SUBJECT: Award of a Contract to Design, Provide and Install a Broadcast Control Room System for the Office of the City Manager (F1001-64)

BACKGROUND
Approval is requested to award a contract in the amount of $274,900 excluding applicable taxes, to TV Magic Inc. of San Diego, CA. to design, provide and install a broadcast control room system for the City’s cable television operations. The City’s cable television stations record, edit and distribute City Council and other public meetings held in the Sunnyvale Council Chambers as well as public-access programming.

This project will replace four broadcast cameras, all microphones, and the wall-mounted monitor televisions in the Council Chambers. Some of the existing control room equipment was installed in 1993 when KSUN was founded. While other components are newer, all of the equipment has reached the end of its service life. Virtually all electronics within the Control Room will be replaced and new broadcast technology implemented.

DISCUSSION
As Council may recall, staff issued a Request for Proposals (RFP) for this project in March 2010. One responsive proposal in the amount of $390,900 was received and ultimately rejected by Council due to unavailability of full project funding at that time (RTC No. 10-113). Staff from the Office of the City Manager (OCM) and the Information Technology Department subsequently revised the system specifications and re-issued RFP No. F1001-64 in February 2011. The RFP was direct-mailed to eight known suppliers of this type of system and broadcast to other potential proposers through the DemandStar by Onvia public procurement network. The proposal due date was March 16, 2011. No proposals were received.

Section 2.08.110(d) of the Sunnyvale Municipal Code states that if no bids or proposals are received in response to a competitive solicitation for goods and/or services, the purchasing officer may reissue the solicitation or the awarding authority may authorize the procurement of the required goods and/or services without additional competitive solicitation. In this instance, Finance and OCM Communications staff identified three additional firms who expressed interest in the project and invited them to submit proposals. TV Magic Inc. was the only firm who submitted a proposal. Their price point of
$274,900 is well below the $390,900 received in response to the original RFP without a significant reduction in project scope. Some of the savings can be attributed to the equipment being pre-built at TV Magic’s San Diego facility, reducing travel and installation costs (and also minimizing disruption to the control room). Though savings are achieved by having the equipment pre-built, the City also assumes a higher level of risk by paying for most of the equipment before it is received and inspected on site. Staff believes the benefits outweigh the risks in this instance given that TV Magic has successfully completed numerous projects for broadcast television networks and government entities, verified through the reference-check process.

**FISCAL IMPACT**

The contract amount is $274,900, which includes the first year maintenance and support cost of $4,500. All the costs related to the control room design, construction and support are payable with a combination of Public, Education and Government Access (PEG) funds and previously collected internal services charges set aside specifically for this project. Going forward it is expected that PEG funds will cover all future equipment and associated costs.

Under the City’s memorandum of understanding (MOU) with Comcast, PEG funds provided by Comcast are restricted in their use and can only be used for broadcast equipment and maintenance, not salaries or program content. The MOU between Comcast and the City states in Section XIII, 13.08(E): “The use of the funds from the (PEG) grant shall be determined by the City Council and shall be limited to capital expenses associated with the provision of PEG programming. The primary use of the grant shall be for the repair, maintenance and replacement of broadcasting equipment and facilities costs of PEG facilities, consistent with the requirements of federal and state law.” The redesign of the Control Room exactly fits the requirements for use of PEG funds.

Beginning in year two, a separate maintenance and support contract, which includes on-call troubleshooting and on-site repair services for years two through five, will be issued under the City Manager’s award authority. The four-year maintenance and support cost is estimated to be $29,232, exclusive of parts. The total cost for design and construction, as well as five years of maintenance and support, is $304,132.

A proposal to redesign the Control Room was originally solicited in spring 2010. Council rejected the bid (RTC10-113; Bid # F0910-35) in the amount of $390,900. The current bid of $304,132 represents a savings of more than 22 percent, about $86,000, from the previous attempt to redesign and build the Control Room. The savings were achieved by granting increased flexibility to the vendor to find equivalent equipment at more competitive prices. These
savings are in spite of any inflationary increase one would expect in an extended bidding process.

PUBLIC CONTACT
Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

RECOMMENDATION
It is recommended that Council award a contract, in substantially the same form as the attached draft and in the amount of $274,900, to TV Magic Inc. of San Diego, CA. to design, provide and install a broadcast control room system for the City's cable television operations.

Reviewed by:

Grace K. Leung, Director of Finance
Prepared by: Pete Gonda, Purchasing Officer

Reviewed by:

Robert Walker
Assistant City Manager

Approved by:

Gary M. Luebbers
City Manager

Attachment
A. Draft Services Agreement
ATTACHMENT A
DRAFT
SERVICE AGREEMENT BETWEEN CITY OF SUNNYVALE
AND TV MAGIC, INC. TO DESIGN, PROVIDE AND INSTALL A
BROADCAST CONTROL ROOM SYSTEM

THIS AGREEMENT, dated ______________, is by and between the CITY OF
SUNNYVALE, a municipal corporation ("CITY"), and TV MAGIC, INC ("CONTRACTOR").

WHEREAS, on February 17, 2011, CITY issued Request for Proposals No. F1001-64; and

WHEREAS, CONTRACTOR has submitted a proposal in response to this Request for Proposals; and

WHEREAS, CITY has determined that CONTRACTOR's proposal offers the best value to CITY;

NOW, THEREFORE, THE PARTIES ENTER INTO THIS AGREEMENT.

1. Contract Documents

The complete Contract consists of the following documents: Request for Proposal No. F1001-64 Specifications, Terms and Conditions; Addenda; CONTRACTOR's Proposal #COSV 050511, attached as Exhibit "A"; and negotiated documents. These documents are all incorporated by reference. The documents comprising the complete contract are collectively referred to as the Contract Documents.

Any and all obligations of the CITY and the CONTRACTOR are fully set forth and described in the Contract Documents.

All of the above documents are intended to cooperate so that any work called for in one and not mentioned in the other or vice versa is to be executed the same as if mentioned in all documents.

2. Services

CONTRACTOR agrees to furnish all tools, equipment, apparatus, facilities, labor, transportation, and material necessary to perform and complete in a good and workmanlike manner, the work required by, and in strict conformity with, the specifications, terms and conditions set forth in Request for Proposals No. F1001-64.

It is understood and agreed that tools, equipment, apparatus, facilities, labor, transportation, and material shall be furnished and work performed and completed as required in the proposal documents under the sole direction and control of the CONTRACTOR, and subject to inspection and approval of the City.

3. Time for Completion

Time is of the essence in the performance of the Agreement. All work under this contract shall be completed in a timely manner.

If Contractor shall be delayed in the work by the acts or neglect of Owner, or its employees or those under it by contract or otherwise, or by changes ordered in the work, or by strikes, lockouts by others, fire, unusual delay in transportation, unavoidable casualties or any causes beyond the Contractor's control, or by delay authorized by the Owner, or by any cause which the Owner shall decide to justify the delay, then the time of completion shall be extended for such reasonable time as the Owner may decide.
If Contractor shall be delayed in the work by the acts or neglect of Owner, or its employees or those under it by contract or otherwise, or by changes ordered in the work, or by strikes, lockouts by others, fire, unusual delay in transportation, unavoidable casualties or any causes beyond the Contractor's control, or by delay authorized by the Owner, or by any cause which the Owner shall decide to justify the delay, then the time of completion shall be extended for such reasonable time as the Owner may decide.

This provision does not exclude the recovery of damages for delay by either party under other provisions.

4. **Duties of CITY**

   CITY shall supply any documents or information available to CITY required by CONTRACTOR for performance of its duties. Any materials provided shall be returned to CITY upon completion of the work.

5. **Ownership of Documents**

   CITY shall have full and complete access to CONTRACTOR's working papers, drawings and other documents during progress of the work. All documents of any description prepared by CONTRACTOR shall become the property of the CITY at the completion of the project and upon payment in full to the CONTRACTOR. CONTRACTOR may retain a copy of all materials produced pursuant to this Agreement.

6. **Compensation and Acceptance Test**

   Total compensation shall not exceed Two Hundred Seventy-four Thousand Nine Hundred and no/100 dollars ($274,900.00) not including applicable taxes.

   Payment for products and services will be based on key milestones as outlined in Exhibit B, Payment Milestones.

   CONTRACTOR shall follow Acceptance Testing Procedures as identified in Section II, Paragraph G, "Request For Proposal F1001-64". CONTRACTOR shall submit invoices to CITY to be paid within thirty (30) days upon receipt of an accurate, itemized invoice by CITY'S Accounts Payable Unit. The sole exception to this provision shall be the invoice for equipment, to be paid within ten (10) days upon receipt of an accurate, itemized invoice by CITY'S Accounts Payable Unit.

7. **Conflict of Interest**

   No officer or employee of CITY shall have any interest, direct or indirect, in this Agreement or in the proceeds thereof. During the term of this Agreement CONTRACTOR shall not accept employment or an obligation which is inconsistent or incompatible with CONTRACTOR's obligations under this Agreement.

8. **Confidential Information**

   CONTRACTOR shall maintain in confidence and at no time use, except to the extent required to perform its obligations hereunder, any and all proprietary or confidential information of CITY of which CONTRACTOR may become aware in the performance of its services.

9. **Compliance with Laws**

   (a) CONTRACTOR shall strictly adhere to all state and federal laws with respect to discrimination in employment and shall not discriminate against any individual on
the basis of race, color, religion, gender, sexual orientation, marital status, national origin, age or disability.

(b) CONTRACTOR shall comply with all federal, state and city laws, statutes, ordinances, rules and regulations and the orders and decrees of any courts or administrative bodies or tribunals in any manner affecting the performance of the Agreement.

10. Independent Contractor

CONTRACTOR is acting as an independent contractor in performing the work required by this Agreement and is not an agent, servant or employee of CITY. Nothing in this Agreement shall be interpreted or construed as creating or establishing the relationship of employer and employee between CITY and CONTRACTOR. CONTRACTOR is responsible for paying all required state and federal taxes.

11. Indemnity

CONTRACTOR shall indemnify, defend, and hold harmless the CITY, its officers, officials, employees and volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described in Exhibit "A", caused in whole or in part by any negligent act or omission of CONTRACTOR, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence, sole negligence or willful misconduct of the CITY.

12. Hold Harmless

CONTRACTOR agrees to defend, save, indemnify and hold harmless Owner and all its officers, employees, and agents, against any and all liability, claims, judgments, or demands, including demands arising from injuries or death of persons (Contractor's employees included) and damage to property, arising directly or indirectly out of the obligations herein undertaken or out of the operations conducted by Contractor, save and except claims or litigation arising through the active negligence or willful misconduct of Owner, or of Owner's officials, agents, employees, servants, or independent contractors who are directly responsible to Owner. Contractor shall make good and reimburse Owner for any expenditures, including reasonable attorneys' fees, Owner may make by reason of such claim or litigation, and, if requested by Owner, Contractor shall defend any such suits at the sole cost and expense of Contractor.

13. Insurance

CONTRACTOR shall take out and maintain during the life of this Agreement policies of insurance as specified in Exhibit "C" attached and incorporated by reference, and shall provide all certificates or endorsements as specified in Exhibit "C."

14. CITY Representative

John Pilger, Communications Officer, Office of the City Manager, as City Manager's authorized representative, shall represent CITY in all matters pertaining to the services to be rendered under this Agreement. All requirements of CITY pertaining to the services and materials to be rendered under this Agreement shall be coordinated through the CITY representative, with the exception of invoices for payment, which shall be sent directly to Accounts Payable.

15. CONTRACTOR Representative

Grant Barkdoll shall represent CONTRACTOR in all matters pertaining to the services and materials to be rendered under this Agreement. All requirements of CONTRACTOR pertaining to the services to be rendered under this Agreement shall be coordinated through the CONTRACTOR representative.
16. **Notices**

All notices required by this Agreement, other than invoices for payment which shall be sent directly to Accounts Payable, shall be in writing, and shall be personally delivered, sent by first class with postage prepaid, or by sent by commercial courier, addressed as follows:

To CITY:  
John Pilger  
Communications Officer  
Office of the City Manager  
CITY OF SUNNYVALE  
P. O. Box 3707  
Sunnyvale, CA 94088-3707

To CONTRACTOR:

Grant Barkdull  
Project Manager  
TV Magic, Inc.  
8112 Engineer Road  
San Diego, CA 92111

Nothing in this provision shall be construed to prohibit communication by more expedient means, such as by telephone or facsimile transmission, to accomplish timely communication. However, to constitute effective notice, written confirmation of a telephone conversation or an original of a facsimile transmission must be sent by first class mail or commercial carrier, or hand delivered.

Each party may change the address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of three days after mailing, unless such date is a date on which there is no mail service. In that event communication is deemed to occur on the next mail service day.

17. **Assignment**

Neither party shall assign or sublet any portion of this Agreement without the prior written consent of the other party.

18. **Termination**

If CONTRACTOR defaults in the performance of this Agreement, or materially breaches any of its provisions, CITY at its option may terminate this Agreement by giving written notice to CONTRACTOR. If CITY fails to pay CONTRACTOR, CONTRACTOR at its option may terminate this Agreement if the failure is not remedied by CITY within thirty (30) days after written notification of failure to pay.

Without limitation to such rights or remedies as CITY shall otherwise have by law, CITY also shall have the right to terminate this Agreement for any reason upon ten (10) days' written notice to CONTRACTOR. In the event of such termination, CONTRACTOR shall be compensated in proportion to the percentage of services performed or materials furnished (in relation to the total which would have been performed or furnished) through the date of receipt of notification from CITY to terminate. CONTRACTOR shall present CITY with any work product completed at that point in time.
19. **Entire Agreement; Amendment**

This writing constitutes the entire agreement between the parties relating to the services to be performed or materials to be furnished hereunder. No modification of this Agreement shall be effective unless and until such modification is evidenced by writing signed by all parties.

20. **Miscellaneous**

Time shall be of the essence in this Agreement. Failure on the part of either party to enforce any provision of this Agreement shall not be construed as a waiver of the right to compel enforcement of such provision or any other provision. This Agreement shall be governed and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Agreement.

ATTEST: CITY OF SUNNYVALE ("CITY")

By ____________________________
   City Clerk

By ____________________________
   City Manager

"CONTRACTOR"

APPROVED AS TO FORM:
By ____________________________
   City Attorney

By ____________________________
   ____________________________
   Title and Date

By ____________________________
   ____________________________
   Title and Date
EXHIBIT "A"

TV MAGIC inc
Broadcast, A/V & New Media Solutions

Proposal # COSV 050511

Developed for

City of Sunnyvale

Prepared By

Bob Anderson
Vice-President of Business Development, TV Magic, Inc.
Scope of Work
City of Sunnyvale
Broadcast Control Room System

The following scope of work (SOW) for the City of Sunnyvale's new Broadcast Control Room System will describe the actions TV Magic will provide in response to the RFP #F1001-64 and the subsequent TV Magic site visit.

The new control room system will be located in the room behind the Sunnyvale City Council Chambers. Currently, the existing Broadcast Control Room System is located in this room. The entire system is to be decommissioned and replaced by the new system as defined in the RFP.

TV Magic design engineers will work with Sunnyvale representatives to define the workflow and benefits to the end user. This collaborative design process will lead to a complete and detailed final design for all elements associated with the Broadcast Control Room System and remote camera setup for the city council chambers. The TV Magic SOW will include lighting evaluations for the council chambers camera setup. Since existing lighting conditions are very limited, TV Magic will work to build in an adequate lighting design for the new City Council HD cameras.

As part of the final design phase, TV Magic will deliver a final Bill of materials (BOM). Upon approval of the design and BOM, TV Magic will begin to procure equipment from the BOM and begin the installation phase. There is a high probability that TV Magic will pre-build the control room system in either our San Diego or Burbank warehouse.

TV Magic will work with The City of Sunnyvale to perform the onsite installation schedule during a window of time that is least intrusive to city business. TV Magic will work with the City of Sunnyvale's technical staff to ensure the existing city cable TV channels stay on the air during the transition to the new control room system.

TV Magic will:
- Mount all equipment in predesigned consoles
- Wire all equipment to TV Magic's high level standards in both quality and documentation
- Document equipment serial numbers
- Collect and categorize the equipment manuals
- Label equipment including
  - patch bays
  - router (if provided)

TV Magic will also provide system test and training for the Sunnyvale Broadcast Control Room System. During this phase, TV Magic will test the system as individual equipment pieces as well as with the defined system workflow. Also during this phase, any manufacturer training that has been specified will be scheduled with the client. Once TV Magic and the client have signed off on the system set up, the system workflow training will be scheduled.

TV Magic deliverables:

a. Phase 1 deliverables include:
   - Scope of Work
   - High level drawing of SOW
   - Electrical, mechanical and technical docs as it pertains to the SOW.
   - Complete AutoCAD "build-to" AV documentation package:
1. Floor plans
2. Rack elevations
3. Single line drawings
4. Database
5. Equipment list (BOM) with sale price
6. Estimated materials list

b. Phase 2 deliverables include:
   • AutoCAD drawings
   • Wire database
   • Cable standards
   • As-Built AutoCAD drawings
   • System Setup documentation
   • Patch Bay labels
   • Router Assignments (if required)
   • Equipment Labels

Not included in TV Magic scope of work are the following:

• Electrical design
  o TV Magic will work with the subcontractor in order to facilitate any pre-installation needs.
• HVAC design
  o TV Magic will work with the subcontractor in order to facilitate any pre-installation needs.
• Adjacent Conference Room AVV Design
  o TV Magic will provide at additional cost if this is requested by the City of Sunnyvale.
DESIGN PHASES and PROCESS

System Design / Build / Support Process

Phase I Research & Design
- Define Project Goals
- Define Functional Requirements
- User / Engineering Meetings
- Determine Performance
- Technology / Product Review
- Create CAD Block Diagrams
- Preliminary Specifications

TV Magic Initial Design Review

Client Approves Design Budget

Phase II Final Design
- Document Plan Established
- Equipment Specifications
- Space Planning / Rack Elevations
- Console Design Specifications
- HVAC / Electrical / Mechanical Requirements

Client Critical Design Review

- Patchbay, Router & DA Assignments
- Wire Database Completed
- Single Line Diagrams Completed
- Project Timelines & Installation Schedule Finalized
- Phase III, IV, and V costs are determined

Client Final Design Review

Phase III Installation
- Equipment Check-In / Testing
- Set Racks / Consoles
- Cable Installation - Cut, Run, Terminate, Label, Dress
- As-Built CAD / Database / Reports
- Prepare Final As-Built Documentation

Phase IV System Test
- System Alignment, Level Setting, Timing
- Equipment Programming
- System Test, Operational Capabilities
- Final Performance Documentation
- Punchlist Items

Phase V Training / Delivery
- System Training for Client Operators/Engineers
- Equipment Training from Manufacturers
- Final Documentation / Project Sign Off

Phase VI Support Services
- On-Site Engineering / Operations
- Extended Warranty
- 24/7 On-Call Technical Support
- Maintenance Agreements

Project Management
TVM provides a broad scope of engineering services through a series of detailed well-defined project phases. The completion of each Phase is critical in the development and subsequent performance of the completed systems and overall project success. Each Phase has a set of deliverables that are required prior to proceeding to the next Phase.

By carefully and meticulously proceeding through each Phase of the project, all of the necessary technical system requirements, workflows, budgets, and expectations for operation are documented, tested, and COMPANY approved. TVM requires the COMPANY to work closely with TVM through each Phase of the project and the parties agree nothing should be purchased or completed until the COMPANY approves the corresponding engineering design specifications including cost estimates and milestones included within each Phase.

A. Phases

To correctly design, engineer, and install a complete, complex, integrated facility the engineering process is well defined. The following outlines TVM procedures and responsibilities with the corresponding steps required to properly and efficiently design and engineer a fully functional and integrated facility. Without COMPANY following these procedures, TVM cannot assure an accurately integrated facility.

a) PHASE I - RESEARCH AND DESIGN

The first phase is to conduct a needs analysis and a conceptual diagram of the desired system. An initial system block design, equipment research, development of standards and specification that support the conceptual design is identified. Completing this Phase provides, the overall system costs, generic or specific items of equipment with quantities, performance specifications and basic floor plans if appropriate. The completion of Phase I is critical in determining all of the total system performance specifications, COMPANY assumptions, design parameters, facility resources and infrastructure, and the overall layout and constraints of the total project. Without first conducting Phase I, the remaining system cannot be accurately completed to ensure compatibility with all the components that will be refined and identified in Phase II Design. Phase I begins the blueprints for your system that are mandatory to the completion of any system design and installation.

It is in this phase that the exact requirements and constraints of the system are defined. All subsequent phases are dedicated to refining and executing the specifications developed in Phase I.

Please note: TV Magic is NOT an electrical, mechanical or HVAC contractor. We do not provide Architectural drawings. We provide conceptual drawings. It is up to the Architect to determine whether electrical specifications TV Magic may provide or mechanical attachment drawings may need to be evaluated by electrical or mechanical engineers.

TVM Phase I services typically include the following:

- Define requirements of form, fit, and function
- Define system performance standards and specifications
- Create CAD block diagrams and signal flows to meet COMPANY approved functional requirements
• Establish preliminary equipment type and manufacturer to meet form, fit, and performance standards
• Define short and long term operations strategies
• Prepare preliminary project timelines and installation schedules
• Develop preliminary budgets including estimates of Phases II, III, IV, and V
• TVM recognizes that COMPANY may purchase equipment prior to the completion of a final design and TVM recognizes that COMPANY has existing equipment requiring integration into the final design. TVM will work with COMPANY to properly integrate pre-purchased and existing equipment with all new equipment.

b) PHASE II - FINALIZE CONFIGURATION

Phase II refines the research and design findings from Phase I. Phase II develops an executable plan for the single line system wiring and mechanical work necessary in the project. Budgets are prepared inclusive of specific line item equipment lists. Purchasing is set in place and the project timelines and installation schedules are finalized. Rack elevations and floor plans are completed and with the completion of Phase II. A cable database is developed, produced, and prepared for installation.

TVM Phase II services typically include the following:

• Equipment make, model numbers, and budgets are prepared and documented as a Bill of Materials (BOM).
• Phase III, Phase IV and Phase V costs are determined;
• Space layout and rack elevations are finalized;
• Electrical load requirements are analyzed and provided to the COMPANY'S Electrical and HVAC Engineer;
• The COMPANY approves all of the budgets;
• Preliminary equipment purchasing begins. Delivery begins;
• CAD wire diagrams and installation database is prepared;
• Project timelines and installation schedule is finalized;
• Equipment make and models are finalized;
• Equipment quantities are finalized;
• Final purchasing specifications are delivered to COMPANY.

c) PHASE III – INSTALLATION

Phase III is the installation phase. The COMPANY must ensure that any construction and/or build out of the facility is completed, is dust free and the space is ready for equipment installation and wiring. Electrical and HVAC has been installed and are operational. Final cosmetic finishing may be incomplete and may be completed throughout Phase III, IV, and V (depending on the mutual agreement of COMPANY and TVM). Equipment ordering has begun and equipment deliveries are being received.

TVM Phase III services typically include the following:

• Equipment check-in and testing
• Equipment mounting preparation
• Equipment mounting to racks
• Disposal / storage of equipment boxes and packing material
• Cables prepared, cut, terminated, and labeled
• Cables run, connected, and dressed
• As-built CAD corrections made to reflect last minute changes
• Equipment manuals are categorized and bound for easy reference.
• Technical operation and procedures are documented

TVM will maintain supervisory authority and responsibility for installation. TVM will select and procure all installation materials, including cable, connectors, ty wraps, ty bars, solder, temporary and final labels, pins, hoods, and other installation requirements. TVM will abide by all local, state, and federal rules and regulations, as well as, the standards and practices as set forth by the various broadcast rules organizations and governing bodies. TVM will adhere to good engineering practices in the turnkey design and installation of the facility.

d) PHASE IV - SYSTEM TESTING

Phase IV consists of system configuration, testing, proof-of-performance, and system alignment after all equipment has been installed and aligned to achieve the performance specifications defined in Phase I and finalized in Phase II. When Phase IV is complete, the facility is fully operational.

TVM Phase IV services typically include the following:

• System test and operational capabilities
• System alignment of distribution amplifiers and other level setting or timing adjustments
• Equipment programming and setup
• Completion of all punch list items
• Final performance documentation

e) PHASE V - TRAINING AND DELIVERY

Phase V consists of the delivery of the completed, fully operational systems to the COMPANY.

TVM Phase V services typically include the following:

• System training of the COMPANY’S designated engineers;
• Coordination of specialized equipment training by manufacturers or other specialists;
• Delivery of all final documentation, as-built CAD drawings, and all other drawings;
• Delivery of final technical procedural documentation.
   The COMPANY will review all final documentation and system operational specifications. Phase V is complete upon delivery to the COMPANY of the final documentation and drawings.

PROJECT MANAGEMENT:

Project management will be conducted in accordance with the best practices outlined in the project management body of knowledge. Management plans include the following and will be created and adhered to for the duration of the project:

1. Staffing management
2. Schedule management
3. Design and Implementation management
4. Document management
5. Quality management
6. Equipment and Materials management
7. Communications
8. Issues management
9. Change Order coordination with COMPANY
Staffing and resource management will be progressively elaborated throughout the project to assure quality and performance to schedule. A design and installation team will be built from an internal and external resource pool that best suits the system design requirements and installation constraints.

Schedule management will be accomplished by weekly reporting of actual metrics from supervisors regarding physical percentage of completion for all tasks in the master schedule. Designers and installers will update actual work hours for assigned tasks. All actual information will be submitted electronically for review and approval by the project management team before being updated to the master schedule.

Design and Implementation management will utilize Microsoft Project to track each task.

Document management will be conducted through the use of a standardized document revision format with each project document having one responsible party assigned from each originating department. Document collaboration can be facilitated using a common FTP site where the COMPANY can easily obtain and review documents. A detailed LRC for document control will be part of the project management plan.

Quality control will be managed using expert review, inspection and documentation. Design QC will be conducted with weekly reviews of designs in process by the engineering manager and significant complete designs will be subject to critical design reviews by TV Magic engineering department manager. Implementation quality control will be performed daily throughout the installation process by the project engineers on site. When a significant completion percentage is reached, installation phases are inspected by the entire project team and are subject to approval from the engineering department manager before subsequent phases are authorized.

Equipment and materials are initially managed through TV Magic’s purchasing and receiving departments. Equipment and materials are typically staged at one of two TV Magic locations and then placed on palletes or crated for delivery to the project site depending on the installation requirements.

Issues Management will be coordinated through the project manager. Written records will be developed to document each issue and resolution. The COMPANY and TV Magic will each maintain copies of these documents should any questions arise in the future. Change Orders will be processed through Project Management. Forms will be used to document each Change Order and will be numbered. No work that is considered out of scope will be done by TV Magic without a mutually agreeable Change Order in place.
TV MAGIC VALUE ENGINEERING PROCESS

TV Magic is committed to providing the best Value to the customer during the entire design/build process. As each system is unique in nature and most budgets are narrow, we find the following process to be very effective in providing the best Value to the customer:

1. During the design process as TV Magic works with The City of Sunnyvale's project team to define the technical and operational aspects of the system, specifications will be developed that support those requirements.

2. Once the specifications are developed products are selected that meet those specifications. There is usually a range of products that will meet the requirements. Factors enter in the ultimate selection of each product to include some non-tangible benefits such as manufacturer's reputation, history of the product in the market place, technology used by the product, product availability, etc. All these factors are used to determine the suitability of the product for this specific application. While budget is always a consideration, the lowest cost is not always the best Value.

3. Once all the products have been selected as having the best Value to the client, a BOM or Bill of Materials is created. If the total amount of the BOM exceeds the client's budget for equipment, then value engineering can take place.

4. TV Magic will review the equipment items in the critical path/s of the signal flow that most affect the ultimate destination of the signal. A sample might be for a production facility where the primary signal path is camera to switcher to videotape/server or perhaps directly to broadcast. This critical path is evaluated and verified that it should be highly protected and support the best Value equipment items initially selected. Other equipment items may be eligible for a change in equipment selection.

5. TV Magic will review all other equipment items selected and determine if lower cost products that meet the original specification can be substituted. These recommendations will be made clear and in writing to the customer with the justification for selection and what benefits may be lost as a result of the new equipment. Since these equipment items will be in the non-critical path, the loss of benefit will not be as critical to the overall system performance. Example would be selecting lower cost confidence monitors where critical viewing is not necessary or affects the final image quality produced.

6. If the budget is still not met, a further review of non critical path items should be evaluated in terms of specifications. If the specifications are reduced allowing lower cost solutions, then the loss of benefit must also be presented to the customer for approval. A subjective evaluation may need to be made to ensure the substituted item will perform adequately for the intended purpose.

7. If the budget still cannot be met by substitution of make/model or reduced specifications, then a reduction in overall capability may be in order. If future budgets are possible, then the design intent would be to specify the ultimate quantity of items desired and design to that number, but reduce the number of items purchase in the BOM to meet the budget requirement. At this point the system can be designed and built for the "plug and play" addition of the future equipment and have a minimum impact on the installation of the item when new budgets allow.
Value Engineering Process

1. Design Phase
   Needs Analysis
   Technical Specifications

2. Equipment Review and Selection

3. Bill Of Materials (BOM)

4. Verify Critical Path
   Equipment Selection

5. Review Non Critical Equipment
   Model/Modifications/Cost
   Adjustments

6. In Budget

7. Budget Review

8. Still Over Budget

9. Change Specifications to lower budget

10. In Budget

11. Budget Review

12. Still Over Budget

13. Change Quantities
    Design for Future

14. Purchase Equipment
    From BOM

15. Meets Budget
TV MAGIC QUALITY ASSURANCE PROCESS

TV Magic strives to maintain the highest quality assurance through each project small or large. We do this with a series of processes designed to ensure we are providing the highest quality to our clients.

Design Phases –
We have implemented an internal process for both an Initial Design Review (IDR) and a Critical Design Review (CDR) to each of the TV Magic Phases I&II. The process is to have an Engineering Manager or the Vice President of Engineering to review scope of work documents, timelines and block and flow diagrams for Phase I deliverables before presentation to the client. This ensures we have made available the extensive engineering background from ALL of TV Magic engineering expertise. Even though one engineer has been assigned as the primary engineer on a project, they have the entire TV Magic Engineering resources at their disposal. We make sure that we have TV Magic’s best deliverable possible.

Installation Phase –
Each project is assigned a lead installer or a crew chief that selects and drives the crew to meet the project timelines. They also monitor and ensure that TV Magic standards for mechanical installation, cable termination and dress are adhered to by each installer. They monitor the progress of the project daily and bring to the attention of any installation or design issues to the assigned project or design engineer to be resolved quickly and efficiently. They also manage the documents that are used for cable installation for cut, run and termination. A project engineer is also assigned, which in some instances on smaller project may also be the design engineer, to work with the crew chief as the system nears completion and systems start to be initialized.

Project Tracking –
Overall project tracking for all TV Magic phases are tracked weekly. All hours are tracked in each phase of design, installation and project management. These are compared against our estimates and used to improve our performance. Project wrap up meetings are held at the end of a project to evaluate our performance and initiate plans and programs to improve the applicable areas.

Training and Education –
TV Magic uses a knowledge base to allow sharing of information between engineers and installers. We also provide our own internal training to ensure both TV Magic installers and outside independent contractors are trained on TV Magic methods and procedures and also to evaluate the level of independent contractors. We have monthly training on engineering products and technologies for design engineers to ensure they are up-to-date on the latest information.

Customer Service Evaluations –
TV Magic currently uses a project sign-off form to indicate the customer’s agreement that each phase of the project has been completed to their satisfaction. TV Magic will work diligently to ensure the customer is completely satisfied with all deliverables and to solidify our partner relationship. We know we must earn your trust and satisfaction for each and every project. TV Magic’s goal is to be your Systems Integrator of choice with the best experience you can have.
TV Magic Warranty Statement

The warranty of systems designed and installed by TV Magic fall into two included categories. TV Magic also offers optional maintenance agreements for an additional cost:
1. System Installation Warranty (covered by TV Magic)
2. Equipment Warranty (Manufacturer covered NOT TV Magic)
3. System Maintenance Agreement (Optional)

1. System Installation Warranty:

The System Installation Warranty covers the INSTALLATION materials needed to connect the equipment within a system, and is always covered by TV Magic. TV Magic warrants all system installation components and workmanship to be free from defects for a minimum period of one (1) year from the date of customer final acceptance and sign-off. This warranty includes all system installation components such as:
- Cable, connectors, nuts, bolts, screws, cable support bars, terminal blocks, ty-rips, strain relief, mounting brackets, input/output panels, custom software, or custom equipment manufactured where no commercial product was available or was unsuitable. It is important to note this warranty covers installation materials of the system and NOT the equipment within the system unless TV Magic has manufactured the individual component. TV Magic will warranty any custom designed / built equipment or interfaces created by TV Magic for a period of (1) year.

The equipment warranty is provided by the manufacturer of the equipment.

TV Magic will correct or replace any of the above installation components that fail during the one (1) year warranty period at NO CHARGE to the customer.

If TV Magic provides system design services to the customer, TV Magic also warrants that the components selected or recommended, and the system configuration, is operational and appropriate for the intended use as agreed upon by the customer and shown in the single line documentation and equipment lists provided with the system for the same period of one (1) year. TV Magic will work diligently to ensure the system design meets or exceeds the expectations of the customer. It is the customer's responsibility to fully understand the capabilities and limitations of the system BEFORE signing the final single line documentation.

TV Magic will correct any system design configuration that fails to perform as diagramed after the single lines have been approved. If the system will not function as depicted on the single line diagrams, TV Magic will provide the engineering services for the re-design and subsequent changes to documentation, and any other design element affected by the change at NO CHARGE to the customer. The customer will be responsible for any equipment items needed to make the system functional.

Equally important to what is provided by the System Installation Warranty, is what is not covered. This is perhaps even more important to ensure the customer understands completely.
NOT COVERED under the TV Magic System Installation Warranty:

1. Manufactured Equipment that fails to operate DURING the installation period. If during the system installation, a piece of equipment fails to operate properly, TV Magic will coordinate with the manufacturer or vendor that provided the equipment to have it repaired or replaced as necessary. It will be the responsibility of the customer to provide the freight to/from the manufacturer as required by their warranty agreement. TV Magic will not be liable for missed deadlines or loss of business to the customer for equipment that does not function and is beyond the control of TV Magic.

2. Manufactured Equipment fails AFTER system sign-off. If an equipment item fails after the system is operational and signed-off by the customer. The customer will be responsible for getting the equipment item repaired or replaced according to the manufacturer’s warranty. TV Magic is not responsible for the removal or reinstallation of the item. If the customer is not technically capable of removal/reinstallation of the item, TV Magic will provide those services at the prevailing rates.

3. Legacy equipment provided by the customer as part of a system installation that fails to operate will be the responsibility of the customer to have repaired and functioning to a level of specification in accordance with system in which it is placed. (ie; the unit meets broadcast or manufacturers specifications if designed to be used in a broadcast system)

4. System design modifications that affect the operational capability of the system after it has been installed tested and signed off. If the customer changes the design or re-wires the system and is not in accordance with the single line documents provided, TV Magic will NOT warranty the portion of the system that was changed or it’s affect on the remaining portions of the system. NOTE: a change in one area may affect another. If TV Magic must research and correct the problem which was a result of a customer design change after approval, the customer will be responsible for all charges at the TV Magic prevailing rates.
EXHIBIT B
Payment Milestones

The TV Magic Phase I - V quote for the City of Sunnyvale Broadcast Control Room System pricing is as follows:

The cost for a Phase I and II design for this project: $21,500
The cost for Phase III (installation as defined in SOW): $24,550
The cost for Phase IV & V system testing, providing proof of performance and training for all equipment and systems: $9,950
Equipment cost: $196,800
Materials: $6,500

Project cost breakdown:
Labor: $56,000
Equipment: $196,800 (no tax)
Materials: $6,500
Freight: $4,000
Travel & Expenses: $7100

Total cost of project: $270,400

Payment for products and services will be based on the following key milestones:

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Estimated Completion Date</th>
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<tbody>
<tr>
<td>1. Agreement Execution - 10% deposit due upon completion of a fully-executed agreement between TV Magic, Inc. and the City of Sunnyvale</td>
<td>July 22, 2011</td>
</tr>
<tr>
<td>2. Phase I Design - paid in full upon completion and sign-off by City</td>
<td>August 19, 2011</td>
</tr>
<tr>
<td>3. Equipment Order - 25% deposit on equipment (based on total cost of final Bill of Materials) upon order of materials.</td>
<td>September 26, 2011</td>
</tr>
<tr>
<td>4. Equipment Receipt - 50% of cost of equipment billed to the City of Sunnyvale upon receipt of equipment at TV Magic's San Diego warehouse, payment due Net 10 days</td>
<td>October 15 – November 11, 2011</td>
</tr>
<tr>
<td>5. Phase II Design - paid in full upon completion and sign-off by City</td>
<td>October 28, 2011</td>
</tr>
<tr>
<td>6. Phase III Installation Begins – 30% of installation fees due upon start of installation, 30% of installation fees due upon completion of pre-build.</td>
<td>November 7, 2011</td>
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<td>7.  Phase III Installation Complete – balance of installation fees due upon completion of installation</td>
<td>November 24, 2011</td>
</tr>
<tr>
<td>8.  Phase IV and Phase V Testing, Commissioning, and Training Begin – 50% of Phases IV and V fees due upon start of Phases IV and V</td>
<td>November 24, 2011</td>
</tr>
</tbody>
</table>

Completion dates are estimates only. Payments will be made as actual milestones are reached and/or sign off by the City occurs.

**Travel and Expenses** – Travel and Expenses in an amount not to exceed $7,100.00 paid upon submittal of invoice after expenses are incurred.

**First Year Maintenance** – 100% ($4,500.00) of First Year Maintenance Fees due upon completion of Acceptance Testing Procedures as identified in Section II, Paragraph G, "Request For Proposal F1001-64".
EXHIBIT “C”

INSURANCE REQUIREMENTS

CONTRACTOR shall obtain, at its own expense and from an admitted insurer authorized to operate in California, the insurance coverage detailed below and shall submit Certificate(s) of Insurance to the City of Sunnyvale, Purchasing Division, 650 West Olive Ave, PO Box 3707, Sunnyvale, CA 94088-3707; fax (408) 730-7710.

CONTRACTOR shall take out and maintain during the life of the contract Workers’ Compensation and Employer’s Liability Insurance for its employees. The amount of insurance shall not be less than $1,000,000 per accident for bodily injury or disease.

CONTRACTOR shall take out and maintain during the life of the contract such Commercial General Liability Insurance as shall protect CONTRACTOR, CITY, its officials, officers, directors, employees and agents from claims which may arise from services performed under the contract, whether such services are performed by CONTRACTOR, by CITY, its officials, officers, directors, employees or agents or by anyone directly or indirectly employed by either. The amount of insurance shall not be less than the following: Single Limit Coverage Applying to Bodily and Personal Injury Liability and Property Damage: $1,000,000.

The liability insurance shall include, but shall not be limited to:

- Protection against claims arising from bodily and personal injury and damage to property, resulting from CONTRACTOR’S or CITY’s operations and use of owned or non-owned vehicles.
- Coverage on an "occurrence" basis.
- Broad form property damage liability. Deductible shall not exceed $5000 without prior written approval of CITY.
- Notice of cancellation to CITY’s Purchasing Division at least thirty (30) days prior to the cancellation effective date.

The following endorsements shall be attached to the liability insurance policy, and copies shall be submitted with the Certificate(s) of Insurance:

- The policy must cover complete contractual liability. Exclusions of contractual liability as to bodily injuries, personal injuries and property damage must be eliminated.
- CITY must be named as additional named insured with respect to the services being performed under the contract. Simply indicating on the certificate that the certificate holder is named as additional insured is not acceptable; an endorsement must be provided.
- The coverage shall be primary insurance so that no other insurance effected by CITY will be called upon to contribute to a loss under this coverage.

CONTRACTOR shall take out and maintain for the life of the contract Automobile Liability Insurance on vehicles used in the performance of work covered under this contract. The amount of insurance shall not be less than $1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 is required.