and infeasible to fix the actual damages which would result to COUNTIES in the event VENDOR fails to perform in accordance with the Performance Standards established in this Agreement. The parties therefore agree that, in accordance with California Government Code Section 53069.85 and the provisions of this Exhibit L-I, if VENDOR fails to maintain such Performance Standards, COUNTIES may impose as fixed and liquidated damages amounts not to exceed the amounts set forth in this Exhibit L-I.

        2.   Deleted by agreement of the parties.

        3.   Any liquidated damages assessed pursuant to - Section 21 of the Agreement may be credited by COUNTIES against VENDOR's next invoice.

        4.   Deleted by agreement of the parties.

B.   **Key Personnel**. Subject to the exceptions specified in Section 6.7 of this Agreement, in the event that VENDOR fails to provide all of the Key Personnel set forth in Section 6.7 of this Agreement, COUNTIES may, in addition to other remedies available in law, at equity or specified elsewhere in this Agreement, reduce VENDOR's monthly applicable Charges, $500 for each workday and for each such Key Personnel member(s) not working under this Agreement until the earliest of (i) the return of such Key Personnel member(s) to the CalWIN Project, (ii) the COUNTIES' Project Manager's written Approval of a replacement for or the diversion of such Key Personnel member(s), or (iii) the return of such Key Personnel member(s) is prevented or excused by one or more of the reasons stated in Section 6.7 of this Agreement.

    C.   **Failure to Meet CalWIN Due Dates**.

        1. VENDOR shall pay liquidated damages as noted in the following chart for its failure to receive Approval for the noted Deliverables or Tasks by the dates mutually agreed to in the PCD:

Name of Deliverable or Task	Amount of Liquidated Damages Per Day
Initial Project Control Document	$500.00

Systems Development
  -Validation of CalWIN Functional and Technical Requirements Deliverables
  -General System Design
  -Detailed System Design
  -Code and Unit Test
  -System Test
	$1,000.00
	
	1,000.00
	1,000.00
	1,000.00
	$5,000.00

Approval of User Acceptance Test	$5,000.00
Pilot Test Completed	$500.00
Consortium-wide Implementation Completed	$5,000.00
CalWIN Telecommunications Design Deliverable	$5,000.00
Consortium-wide Implementation Plan – Final Deliverable	$500.00
Turnover/Transition Plan Deliverable	$500.00
CalWIN Operations and Maintenance Plan Deliverable	$500.00
CalWIN Training Plan Deliverable	$5,000.00
Conversion Plan Deliverable	$5,000.00
Conversion System Test Report Deliverable	$500.00

D.   Failure to Meet CalWIN System Performance Requirements.

1. Performance Standard. VENDOR shall pay the liquidated damages described below due to failure by VENDOR to meet the System Performance Standard provided in Exhibit C, Section 3.0 (System Performance), *i.e.*, that the CalWIN shall be available in accordance with its Specifications for on-line functions for the Tier 1 and Tier 2 on-line availability hours during each month.

2. Damages.

A. Liquidated damages shall be assessed by each COUNTY for each month in which the on-line CalWIN Application Software failed to meet the Tier 1 Availability Standard (AS) and the Tier 2 Availability Standard (AS), provided in Exhibit C, Section 3.4 (System Availability).The Tier 1 measurement period shall be the period of on-line CalWIN availability each day between 7:00 AM and 6:00 PM, Pacific Time, Monday through Friday per week for each month other than County holidays. The Tier 2 measurement period shall be the period of on-line CalWIN availability each day between 6:00 AM and 7:00 AM, and 6:00 PM and 8:00 PM, Pacific Time, Monday through Friday and between 6:00 AM and 8:00 PM*,* Pacific Time, Saturday and Sunday per week for each month. The hours between 6:00 AM and 8:00 PM on each County Holiday shall be considered as part of the Tier 2 hours measurement period each month. The percentage of availability shall be determined in accordance with the following formula:

$$\text{Tier 1 COUNTY Availability } (CA_1) \% = (B_1 - UA_1) / B_1$$

$$\text{Tier 2 COUNTY Availability } (CA_2) \% = (B_2 - UA_2) / B_2$$

UA_1 = The sum of the monthly minutes for all incidents in the Tier 1 measurement period for a given COUNTY, that the on-line CalWIN Application Software was not available due to an unplanned outage. The minutes for each site incident will be multiplied by the number of impacted Full-time CalWIN users in sites with greater than 5 users, divided by the total number of Full-time CalWIN users for the COUNTY excluding users in sites with less than 5 users;

UA_2 = The sum of the monthly minutes for all incidents in the Tier 2 measurement period for a given COUNTY, that the on-line CalWIN Application Software was not available due to an unplanned outage. The minutes for each site incident will be multiplied by the number of impacted Full-time CalWIN users in sites with greater than 5 users, divided by the total number of Full-time CalWIN users for the COUNTY excluding users in sites with less than 5 users;

B_1 = The maximum number of monthly minutes in the Tier 1 measurement period for the COUNTY, that the on-line CalWIN Application Software could be available (for example in the month of October, 2003, the value would be 660 X 22 or 14,520 minutes);

B_2 = The maximum number of monthly minutes in the Tier 2 measurement period for the COUNTY that the on-line CalWIN Application Software could be available (for example in the month of October, 2003, the value would be (180 X 22) + (840 X 9) or 11,520 minutes);

T_1 = 99.5% is the Tier 1 Availability Standard (AS)

T_2 = 95.0% is the Tier 2 Availability Standard (AS)

Liquidated Damages for the COUNTY for the month would be:

If Tier 1 availability CA_1 falls below T_1 then Tier 1 liquidated damages are

$LD_1 = (T_1 - CA_1)$ X $10,000

If Tier 2 availability CA_2 falls below T_2 then Tier 2 liquidated damages are:

$LD_2 = (T_2 - CA_2)$ X $10,000

The following definitions apply to the examples given below.

Unplanned Outage: An unplanned outage is an event that affects all or a group of CalWIN users, such as a router, hub, switch, server, or database becoming unavailable, causing the CalWIN pplication to become unavailable for a group of users. For Vendor provided Local Office Hardware that the Vendor maintains, time measurements for outages, will be the amount of time beyond the agreed on service time provided in Exhibit C, Section 6.0 (Service Requirements), that the Vendor has to repair or replace the CalWIN Device.

For devices at the Vendor data center operations and/or development sites, such as a router, hub, switch, server or database becoming unavailable, the time measurement for the outage will commence from the time of the outage report until its repair. For example, at a local County office, a router that is the Vendor's responsibility is inoperable, and the Vendor has it back in operation 45 minutes under the agreed service time, then no outage would have occurred. However, if a router that is the Vendor's responsibility is inoperable, and it takes 32 minutes longer than the allotted service repair time to restore it to operation, then a 32 minute outage would have occurred. Vendor data center and/or development site examples would be, a County database being unavailable for 24 minutes, then a 24 minute outage has occurred, or the Vendor supplied communications line, or router, is inoperable for 45 minutes, then a 45 minute unplanned outage has occurred.

Planned Outage: A planned outage is a period of unavailability affecting all or a group of CalWIN users that has been planned in advance of the event. The COUNTIES or the affected individual COUNTY and the VENDOR will negotiate in good faith the length of planned outages in advance of the event.

Full-time CalWIN Users: A Full-time CalWIN user is defined in Attachment 3.2 as a user in categories: Mgt., Fiscal, Fair Hearing, Quality Control, IEVS, Fraud, Elig. Supvr., Elig. Worker, Elig. Clerk, GA/GR Supvr, GA/GR Worker, GA/GR Clerk, and Other-funded Worker.

For the following example, when using "inoperable" for Vendor supplied devices, it refers to the amount of time in excess of the allotted service repair/replace times allowed.

Example:

The following outage reports were received for October
2003:

Alameda County:
Database unavailable for 160 minutes during Tier 1 period
Vendor supplied router inoperable at site 401 Broadway for 38 minutes during Tier 1 period
401 Broadway has 19.5% of Alameda Full-time CalWIN users

Therefore:

$CA_1 =$ [(660 X 22) − ((160 X 100%)+(38 X 19.5%))] / [(660 X 22)] = 14,353 / 14,520 = 98.8%

$$CA_2 = [((180 \times 22) + (840 \times 9)) - 0] / [(180 \times 22) + (840 \times 9)] = 11{,}520 / 11{,}520 = \mathbf{100\%}$$

Since the Tier 1 availability CA_1 is less than the Tier 1 Availability Standard of 99.5%, the Tier 1 liquidated damages for CalWIN availability are:

$$LD_1 = [(99.5 - 98.8) \times \$10{,}000] = \$7{,}000$$

Since the Tier 2 availability CA_2 is greater than or equal to the Tier 2 Availability Standard of 95.0%, there would be no liquidated damages for October 2003, as far as Tier 2 CalWIN availability goes for Alameda County.

B.   The total amount of liquidated damages for a COUNTY for a month shall be deducted from the total COUNTY invoice amount for Facilities Management Operations and Telecommunications for the following month. The amount of the monthly liquidated damages for an individual COUNTY shall not exceed the total COUNTY invoice amount for Facilities Management Operations and Telecommunications for the following month. In the event that COUNTIES notify VENDOR that COUNTIES are terminating the Agreement due to VENDOR's default, COUNTIES would be entitled to the liquidated damages in excess of such monthly invoice amounts, beginning on receipt by VENDOR of the notice of termination. After such termination is effective COUNTIES shall be entitled to pursue their actual damages.

C.   Notwithstanding COUNTIES' right to assess liquidated damages, if, pursuant to Section 21, COUNTIES determine that the failure to meet the availability requirement constitutes a breach of this Agreement, COUNTIES may elect to terminate this Agreement pursuant to Section 24.