FileLocal

Executive Board:

Susy Haugen, Chair
City of Everett

Toni Battersby
City of Bellevue

Glen Lee
City of Seattle

Andy Cherullo
City of Tacoma

Executive Board Agenda

June 3, 2016

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4090
SEATTLE, WA

1. **CALL TO ORDER**
   A. Introductions

2. **PUBLIC COMMENT***

3. **APPROVAL OF MARCH 28, 2016, MEETING SUMMARY** Page 2

4. **REVIEW OF MARCH AND APRIL FINANCIAL STATEMENTS** Page 4

5. **ACTION ITEMS**
   A. Resolution FL 2016_06 2017 Draft Budget
      I. Briefing Paper: FL 2016_06 2017 Draft Budget Page 12
      II. Resolution: FL 2016_06 2017 Draft Budget Page 14
      III. Attachment A: 2017 Draft Budget Page 16
   B. Resolution FL 2016-08 Leviathan Contract
      I. Briefing Paper: FL 2016-08 Leviathan Contract Page 23
      II. Resolution: FL 2016-08 Leviathan Contract Page 24
      III. Attachment A: Leviathan Contract Page 25

6. **EXECUTIVE SESSION** (estimated duration: 30 min.)
   A. RCW 2.30.110(i)(iii) – Discussion with legal counsel regarding litigation or legal risks of a proposed action or current practice when public discussion is likely to result in adverse legal or financial consequences.

7. **NEXT MEETING:**
   A. Special Executive Board meeting: June 27, 2016 at 10:00 am
   B. Operations Committee meeting: Monday, September 12, 2016 at 2:00 pm
   C. Executive Board meeting: September 26, 2016 at 12:00 pm

8. **ADJOURNMENT**

*A public comment period is provided to allow the public to briefly present information, topics or issues that they feel should be considered by the board. Presentation should be limited to three minutes and be summary in nature. The board may decide to discuss the topic briefly at that time or to request its placement on a future agenda.

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

Executive Board:

Andy Cherullo, Chair
City of Tacoma

Jan Hawn
City of Bellevue

Susy Haugen
City of Everett

Glen Lee
City of Seattle

Executive Board Meeting Summary

March 28, 2016

SEATTLE MUNICIPAL TOWER CONFERENCE ROOM 4070
SEATTLE, WA

KEY: Underlined text indicates actions/decisions.
Bold/italicized text indicates follow up items.

Standing Items

1. CALL TO ORDER

The January 25, 2016, meeting of the Washington Multi-City Business License and Tax Portal Agency (FileLocal) was called to order at 12:07 p.m. and held in Conference Room 4070 of the Seattle Municipal Tower in Seattle, Washington.

ROLL CALL

Board Members Present: Andy Cherullo (phone), Susy Haugen (phone), Jan Hawn (phone), and Glen Lee

Staff and Guests: Jamie Carnell, Laurie McVay, Horace Francis (phone), David Linehan (phone), Danielle Larson (phone), and Troy Lucas (phone)

2. PUBLIC COMMENT

There were no public comments.

3. APPROVAL OF MEETING SUMMARY

On a motion made by Jan Hawn and seconded by Susy Haugen, the board approved the January 25, 2016, meeting summary.

4. REVIEW OF FINANCIAL STATEMENT

Horace Francis summarized the January and February financial statements. There were no questions or comments

5. ACTION ITEMS

A. **Resolution FL 2016-02, Officer Elections**: David Linehan reviewed the rules noted in the bylaws that govern the terms and election of Executive Board officers. Jan Hawn, who was nominated as Chair, informed the Board that she is unable to serve as the Chair. After discussing options for moving forward with the Agency legal counsel, it was agreed that the nomination slate approved at

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the January 25 meeting would be voted on. On a motion made by Glen Lee and seconded by Susy Haugen the resolution was passed unanimously. Officer seats will be held as follows:

Seat	Name	Term Duration
Chair	Jan Hawn	Two years
Vice-Chair	Susy Hagen	Two years
Secretary	Laurie McVay, Non-Board Member	Indefinite
Treasurer	Horace Francis, Non-Board Member	Indefinite

It is understood that Jan Hawn will resign as Board Chair on April 1 and Susy Haugen, Vice-Chair as of April 1, will assume the Chair seat. At the May 16 Executive Board meeting, a new Vice-Chair will be elected to replace Susy, who will hold the seat for the two-year term.

B. **Resolution FL 2016-03, Contract 3102 Assignment**: Jamie Carnell summarized the resolution, noting that amendment negotiations to the Ramware contract will begin once Contract 3102 has transferred to the Agency. On a motion made by Susy Haugen and seconded by Jan Hawn the resolution was passed unanimously.

C. **Resolution FL 2016-04, IT Security Policies**: Jamie Carnell reviewed the background on the policy development. The IT Security Policies apply to the FileLocal Agency and calls out specific responsibilities for the Cities and Vendors. As three cities have launched it is imperative that we establish security policies without further delay. On a motion made by Glen Lee and seconded by Jan Hawn the resolution was passed unanimously.

D. **Resolution FL 2016-05, 2015 Financial Statement**: Horace Francis reviewed the 2015 annual financial statement, which must be filed with the Washington State Auditor's Office no later than May 30, 2016. On a motion made by Susy Haugen and seconded by Jan Hawn the resolution was passed unanimously.

6. DISCUSSION ITEMS:

A. **2016 Legislative Session and Next Steps**: Jamie Carnell updated the Board on the 2016 Washington State Legislative Regular Session. House Bill 2959 was adopted in the regular session. The final bill calls for the Department of Revenue to manage and staff the development of a report to the legislature regarding tax and system alignment among Washington cities that collect B&O taxes.

7. ADJOURNMENT

The meeting of the Executive Board adjourned at 12:33 p.m.

Respectfully Submitted,

Laurie McVay
Secretary, FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

FileLocal
Financial Statements
April 30, 2016

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Your one stop for local business licensing and tax filing

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
APRIL 30, 2016

ASSETS		
Cash	$	832,227
Accounts receivable		2,738
Prepaid		120,704
Total Current Assets		955,669
TOTAL ASSETS		955,669
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		39,964
Total Current Liabilities		39,964
TOTAL LIABILITIES		39,964
NET ASSETS		
Net assets, unrestricted		915,705
TOTAL NET ASSETS		915,705
TOTAL LIABILITIES AND NET ASSETS	$	955,669

FILE LOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH AND YEAR-TO-DATE ENDED APRIL 30, 2016

	APRIL	YTD
REVENUES		
User fees	$ 3,140	$ 5,904
Reimbursable cost/Capital cost recovery charges		
City of Seattle	-	406,490
City of Bellevue	-	67,172
City of Tacoma	-	107,664
City of Everett	-	31,536
Total reimbursable cost	-	612,862
Total revenues	$ 3,140	$ 618,766
EXPENSES		
Accounting fees	3,000	9,397
Agency IT costs	35	140
Bank fees	16	120
Conference costs	1,000	1,322
Consulting	-	3,375
Insurance	433	1,736
Labor costs	(4,930) *	76,115
Legal fees	7,320	15,818
License and membership fees	-	440
Meals and entertainment	-	706
Office and operation supplies	97	101
Printing and copying	97	97
Technology costs	58,000	58,310
Transaction fees	1,281	1,281
Total expenses	66,349	168,958
CHANGE IN NET ASSETS	$ (63,209)	$ 449,808

* The labor costs reflects the difference between the actual invoice and the accruals based on monthly average of budgeted labor costs.

FILELOCAL
SCHEDULE OF BUDGET AND REMAINING BUDGET
FOR THE YEAR TO DATE ENDED APRIL 30, 2016

	Budget	YTD Actual	% of Budget	Remaining Balance
REVENUES				
Fund carryover	$ 457,757	-	-	$ 457,757
User fees	48,378	5,904	12%	42,474
Reimbursable cost/Capital cost recovery charges				
City of Seattle	406,490	406,490	100%	-
City of Bellevue	67,172	67,172	100%	-
City of Tacoma	107,664	107,664	100%	-
City of Everett	31,536	31,536	100%	-
Total reimbursable cost	612,862	612,862	100%	
Total revenues	1,118,997	618,766	55%	500,231
EXPENSES				
Labor costs	324,182	76,115	23%	248,067
Contracts	43,520	11,253	26%	32,267
Overhead	48,868	17,918	37%	30,950
Technology costs	269,089	59,591	22%	209,498
Operating reserve	409,338	-	0%	409,338
Capital cost recovery payments	24,000	-	0%	24,000
Consulting	-	3,375	0%	(3,375)
Meals and entertainment	-	706	0%	(706)
Total operating expenses	1,118,997	168,958	15%	950,039
CHANGE IN NET ASSETS	-	449,808		
NET ASSETS, AS OF JANUARY 1, 2016	192,875	273,024		
NET ASSETS, AS OF APRIL 30, 2016	$ 192,875	$ 915,705		
Schedule I - Contracts				
Accounting	$ 25,890	$ 9,397	36%	$ 16,493
Auditing	10,445	-	0%	10,445
Insurance	5,745	1,736	30%	4,009
Bank fees	1,440	120	8%	1,320
Total	$ 43,520	$ 11,253	26%	$ 32,267
Schedule II - Overhead				
Legal	$ 31,112	$ 15,818	51%	$ 15,294
Conference costs	-	1,322	0%	-
Office and operating supplies	5,222	101	2%	5,121
Printing	5,222	97	2%	5,125
Licenses/Memberships	5,222	440	8%	4,782
Agency IT costs	2,089	140	7%	1,949
Total	$ 48,868	$ 17,918	37%	$ 30,950

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

FileLocal
Financial Statements
March 31, 2016

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FILELOCAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2016

ASSETS		
Cash	$	958,788
Accounts receivable		111,103
Prepaid		5,137
Total Current Assets		1,075,027
TOTAL ASSETS		1,075,027
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable		96,112
Total Current Liabilities		96,112
TOTAL LIABILITIES		96,112
NET ASSETS		
Net assets, unrestricted		978,915
TOTAL NET ASSETS		978,915
TOTAL LIABILITIES AND NET ASSETS	$	1,075,027

FILE LOCAL
STATEMENT OF ACTIVITIES
FOR THE MONTH AND YEAR-TO-DATE ENDED MARCH 31, 2016

	MARCH		YTD
REVENUES			
User fees	$ 1,348	$	2,764
Reimbursable cost/Capital cost recovery charges			
City of Seattle	-		406,490
City of Bellevue	-		67,172
City of Tacoma	-		107,664
City of Everett	-		31,536
Total reimbursable cost	-		612,862
Total revenues	$ 1,348	$	615,626
EXPENSES			
Accounting fees	4,331		6,397
Agency IT costs	35		105
Bank fees	41		104
Conference costs	322		322
Consulting	3,375		3,375
Insurance	433		1,303
Labor costs	27,015	*	81,045
Legal fees	3,387		8,498
Meals and entertainment	706		706
License and membership fees	25		440
Office and operationg supplies	4		4
Technology costs	-		310
Total expenses	39,674		102,609
CHANGE IN NET ASSETS	$ (38,326)	$	513,017

* Accrued based on monthly average of budgeted labor costs.

FILELOCAL
SCHEDULE OF BUDGET AND REMAINING BUDGET
FOR THE YEAR TO DATE ENDED MARCH 31, 2016

	Budget	YTD Actual	% of Budget	Remaining Balance
REVENUES				
Fund carryover	$ 457,757	-	-	$ 457,757
User fees	48,378	2,764	6%	45,614
Reimbursable cost/Capital cost recovery charges				
City of Seattle	406,490	406,490	100%	-
City of Bellevue	67,172	67,172	100%	-
City of Tacoma	107,664	107,664	100%	-
City of Everett	31,536	31,536	100%	-
Total reimbursable cost	612,862	612,862	100%	
Total revenues	1,118,997	615,626	55%	503,371
EXPENSES				
Labor costs	324,182	81,045	25%	243,137
Contracts	43,520	7,804	18%	35,716
Overhead	48,868	9,369	19%	39,499
Technology costs	269,089	310	0%	268,779
Operating reserve	409,338	-	0%	409,338
Capital cost recovery payments	24,000	-	0%	24,000
Consulting	-	3,375	0%	(3,375)
Meals and entertainment	-	706	0%	(706)
Total operating expenses	1,118,997	102,609	9%	1,016,388
CHANGE IN NET ASSETS	-	513,017		
NET ASSETS, AS OF JANUARY 1, 2016	192,875	273,024		
NET ASSETS, AS OF MARCH 31, 2016	$ 192,875	$ 978,915		
Schedule I - Contracts				
Accounting	$ 25,890	$ 6,397	25%	$ 19,493
Auditing	10,445	-	0%	10,445
Insurance	5,745	1,303	23%	4,442
Bank fees	1,440	104	7%	1,336
Total	$ 43,520	$ 7,804	18%	$ 35,716
Schedule II - Overhead				
Legal	$ 31,112	$ 8,498	27%	$ 22,614
Conference costs	-	322	0%	-
Office and operating supplies	5,222	4	0%	5,218
Printing	5,222	-	0%	5,222
Licenses/Memberships	5,222	440	8%	4,782
Agency IT costs	2,089	105	5%	1,984
Total	$ 48,868	$ 9,369	19%	$ 39,498

FileLocal Resolution FL 2016-06
Briefing Paper

Date: June 3, 2016

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board approve the draft 2017 budget?

Recommendation: The Portal Agency Executive Board should pass Resolution FL 2016-06 approving the draft 2017 budget.

Rationale: The Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement Section 13 sets a process for approving the annual budget. The process steps are as follows:

- No later than May 1 present a proposed budget to the Executive Board. The budget was sent to the Executive Board on May 12 via email. The proposed budget was presented at the June 3 Executive Board meeting.
- No later than June 15 the Executive Board shall (1) review and revise the draft budget as it deems appropriate; (2) approve the draft budget by Supermajority Vote, and (3) forward the same to the principals no later than July 1.
- A final budget must be approved by December 31.

The Operations Committee discussed the draft budget at their May 23, 2016 meeting, requested modifications, and approved the draft budget included as -attachment A to Resolution FL 2016-06.

The key areas discussed with the Operations Committee are:

- Proposed additional line items, including:
    - $5,000 for Agency marketing to new cities; does not include marketing to businesses done by the cities;
    - $25,000 for intergovernmental lobbying;
    - $5,400 for hosting the Agency website, filelocal.org;

  - $150,000 for portal improvements recommended by the Operations Committee;
  - $50,000 for a security contract with Leviathan; and
  - $25,000 for an ADA consultant; facilitation and evaluation.
- Ramware Contract Fee Increases

The Operations Committee also agreed to revisit a discussion on new city cost allocations in 2017 at their September 12, 2016, meeting.

RESOLUTION NO. 2016-06

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board adopting a draft 2017 Budget.

Whereas, the Washington Multi-City Interlocal Business License and Tax Portal Agency ("Portal Agency") Executive Board Interlocal Agreement ("Agreement") requires the Executive Board to adopt a draft Portal Agency 2017 budget by June 15;

Whereas, the Program Manager shall present a proposed budget to the Executive Board no later than May 1 prior to the commencement of the budget period, together with the Operation Committee's recommendations with respect to the proposed budget;

Whereas, the Portal Agency Manager developed a draft 2017 budget;

Whereas, the Operations Committee reviewed and recommended a draft 2017 budget on April 11, 2017 and transmitted the draft budget to the Executive Board on May 12, 2017;

Whereas, the draft budget must be approved by a supermajority vote, and

Whereas, the approved draft budget must be forwarded to Principals;

Now Therefore,

BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1. The Executive Board hereby adopts the draft 2017 budget for the Portal Agency as set forth in Exhibit A to this Resolution.

SECTION 2. The Executive Board directs the Portal Agency Program Manager to forward the approved draft budget to the Principals by July 1, 2016.

ADOPTED this _____ day of _____, 2016.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

_____
Board Secretary

_____
Board Chair

FileLocal

700 5th Avenue, Suite 4350
PO Box 94669
Seattle, WA 98124-4669

2017 Proposed Budget

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Washington Cities Business License and Tax Portal Agency
2017 Proposed Budget
April 20, 2016

	2017		2016 Final	Delta
Revenue				
Fund Carryover	-		457,757	(457,757)
User Fees	96,755	<1>	48,378	48,378
Reimbursable Costs				
- City of Seattle	670,852	<2>	406,490	264,362
- City of Bellevue	97,655	<2>	59,172	38,483
- City of Tacoma	157,879	<2>	95,664	62,215
- City of Everett	45,444	<2>	27,536	17,908
Total Reimbursable Costs	971,830		588,862	382,968
Capital Cost Recovery Charges				
- City of Bellevue	4,000	<8>	8,000	(4,000)
- City of Tacoma	6,000	<8>	12,000	(6,000)
- City of Everett	2,000	<8>	4,000	(2,000)
Total Capital Cost Recovery Charges	12,000		24,000	(12,000)
Total Revenue	**1,080,585**		**1,118,997**	**(38,412)**
Expenditures				
Labor	363,952	<3>	324,182	39,770
Contracts	44,556	<4>	43,520	1,036
Overhead	80,031	<5>	48,868	31,163
Technology Costs	523,577	<6>	269,089	254,488
Operating Reserve	56,469	<7>	409,338	(352,869)
Capital Cost Recovery Payments	12,000	<8>	24,000	(12,000)
Total Expenditures	**1,080,585**		**1,118,997**	**(38,412)**
Excess (Deficit)	-		-	

Assumptions and Notes

<1> User fees are estimated based on the number of 2012 actual filers.

<2> Reimbursable costs are allocated based on the allocation percentages defined in the Interlocal Agreement.

<3> Labor costs represent 2.5 FTE loaned in from the City of Seattle. The total costs include salaries, fringe benefits, related payroll taxes and other allocated overhead costs.

<4> Professional fees include accounting, insurance, and bank charges. They are budgeted based on the existing contracts or estimate of what cost will be using CPI.

<5> Overhead includes legal, supplies, printing, memberships and allocated information technology costs. They are budgeted based on the existing contracts or estimate of what cost will be using CPI.

<6> Technology costs include fixed annual hosting and licensing fees, services based on the usage, other associated fees and new contract with Leviathan for security monitoring, ADA planning and performance testing every other year. Transaction fees are estimated based on the numbers of actual 2012 transaction count. Technology costs increased based on Ramware contract Payment Schedule.

<7> The operating reserve is estimated based on 15% of the total expenditure budget.

<8> Capital cost recovery is budgeted based on the Interlocal Agreement.

Washington Cities Business License and Tax Portal Agency
Projected User Fees, Transaction Fees, and Payment Processing Fees
April 20, 2016

	Seattle	Bellevue	Tacoma	Everett	Total
User Fees ($4 per filing)	$ 48,405	$ 20,380	$ 19,280	$ 8,690	$ 96,755
2017 Transaction Fees Charged by E-Gov ($1.40 per count) <1>					$ 86,177
2018 Transaction Fees Charged by E-Gov ($1.5 per count) <1>					$ 138,499
2019 Transaction Fees Charged by E-Gov ($1.5 per count) <1>					$ 184,666
2020 Transaction Fees Charged by E-Gov ($1.6 per count) <1>					$ 246,221

<1> Estimated based on current fee schedule between Kubra and the City of Seattle. FileLocal Operating Committee will need to make final decision on Kubra fees.

Transaction Counts

	Seattle	Bellevue	Tacoma	Everett	Total
2012 Actual Transaction Counts *	212,457	30,927	50,000	14,392	307,776
% Allocation *	69%	10%	16%	5%	100%

** Per the Interlocal Agreement, 2012 actual transaction counts are used to estimate transaction fees and to determine cost allocation percentages among participating cities.*

Numbers of Filings

	Seattle	Bellevue	Tacoma	Everett	Total
2012 Actual Filings **	60,506	25,475	24,100	10,863	120,944

*** The 2012 Actual Filings represents the adjusted 2012 actual transaction counts by zero filers and estimated multiple transactions happening for one city. The numbers of filings are used to estimate user fees and payment processing fees.*

Adoption Rate (Five Years)

	2014	2015	2016	2017	2018	2019	2020
Adoption Rate Recommended by E-Gov	15%	40%	50%	60%	70%	80%	90%
Adjusted Adoption Rate ***	0%	10%	10%	20%	30%	40%	50%

**** The adjusted adoption rate reflects the adjustments made to the recommended adoption rate as a result of the expected live operation in the second quarter of 2015.*

Washington Cities Business License and Tax Portal Agency
Expenditure Budget Details (2015 - 2016)
November 3, 2015

		2017	2018	2019	2020
Personnel costs assumes max rate, 35% burden and 3% cola each year	**FTE**				
Portal Manager (assumes existing position salary)	1	172,641	177,847	182,026	186,304
Administrative Specialist (assume mid range)	0.5	48,608	50,093	51,270	52,475
Project Manager/Business Analyst (assume mid range)	1	142,703	147,010	150,465	154,001
Labor Total	**2.5**	**363,952**	**374,950**	**383,761**	**392,780**
Consultants and Service Fees					
Outside Accounting Services		26,506	27,145	27,783	28,436
State Auditor		10,693	10,951	11,208	11,472
Insurance and WCIA Fee		5,882	6,023	6,165	6,310
Bank Fees		1,474	1,510	1,545	1,582
Consultants and Service Fees, Total		**44,556**	**45,629**	**46,702**	**47,799**
Overhead					
Legal		31,852	32,620	33,387	34,171
City of Seattle Technology Fees		2,139	2,190	2,242	2,294
Office and Operating Supplies		5,347	5,476	5,604	5,736
Printing		5,347	5,476	5,604	5,736
Licenses/Memberships		5,347	5,476	5,604	5,736
Marketing		5,000	5,000	5,000	5,000
Intergovernmental		25,000	10,000	10,000	10,000
Overhead Total		**80,031**	**66,237**	**67,441**	**68,674**
Info. Technology					
ASP Hosting fees		55,000	60,500	66,550	73,205
SAAS per Year		150,000	165,000	181,500	199,650
FileLocal.org Hosting Fees		5,400	6,000	6,000	6,000
Portal Improvements (agreed to as part of budget process each year)		150,000	150,000	100,000	100,000
USPS Address Validation (assumes 50,000 new address validations at .04 cents to be trued up after one full year of operation)		2,000	2,000	2,000	2,000
Transaction Fees (cost per transaction is $1.4 for 2017 and goes up subsequent years per agreed upon payment schedule; uses the same adoption rate as user fees as well as the baseline budget allocation transaction count of 307,776 from updated 2012 #'s)		86,177	138,499	184,666	246,221
Contract with Leviathan for security monitoring and auditing (Note 1)		50,000	50,000	50,000	50,000
ADA Planning (Complete ADA requirements to make FileLocal ADA compliant 508 VPAT certified)		25,000			
Performance Testing			60,000		60,000
Info. Technology, Total (Note 1)		**523,577**	**631,999**	**590,716**	**737,076**
Total Operating Expenditures		**1,012,116**	**1,118,816**	**1,088,620**	**1,246,328**
Reserves					
Operating Reserve - 15%		151,817	167,822	163,293	186,949
Prior Year(s) Reserve		95,349	151,817	167,822	167,822
Current Year Reserve Need		**56,469**	**16,005**	**0**	**19,127**
Total Budget		**1,068,585**	**1,134,821**	**1,088,620**	**1,265,455**
Unspent/committted fund balance					
Capital recovery payment		12,000			
Total		1,080,585			

Washington Cities Business License and Tax Portal Agency
Projected Reimbursable Costs and Capital Recovery Fees
April 20, 2016

1. Reimbursable Costs	
Total Expenditures	1,068,585
Fund carryover	-
User fees	96,755
Costs to be allocated	971,830
- Seattle	670,852
- Bellevue	97,655
- Tacoma	157,879
- Everett	45,444
Total estimated reimbusable costs (revenue)	971,830

2. Capital Recovery Fees	
Bellevue	4,000
Tacoma	6,000
Everett	2,000
Total Capital Recovery Fees	12,000

Washington Cities Business License and Tax Portal Agency
CPI
April 20, 2016

	2015	2016	2017	2018	2019	2020
CPI-U-Sea-Tac-Bell MSA	0.74%	2.42%	2.38%	2.41%	2.35%	2.35%

Washington Cities Business License and Tax Portal Agency
Fund Balance Project
April 20, 2016

	2016	
Revenue		
Fund Carryover	465,898	<1>
- Unspent/Committed Fund Balance	(284,808)	<5>
Total Fund Carryover	181,090	
User Fees	11,056	<2>
Reimbursable Costs		
- City of Seattle	406,490	<3>
- City of Bellevue	59,172	<3>
- City of Tacoma	95,664	<3>
- City of Everett	27,536	<3>
Total Reimbursable Costs	588,862	
Capital Cost Recovery Charges		
- City of Bellevue	8,000	<3>
- City of Tacoma	12,000	<3>
- City of Everett	4,000	<3>
Total Capital Cost Recovery Charges	24,000	
Total Revenue	**805,008**	
Expenditures		
Labor	324,182	<4>
Contracts	43,520	<4>
Overhead	48,868	<4>
Technology Costs	269,089	<4>
Capital cost recovery payments	24,000	<4>
Operating Reserve	95,349	<4>
Total Expenditures	**805,008**	
Ending Fund Balance at 12/31/2016	-	

Assumptions and Notes

<1> Fund Carryover amount is based on 2015 finalized financial statements.

<2> User fee is projected based on actual revenue received from 01/01/2016 through 03/31/2016. Please note this projection is much less than the final 2016 budget amount of $48,378.

<3> Reimbursable costs and capital recovery are based on the final 2016 budget, which had been billed and collected.

<4> Expenditures are estimated based on the final 2016 budget.

<5> Unspent/Committed Fund Balance includes the following components:

2015 Transaction fees	693
2016 Leviathan Contract	50,000
2016 Marketing	50,000
2016 Retreat	4,500
2016 Product Items	170,634
IT Contingency (5%)	8,981
Total	284,808

FileLocal Resolution FL 2016-08
Briefing Paper

Date: June 3, 2016

Issue: Shall the Washington Multi-City Business License and Tax Portal Agency ("Agency") Executive Board authorize the Chair to execute a contract for Tax Portal Security Services with Leviathan?

Recommendation: The Portal Agency Executive Board should pass Resolution FL 2016-08 authorizing the Program Manager to execute a contract for Tax Portal Security Services with Leviathan.

Rationale: Pursuant to Section 4 of the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement, guiding principles for Security were established to ensure the integrity of the FileLocal product and City and Taxpayer Data. The City of Seattle contracted with Leviathan during the implementation and the Agency would like to retain Leviathan as the Security Vendor to ensure the product and data remain safe as Leviathan has experience with both the product and the technology vendors.

RESOLUTION NO. 2016-08

A Resolution of the Washington Multi-City Business License and Tax Portal Agency Executive Board authorizing the Chair to execute a contract for Security Services with Leviathan

Whereas, Pursuant to Section 4 of the Washington Multi-City Business License and Tax Portal Agency Interlocal Agreement, guiding principles for Security were established to ensure the integrity of the FileLocal product and City and Taxpayer Data; and

Whereas, The City of Seattle contracted with Leviathan during the implementation and the Agency would like to retain Leviathan as the Security Vendor to ensure the product and data remain safe; **Now Therefore,**

BE IT RESOLVED by the Executive Board of the Washington Multi-City Business License and Tax Portal Agency:

SECTION 1: The Executive Board authorizes the Chair to execute the amended contract with Leviathan as set forth in Attachment A to this Resolution.

ADOPTED this _____ day of _____, 2016.

ATTEST:

Washington Multi-City Business License and Tax Portal Agency Executive Board
Seattle, Washington

_____
Board Secretary

_____
Board Chair

FILE LOCAL AGENCY

PROFESSIONAL SERVICES CONTRACT

Contract Title: Information Security Management Services

Contract No. _____

This Agreement is entered into by and between the Washington Multi-City Business License and Tax Portal Agency d/b/a File Local ("Agency") and Leviathan Security Group, Inc. ("Consultant").

WHEREAS, the Agency desires to have certain information security services performed for the benefit of the Agency; and

WHEREAS, the Agency has selected Consultant to perform such services on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual terms, conditions, benefits, and covenants set forth below, the Agency and Consultant agree as follows:

1. Scope of Work. Consultant shall perform the services described in Exhibit "A" ("Scope of Work") attached to and made part of this Agreement.

2. Warranty. In performing these services, Consultant shall comply with all federal, state, and local laws and regulations applicable to the services to be provided under this Agreement. Consultant represents and warrants that all staff that it assigns to provide the contracted services (and anyone performing work on Consultant's behalf or under its direction) have the requisite training, skill, and experience necessary to provide the services and have all requisite licenses or certifications. Consultant shall perform the services provided under this Agreement diligently, thoroughly, with due care, and in accordance with applicable standards of conduct and performance for members of Consultant's profession.

3. Compensation and Method of Payment.

A. The total compensation to be paid to Consultant by the Agency shall not exceed $50,000 in any calendar year, except upon advanced written approval from the Agency. The Agency shall pay Consultant as sole compensation for the services performed under this Agreement:

(i) such sums as are arrived at by multiplying the number of hours worked by Consultant in performing its work under this Agreement by then-applicable hourly rates; plus

(ii) any additional costs such as travel, copying costs, phone charges, materials, and supplies, incidental expenses, or similar costs directly related to Consultant's work for the Agency.

B. Consultant shall provide Agency with any updated hourly rates by no later than October 1 of the year before its updated rates are to take effect.

C. Consultant shall request payment for work performed using the billing invoice form attached hereto as Exhibit "B." Consultant shall submit invoices, with appropriate documentation, monthly to the Agency for work completed during the previous month. The invoices shall include a description of the work performed during the month, the number of hours spent on such work, and any reimbursable costs, if any, incurred in connection with such work. The Agency shall pay Consultant for services rendered within thirty (30) from the Agency's receipt of a properly submitted invoice.

D. Consultant shall complete Exhibit "C" ("Tax Identification Number"), attached hereto, and return it to the Agency prior to or along with the first billing invoice.

E. All payments made by Agency to Consultant are subject to adjustment for any amounts determined, upon audit or otherwise, to have been improperly invoiced. If the Agency believes, in good faith, that some portion of the work performed under this Agreement has not been completed in the manner described in Section 2, above, the Agency may retain any amount equal to the cost to the Agency of correcting or completing the deficient or substandard work.

4. Duration of Agreement. This Agreement remains in full force and effect until April ____, 2017, unless sooner terminated under the provisions of this Agreement or extended by a mutual, written agreement of the parties. Time is of the essence for this Agreement and each of its provisions wherein performance is required.

5. Termination of Agreement. Either party may terminate this Agreement at any time, with or without cause, by giving ten (10) days' notice in writing to the other party. In the event of termination by the Agency without cause, the Consultant may, with the Agency's consent, complete such analyses and records as may be necessary to place its files in order, and such consent shall not be unreasonably withheld. Upon termination by the Agency without cause, Consultant shall be entitled to receive compensation for satisfactory work completed prior to the date of termination and any reimbursable expenses, not to exceed the total compensation set forth herein. Upon the termination (with or without cause) or expiration of this Agreement, copies of files containing the written record of the Consultant's work for the Agency, including all finished and unfinished documents, data, studies, or reports, shall be delivered to Agency upon request. A termination of this Agreement by either party for cause will not prevent the terminating party from seeking any other legal remedies it may otherwise have for the violation or nonperformance of any provisions of this Agreement.

6. Force Majeure. A party's delay or failure to perform any obligation under this Agreement is excused if unforeseen events or circumstances beyond the reasonable control of that party, including acts of God, render timely performance impossible, infeasible, or impracticable.

7. Ownership and Use of Documents. Any records, files, documents, drawings, specifications, data or information, regardless of form or format, and all other materials produced by Consultant in connection with the services provided to the Agency hereunder, shall be the property of the Agency whether the project for which they were created is executed or not.

8. Assignment of Intellectual Property Rights. Consultant hereby assigns to the Agency all rights, title, and interest Consultant has or may have in any Data and Publications created, developed, or adapted by Consultant under this Agreement for the Agency's use or benefit. The term "Data and Publications" means all work product to be provided by Consultant under this Agreement and includes, but is not limited to, draft and final reports, documents, pamphlets, advertisements, books, magazines, surveys studies, computer programs and source codes, films, tapes and/or sound reproductions, records, files, documents, plans, computer disks, magnetic media, or other material which may be produced or modified by Consultant while performing services for the Agency. Consultant may not seek to patent or register trademark or copyright in any Data and Publications assigned to the Agency under this Agreement, and Consultant shall cooperate reasonably with the Agency in pursuing any patent, trademark, or copyright registration. Consultant may not, without the Agency's prior written approval, publish any results of studies and/or services performed or to be performed under this Agreement for any purpose other than for Agency use. This intellectual property assignment provision does not apply to any data that is developed by Consultant independently of this Agreement.

9. Intellectual Property Infringement. If any of Consultant's work under this Agreement infringes upon or misappropriates any patent, copyright, trade secret, trademark or other intellectual property right belonging to a third party, Consultant shall either (a) procure for Agency the right to use such work at no cost to the Agency; or (b) modify such work so that it no longer infringes or misappropriates any such third-party intellectual property right.

10. Access to Records. Until at least twelve (12) months following final payment, Consultant shall provide the Agency prompt access to (and Agency shall have the right to examine, audit, and copy) all of Consultant's books, documents, papers, and records related to the services provided to the Agency under this Agreement.

11. Independent Contractor. Consultant and the Agency agree that Consultant is an independent contractor with respect to the services provided in connection with this Agreement. Nothing in this Agreement is intended to create the relationship of employer and employee between the parties hereto. The work of Consultant's employees shall

remain at all times under the direct control and supervision of Consultant, and not the Agency. Consultant shall provide at its sole expense all materials, office space, and other materials necessary to perform the services contemplated under this Agreement. Consultant is solely responsible for its acts and for the acts of its employees, agents, subconsultants and representatives during the performance of this Agreement. Neither Consultant nor any of its employees, agents, subconsultants, or representatives is entitled to any benefits accorded Agency employees. The Agency is not responsible for paying wages to any employee, agent, subconsultant, or representative of Consultant, nor is Agency responsible for withholding or otherwise deducting any customary state or federal payroll deductions, including but not limited to FICA, FUTA, state industrial insurance, state workers compensation, or the like. The Agency assumes no duties of an employer with respect to the Consultant or any employee, agent, subconsultant, or representative of Consultant.

12. Taxes, Licenses, Fees; Withholding. Consultant acknowledges that it is responsible for the payment of all charges and taxes applicable to the services performed under this Agreement, and Consultant agrees to comply with all applicable laws regarding the reporting of income, maintenance of insurance and records, and all other requirements and obligations imposed as a result of Consultant's status as an independent contractor. If the Agency is assessed or found liable or responsible in any manner for those charges or taxes, Consultant agrees to hold the Agency harmless from those costs, including attorney's fees. In the event Consultant fails to pay any taxes, assessments, penalties, or fees imposed by any governmental body, including a court of law, that are related to services performed under this Agreement, then Consultant authorizes the Agency to deduct and withhold or pay over to the appropriate governmental body those unpaid amounts upon demand by the governmental body. Any such payments shall be deducted from Consultant's compensation.

13. Indemnification.

A. Consultant shall protect, defend, indemnify, and hold harmless the Agency, its officers, board members, officials, employees, agents, and volunteers while acting within the scope of their employment or capacity as such, from any and all claims, costs, losses, injuries, demands, judgments, suits, actions, awards of damages, or liabilities of any kind, including attorney's fees, that arise out of, or in any way result from, Consultant's acts, errors, or omissions, or the acts, errors, or omissions of Consultant's employees, subconsultants, or agents in the performance of Consultant's work under this Agreement. Consultant's obligations under this paragraph extend to any claims, demands, suits, or actions asserted by third parties against the Agency, and any resulting costs, awards of damages, liability of any kind arising out of or resulting in any way from the Consultant's work hereunder. Consultant will not be required to indemnify, defend, or hold harmless the Agency if the claim, suit, demand, or action for loss, injury, or damages (whether to persons or property, or both) is caused by the sole negligence of the City. Where such claims, suits, or actions result from the concurrent negligence of Consultant and the Agency (including its officers, board

members, employees, and volunteers), or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein, including the duty and cost to defend, apply only to the extent of Consultant's proportionate fault. In the event of any claims, demands, actions, or suits, Consultant shall, upon notice from the Agency, assume all costs of defense thereof, including legal fees incurred by the Agency, and of all resulting judgments that may be obtained against the Agency, to the extent of Consultant's liability as described hereunder. In the event that the Agency incurs attorneys' fees, costs, or other legal expenses to enforce the indemnity provisions of this Agreement, all such fees, costs, and expenses shall be recoverable by the Agency from Consultant.

B. The Consultant agrees that its indemnification obligations under this section extend to any claim, demand and/or cause of action brought by, or on behalf of, any employee(s), subconsultant(s), or agent(s) of Consultant while performing any work under this Agreement. Consultant hereby waives with respect to the Agency only, any immunity that would otherwise be available to it against such claims under the Industrial Insurance provisions of chapter 51.12 RCW. THE CONSULTANT ACKNOWLEDGES THAT THIS WAIVER WAS SPECIFICALLY ENTERED INTO PURSUANT TO THE PROVISIONS OF RCW 4.24.115, SHALL SURVIVE TERMINATION OF THIS AGREEMENT, AND WAS THE SUBJECT OF MUTUAL NEGOTIATION.

C. This indemnification and waiver shall survive the termination of this Agreement. Any failure or delay by either party in seeking to enforce any provisions of this Agreement may not be construed as a waiver of such provisions or of any other provision of this Agreement.

14. Insurance. Consultant shall procure and maintain for the duration of this Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of this Agreement by Consultant, its agents, representatives, subcontractors, or employees. Consultant's maintenance of insurance as required herein does not limit the liability of the Consultant to the coverage provided by such insurance or otherwise limit the Agency's recourse to any remedy available at law or in equity. Consultant's insurance must be placed with insurers with a current A.M. Best rating of not less than A:VII.

A. Required coverages. At a minimum, Consultant shall obtain and maintain the following types of insurance coverages:

(i) Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

(ii) Commercial General Liability insurance shall be written at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop-gap, independent contractors, and personal injury and advertising injury. The Agency shall be named as an additional insured under Contractor's insurance policy with respect to the work performed for the Agency, using an additional-insured endorsement as least as broad as ISO CG 20 26.

(iii) Technology Errors and Omissions/Professional Liability insurance for those services delivered pursuant to this Agreement that, either directly through Consultant's employees or indirectly through contractual or other arrangements with third parties, involve providing professional services. "Professional services" as used in this subsection include, but are not limited to, any services provided by any licensed professional.

(iv) Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

(v) Network Security (Cyber) and Privacy Insurance, including, but not limited to, coverage, including defense, for the following losses or services:

(a) Liability arising from theft, dissemination, and/or use of the Agency's confidential and personally identifiable information, including but not limited to, any information about an individual maintained by the Agency, including any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information regardless of how or where the information is stored or transmitted.

(b) Network security liability arising from the unauthorized access to, use of, or tampering with computer systems, including hacker attacks; or the inability of an authorized third party to gain access to supplier systems and/or Agency data, including denial of service, unless caused by a mechanical or electrical failure; or introduction of any unauthorized software computer code or virus causing damage to the Agency or any other third party data.

(c) Lawfully insurable fines and penalties resulting or alleging from a data breach.

(d) Event management services and first-party loss expenses for a data breach response including crisis management services, credit

monitoring for individuals, public relations, legal service advice, notification of affected parties, independent information security forensics firm, and costs to re-secure, re-create, and restore data or systems.

B. Minimum Limits. Consultant shall maintain at least the following minimum insurance limits:

(i) Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of no less than $1,000,000 per accident.

(ii) Commercial General Liability insurance limits of no less than $1,000,000 per occurrence, $2,000,000 general aggregate.

(iii) Technology Errors and Omissions/Professional Liability insurance with limits of no less than $1,000,000 per claim, $1,000,000 policy aggregate limit.

(iv) Workers' Compensation insurance with statutory limits.

(v) Network Security (Cyber) and Privacy Insurance with limits no less than $1,000,000 per claim, $1,000,000 policy aggregate limit for network security and privacy coverage; $100,000 per claim for regulatory action (fines and penalties); and $250,000 per claim for event management services.

C. Required provisions. Consultant's Automobile Liability and Commercial General Liability insurance must contain, or be endorsed to contain, provision stating that they are primary insurance with respect to the Agency. Any insurance, self-insurance, or self-insured pool coverage maintained by the Agency is excess of Contractor's insurance and will not contribute to it.

D. Notice of cancellation. Consultant shall provide the Agency written notice of any policy cancellation within two business days of Consultant's receipt of such notice.

E. Coverage verification. Consultant shall furnish the Agency with original certificates and a copy of the amendatory endorsements, including but not limited to the additional insured endorsement, evidencing the minimum insurance requirements of Consultant before commencing work under this Agreement. Certificates of coverage required hereunder must be delivered to the Agency within thirty (30) days of execution of this Agreement.

F. Failure to Maintain Insurance. Consultant failure to maintain the required insurance constitutes a material breach of contract. If such breach is not cured within five (5) business days after demand by the Agency to the Consultant,

the Agency may immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the Agency on demand, or at the sole discretion of the Agency, offset against funds due Consultant from the Agency.

G. Availability of Full Coverage Limits. If Consultant maintains higher insurance limits than the minimums listed above, the Agency will likewise be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by Consultant, irrespective of whether such limits maintained by Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the Agency evidences limits of liability lower than those actually maintained by Consultant.

15. Record Keeping and Reporting.

A. Consultant shall maintain accounts and records, including personnel, property, financial, and programmatic records, sufficient to reflect all direct and indirect costs of any nature expended and services performed pursuant to this Agreement. Consultant shall maintain such other records as may be deemed necessary by the Agency to ensure proper accounting of all funds contributed by the Agency to the performance of this Agreement, or as otherwise necessary to comply with the state Public Records Act. These records shall be maintained for a period of seven (7) years after termination of this Agreement or final payment hereunder, whichever occurs later, unless permission to destroy them is granted by the Office of the Archivist in accordance with Chapter 40.14 RCW and by the Agency.

B. Consultant, at such times and in such forms as the Agency may require, shall furnish the Agency with periodic reports pertaining to the work and services undertaken pursuant to this Agreement. Consultant will make available to the Agency all work-related accounts, records and documents for inspections, auditing, or evaluation during normal business hours in order to assess performance, compliance, and/or quality assurance under this Agreement, provided that any such inspection, audit, or evaluation shall not unreasonably disrupt Consultant's normal business operation.

16. Audits and Inspections. The records and documents with respect to all matters covered by this Agreement are subject at all times to inspection, review, or audit by the Agency during the performance of this Agreement. Any delay or failure of the Agency to conduct such inspection or audit does not relieve Consultant of its obligations of performance under this Agreement, even if the Agency has knowledge or reason to know of some defective or noncompliant performance. The Agency may conduct an inspection or audit of Consultant's records and work related to this Agreement upon reasonable advance notice to Consultant, and Consultant shall provide sufficient, safe, and reasonable facilities to allow the inspection or audit to proceed without undue interruption to Consultant's normal business. The Agency is entitled to receive a copy of

the results of any such audit or other examination, whether performed by or on behalf of the Agency, or by or on behalf of Consultant.

17. Business Licenses and Taxes. Consultant will ensure, throughout the term of this Agreement and any extension hereof, that it obtains and maintains current business licenses in all participating cities (i.e., the "Principals" and "Subscribers," as those terms are defined in the applicable interlocal agreement), and that it remains current in payment of all state and local taxes due and owing to any jurisdiction where such taxes are owed.

18. Discrimination Prohibited. Consultant may not discriminate against any employee, applicant for employment, or any person seeking the services of the Consultant under this Agreement, on the basis of race, color, religion, creed, sex, sexual orientation, age, national origin, veteran or military status, marital status, or presence of any sensory, mental, or physical disability. Prohibited discrimination by Consultant constitutes cause for termination of this Agreement.

19. Assignment and Subcontract. Consultant may not assign, delegate, or subcontract any obligation to perform any portion of the services contemplated by this Agreement, or the right to compensation therefor, without prior written consent of the Agency.

20. Conflict of Interest. No officer, employee, or agent of the Agency, nor any member of the immediate family of any such officer, employee, or agent, has any personal financial interest, direct or indirect, in this Agreement, either in fact or in appearance. Consultant shall comply with all applicable federal, state, and Agency conflict of interest laws, statutes, regulations and policies. Consultant represents to the Agency that it has no conflict of interest in performing any of the services set forth in Exhibit "A." In the event that Consultant is asked to perform services for a project or third party that gives rise to a conflict or potential conflict of interest, Consultant will immediately disclose such conflict or potential conflict to the Agency. Consultant agrees that, during the term of this Agreement, Consultant will not employ any person having a conflict of interest with the Agency or the project contemplated by this Agreement.

21. Confidentiality. Except where otherwise available from public sources through lawful means, all information regarding the Agency obtained by Consultant in performance of this Agreement is confidential. Consultant may not, without the Agency's prior written consent, disclose to third parties information regarding the Agency that is not otherwise publicly available through lawful means. Breach of confidentiality by the Consultant is grounds for immediate termination.

22. Safeguarding of Personal Information.

A. Consultant may not use or disclose Personal Information, as defined in RCW 19.255.010, in any manner that would constitute a violation of federal law or applicable provisions of Washington State law. Consultant agrees to comply with all federal and state laws and regulations, as currently enacted or revised, regarding data security and electronic data interchange of Personal Information. Consultant shall ensure its directors, officers, employees, subcontractors or agents use Personal Information solely for the purposes of accomplishing the services set forth in this Agreement.

B. Consultant shall protect Personal Information collected, used, or acquired in connection with this Agreement, against unauthorized use, disclosure, modification, or loss. Consultant and its subconsultants agree not to release, divulge, publish, transfer, sell, or otherwise make Personal Information known to unauthorized persons without the express written consent of the Agency or as otherwise authorized by law. Consultant agrees to implement physical, electronic, and managerial policies, procedures, and safeguards to prevent unauthorized access, use, or disclosure of Personal Information. Consultant shall make the Personal Information available to amend as directed by Agency and incorporate any amendments into all the copies maintained by Consultant or its employees, agents, or subconsultants.

C. Consultant shall certify the return or destruction of Personal Information, upon expiration or termination of the Agreement, and Consultant may retain no copies. If Consultant and the Agency mutually determine that return or destruction is not feasible, Consultant may not use the Personal Information in a manner other than those permitted or authorized by state and federal laws.

D. Consultant shall notify the Agency in writing immediately upon becoming aware of any unauthorized access, use or disclosure of Personal Information. Consultant shall take necessary steps to mitigate the harmful effects of such use or disclosure. Consultant is financially responsible for notification of any unauthorized access, use or disclosure. The details of the notification must be approved by Public Entity.

E. Any breach of this section may result in termination of this Agreement and the demand for return of all Personal Information.

23. Non-appropriation of Funds. If sufficient funds are not appropriated or allocated for payment under this Agreement for any future fiscal period, the Agency will so notify Consultant and shall not be obligated to make payments for services or amounts incurred after the end of the current fiscal period. This Agreement will terminate without penalty or expense to the Agency upon the completion of all remaining services for which funds are allocated.

24. Entire Agreement. This Agreement, including the Exhibits referenced herein, contains the entire agreement between the parties, and it supersedes all oral or written proposals and contracts previously made on the subject matter hereof. Either party may request changes to this Agreement. No changes to this Agreement are effective unless reflected in written amendments to this Agreement, signed by both parties.

25. Notices. Notices required or permitted under this Agreement must be sent to the following addresses, and are considered effective only when delivered by the U.S. Mail, postage prepaid, return-receipt requested, or when personally delivered by messenger or nationally recognized overnight courier service (e.g., Federal Express), addressed to:

Agency: FileLocal
Attn: Program Manager
700 Fifth Avenue, Suite 4350
P.O. Box 94669
Seattle, WA 98124-4669

Consultant: Leviathan Security Group
Attn: James Arlen
3220 1st Avenue S., Suite 100
Seattle, WA 98134

26. Applicable Law; Venue; Attorneys' Fees. This Agreement is governed by and shall be interpreted and construed in accordance with the laws of the State of Washington. The parties specifically understand and agree that King County, Washington, is the exclusive venue for any suit, arbitration, or other dispute-resolution proceeding instituted to resolve any dispute arising out of or related to this Agreement or the parties' performance hereunder. The prevailing party in any such action is entitled to its reasonable attorneys' fees, costs, and expenses incurred, the amount of which shall be fixed by the judge or arbitrator hearing the case, and such fees, costs, and expenses shall be included in the judgment or award.

27. Severability. Any provision or part of this Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions shall continue to be valid and binding upon the Agency and Consultant. The parties agree that the Agreement shall be reformed to replace such stricken provision or part with a valid and enforceable provision that comes as close as reasonably possible to effectuating the original intent of the parties with respect to the stricken provision.

AGREED TO AND EXECUTED BY:

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY d/b/a FILE LOCAL

By: _____
Jamie Carnell
Title: Program Manager

Date: _____

LEVIATHAN SECURITY GROUP, INC.

By: _____
Chad Thunberg
Title: Chief Operating Officer

Date: _____

ATTEST AS TO FORM:

_____
David A. Linehan, Agency Attorney

EXHIBIT A

SCOPE OF WORK

Consultant shall provide the following services:

1.1. Interim CISO: Company will provide temporary Interim Chief Information Security Officer (CISO) staff augmentation support on a retained basis in support of the Client Information Security Management Program. Lee Brotherston, or other Company assigned staff pre-approved by Client, will act at Client written direction to complete duties as Client CISO of Record and/or trusted advisor SME guidance and strategic leadership support. Additional duties of Client CISO of Record shall, in conjunction with Client, manage Client's response to security audit questionnaires and other requests as required by Client's customers. Duties may include completing questionnaires and participating in conference calls with Client's customers.

1.2. Information Policy Team Leader: Company will provide support for regular Risk Assessment / Management and Policy / Standards guidance in the form of the Information Policy Team (IPT) monthly meeting materials (Progress, Risk Treatment, Risk Register, Tasks) and attend monthly IPT meetings. Additionally, IPT Leader to attend bi-weekly Company / Client update meetings.

1.3. Refine the adopted policies, and assist with the development of the procedures for cities and vendors to follow related to the policies.

1.4. Vulnerability Assessment and Management Process: Company will provide ongoing support to ensure the smooth operation of the Vulnerability Assessment and Management process, assisting in prioritization, risk assessment and artifact generation / follow through on the part of the operations teams.

1.5. Security Incident Management: Company to provide up to 5 days of Security Incident Management and Support as necessary to ensure that Client operations may be resumed as quickly as possible. In the case that a Security Incident requires more than the included 5 days of effort, Client may elect to utilize allocated days or purchase additional time at the rate of $200/hour (blended rate – any Leviathan staff member).

1.6. Identified and Prioritized Remediation Tasks: Company will act at Client direction to prioritize work packages developed through quarterly joint analysis of ISO 27000-series Information Security Management Program compliance. The outcomes of this analysis will be documented as joint Company/Client decisions on the subsequent quarterly effort.

1.7. Security Assessment: of the FileLocal platform from the perspective of a member city. Tests will be performed on site at two cities using those cities own X509 certificates for authentication and networks for access to facilitate testing the FileLocal platform from a city perspective. Consultant security assessment will use a combination of automated and manual assessment methodologies and solely focus on identifying vulnerabilities in

Internet-accessible interfaces. The Company will also perform an automated vulnerability assessment of the underlying infrastructure to identify security flaws. Company will evaluate for security and privacy vulnerabilities including those found in the OWASP Top 10. These vulnerability and weakness categories include:

- Authentication
  - Brute Force
  - Weak Password Recovery Workflow
  - Weak Authentication Requirements
- Authorization
  - Insufficiently Random Sessions
  - Insufficient Session Expiration
  - Unauthorized Access
- Injection
  - File
  - LDAP
  - SQL
  - Server Side Include (SSI)
  - XML/XPath
  - Shell
  - Buffer Overflows
- Logic Attacks
  - Insufficient Anti-automation Controls
  - Insufficient Process Validation
  - Abuse of Functionality
- Cryptography
- Operations
  - Missing and misapplied patches
  - Default and Easily Guest Passwords
  - Insecure Configuration
  - Needlessly Exposed Services and Applications
  - Session Fixation
- Information Disclosure
  - Directory Indexing
  - Improper Error and Exception Management
  - Information Leaks
- Client Side Attacks
  - Cross-site Scripting
  - Cross-site Request Forgery
  - Phishing
  - Spoofed Content
  - Man in the middle
  - Replay

1.7.1. Post-remediation Evaluation Assessment: Subsequent to Client implementation of remediation activities related to any identified Critical or High ranked vulnerabilities, Company will perform targeted re-testing and confirm the effectiveness of remediation activities.

1.7.2. Deliverable: Upon completion of the testing, the Company will deliver:

- a report containing the following components:
- Executive summary, including a high level summary of the analysis and findings and prioritized recommendations for remediation
- A brief description of assessment methodologies.
- A detailed discussion of analysis results, including relevant findings, risk levels, and recommended corrective action.
- Appendices with relevant raw data, output, and reports from the analysis tools used during the engagement.

1.7. Executive summary, including a high level summary of the work accomplished over the preceding year.

1.8. Assessment of the current state of the Client Information Security Management Program.

1.9. Detailed Gap Analysis of the current state of the Client Information Security Management Program relative to the expected and required level of maturity for Client operations.

1.10. Year Three Plan identifying the work packages which should be prioritized for effort ongoing and assessment of Client internal capability relative to ISO 27000-series requirements.

EXHIBIT C

File Local Agency
Billing Invoice

To: File Local
700 Fifth Avenue, Suite 4350
P.O. Box 94669
Seattle, WA 98124-4669
Kevin.Fitzpatrick-FLO@seattle.gov
Laurie.McVay-FLO@seattle.gov

Invoice Number: _____ Date of Invoice: _____

Consultant: _____
Mailing Address: _____
_____
Telephone: ( )_____

Contract Period:_____ Reporting Period:_____

Amount requested this invoice: $_____

Attach itemized description of services provided.

Specific Program: _____

_____
Authorized signature

For Department Use Only

BUDGET SUMMARY

Total contract amount $_____
Previous payments $_____
Current request $_____
Balance remaining $_____

Approved for payment by: _____ Date: _____

EXHIBIT D

WASHINGTON MULTI-CITY BUSINESS LICENSE AND TAX PORTAL AGENCY
d/b/a FILE LOCAL
TAX IDENTIFICATION NUMBER

In order for you to receive payment from File Local, you must have either a Tax Identification Number or a Social Security Number. The Internal Revenue Service Code requires a Form 1099 for payments to every person or organization other than a corporation for services performed in the course of trade or business. Further, the law requires the City to withhold 20% on reportable amounts paid to unincorporated persons who have not supplied us with their correct Tax Identification Number or Social Security Number.

Please complete the following information request form and return it to the Agency prior to or along with the submittal of the first billing invoice.

Please check the appropriate category:

_____ Corporation _____ Partnership _____ Government Consultant

_____ Individual/Proprietor _____ Other (explain)

TIN No.: _____

Social Security No.: _____

Print Name: _____

Title: _____

Business Name: _____

Business Address: _____

Business Phone: _____

_____ _____

Date Authorized Signature (Required)