



Helendale Community Services District

BOARD OF DIRECTORS MEETING August 1, 2019 at 6:30 PM

26540 Vista Road, Suite C, Helendale, CA 92342

Call to Order - Pledge of Allegiance

1. Approval of Agenda

2. **Public Participation** - *Anyone wishing to address any matter pertaining to District business listed on the agenda or not, may do so at this time. However, the Board of Directors may not take action on items that are not on the agenda. The public comment period may be limited to three (3) minutes per person. Any member may speak on any agenda item at the time the agenda item is discussed by the Board of Directors.*

3. Consent Items

- Approval of Minutes: July 18 Regular Board Meeting
- Bills Paid and Presented for Approval

4. Reports

- Directors' Reports
- General Manager's Report

Regular Business:

- Discussion and Possible Action Regarding Introduction of Monthly Financial Statements by Fund
- Discussion and Possible Action Regarding Write-Off of Certain Utility Accounts and Modification of Account Write-Off Policy and Procedures
- Discussion and Possible Action Regarding Adoption of Resolution 2019-15: A Resolution of the Helendale Community Services District Establishing the Statement of Investment Policy for Fiscal Year 2019-2020
- Discussion and Possible Action Regarding Approval of a Professional Services Agreement for Technical Support Services
- Discussion and Possible Action Regarding Incremental Implementation of the Sensus Analytic for AMI Meter Reading System

Other Business

- Requested items for next or future agendas (Directors and Staff only)

11. Adjournment

Pursuant to Government Code Section 54954.2(a), any request for a disability-related modification or accommodation, including auxiliary aids or services, that is sought in order to participate in the above agendized public meeting should be directed to the District's General Manager's office at (760) 951-0006 at least 24 hours prior to said meeting. The regular session of the Board meeting will be recorded. Recordings of the Board meetings are kept for the Clerk of the Board's convenience. These recordings are not the official minutes of the Board meetings.

Providing:

- Water
- Wastewater
- Park & Recreation
- Solid Waste Management
- Street lighting
- Graffiti Abatement for the Helendale Community

OFFICE HOURS:

Monday-Friday
8:00 – 5:30 p.m.

PHONE:

760-951-0006

FAX:

760-951-0046

ADDRESS:

26540 Vista Road
Suite B
Helendale, CA
92342

MAILING

ADDRESS:

PO BOX 359
Helendale, CA
92342

Visit us on the Web
at:

www.helendalecsd.org





Helendale Community Services District

Date: August 1, 2019
TO: Board of Directors
FROM: Kimberly Cox, General Manager
BY: Sharon Kreinop / Cheryl Vermette
SUBJECT: Agenda item #3
Consent Items

CONSENT ITEMS

- a. Approval of Minutes: July 18 Regular Board Meeting
- b. Bills Paid and Presented for Approval



Minutes of the Helendale Community Services District
REGULAR BOARD OF DIRECTORS MEETING FOR
July 18, 2019 at 6:30 PM
26540 Vista Road, Suite C. Helendale, CA 92342

Board Members Present:

Ron Clark - President; Tim Smith - Vice President; Sandy Haas, Secretary; Henry Spiller – Director

Board Members Not Present:

Craig Schneider - Director

Staff Members Present:

Kimberly Cox, General Manager
Cheryl Vermette, Program Coordinator
Alex Aviles, Wastewater Operations Manager
Shavon Aviles, Senior Customer Service Rep
Robert Manley, Policy Analyst Intern

Consultants:

Steve Kennedy, Legal Counsel

Members of the Public:

There were five (5) members of the public present.

Call to Order and Pledge of Allegiance

The meeting was called to order at 6:34 by President Ron Clark, after which the Pledge of Allegiance was recited.

1. Approval of Agenda

Action: A motion was made by Vice President Smith to approve the agenda as presented. The motion was seconded by Director Spiller.

Vote: Motion carried by the following vote: 4 Yes – 0 No – 1 Absent

2. Public Participation

Officer Gates from the San Bernardino County Sheriff's Department gave the crime statistics for June 2019 and announced they will be holding a bicycle rodeo at the upcoming National Night Out event.

3. Consent Items

a. Approval of Minutes: Approval of Minutes: April 29, 2019 Special Meeting and June 20 Regular Board Meeting

a. Bills Paid and Presented for Approval

Action: A motion was made by Vice President Smith to approve the consent items as presented. The motion was seconded by Director Haas.

Vote: Motion carried by the following vote: 4 Yes – 0 No – 1 Absent

4. Reports

a. Directors' Reports

Director Haas reported that she along with the other four directors attended the recent ASBCSD meeting hosted by Phelan Pinion Hills CSD. Vice President Smith reported that he and the rest of the board members attended the ASBCSD dinner.

Vice President Smith reported that he brought 90 cases of water donated by the Helendale CSD and the NRA members council to Ridgecrest for the victims of the earthquake in Trona.

b. General Manager's Report

General Manager Cox reported that documents were signed for the purchase of the 50-acre feet of water approved in April. The anticipated approval by Watermaster is August 21.

The District has released two RFP's: one for two test holes and water sampling and the other for drilling in installing 3 monitoring well with water quality sampling. These RFP's were advertised in Green Sheet and Daily Press. Staff also made calls to potential bidders. The bid opening will be on 8/12 @ 2 pm. Bids will be presented to Board on 8/15 for consideration and possible award.

GM Cox also gave an update on the Watermaster ramp down. The judge approved the Rampdown recommendations and also ramped down all other sub areas by 5%.

Wastewater Operations Aviles gave the wastewater report. Staff performed the greasing and oil changes on all equipment at the plant.

Staff found an issue with the primary not pumping to the digester. There was a broken check ball seat and had to remove the check valve cylinder and replace the seat. Due to the primary sludge pumps not working staff found a plug in the line with hardened sludge. Staff was able to jet the line and clear the blockage.

Tunnel vision cleaned and cctv a portion of the 30" trunk line and found some areas of infiltration and damaged pipe.

Staff changed the piping on the discharge side of the alfalfa pumps from 2.5" to 4" to increase the efficiency of the West alfalfa pump.

Alex will be taking a refresher course for grade V exam and Bill will be taking a refresher course for grade IV exam. Robert is taking the course to qualify for his OIT certificate.

Program Coordinator Vermette gave the Program and Solid Waste Reports. Our next concert in the park will be held on August 10th. We have an essential oils workshop coming up on July 23rd at 6:00 pm. We are also hosting the Age Well Drive Smart Class taught by the CHP on July 26th. The caregivers support group is holding a special workshop on Self Care this month in lieu of their normal support group. National Night Out is coming up on Tuesday, August 6th and will be held from 5-8 pm at North Beach.

Recycling for the month of April was at 64.13 tons; total refuse collection for the month of April was 305.29 tons; our last e-waste pickup was for 5,262 pounds in May with a reimbursement of \$1,127.98. Our total e-waste recycled since March of 2016 is 118,202 pounds. Green waste tonnage for June was 8.04 tons and metal recycling was 4.84 tons. Our last mattress pickup was for 126 mattresses in May. Our total mattresses recycled since November 2017 is 1,008. We had 43 Bulky item pickups for the month of June.

General Manager Cox gave the Administration Report. There were 52 account transfers for the month of June. She showed a graph of an annual comparison of monthly account transfers. She also showed a new chart showing Thrift Store Revenue by Fiscal Year.

Regular Business

5. Public Hearing to Receive Comments Regarding Possible Adoption of Resolution 2019-11: A Resolution of the Board of Directors of the Helendale Community Services District Authorizing the Establishment and Continuation of Collection of Water and Sewer Standby Charges for Fiscal Year 2020

Discussion: Resolution 2019-11 authorizes the establishment and continuation of collection of water and sewer standby fees. This resolution finalizes the process initiated by Resolution 2019-08 adopted on June 6, 2019. The minimum fee is \$30 per service per parcel. One parcel in the proximity of both water and sewer lines, but not connected, would be charged \$60.00 (\$30.00 for each service availability). The resolution also establishes the District as the successor agency to County Service Area 70, Zones B & C. There are approximately 625 Parcels that are subject to the Water Standby Fee and generate \$18,000 in fee revenue, 617 Parcels are subject to the Sewer Standby Fee and generate \$17,000 in fee revenue. Upon approval of Resolution 2019-11, the two data files will be sent via email to the County Assessor for placement on the next tax bill by August 12. The purpose of a Standby Fee is to reserve capacity in the system for that property. Exhibits A and B attached to the resolution illustrate the calculation used to determine the stand by fees for both water and sewer based upon EBU or Equivalent Buildable Unit, the charge is \$30 per EBU. Parcels between 0 to 1 acre in size equals \$30 and any fractions of size equals 1EBU. For example, 1.5-acre parcels = 2EBU's. The public hearing was noticed in the Daily Press as required. No protests have been received. Staff's recommendation includes the authorization to make any final adjustments based upon payments and other discovery prior to submittal to the County Tax Collector.

Public Hearing: President Clark Opened the Public Hearing at 7:03 pm and hearing no comments closed the hearing at 7:03 pm.

Action: A motion was made by Vice President Smith to approve Staff's recommendation and adopt Resolution 2019-11. Director Spiller seconded the motion.

Vote: The motion was approved by the following roll call vote: 4 – Yes 0 – No – 1 Absent
Director Schneider: Absent; Director Haas: Yes; President Clark: Yes; Vice President Smith: Yes; Director Spiller: Yes

6. Public Hearing to Receive Comments Regarding Possible Adoption of Resolution 2019-12: A Resolution of the Board of Directors of the Helendale Community Services District Confirming, or Modifying and Then Confirming, the Report of Delinquent Water, Sewer and Trash Collection User Charges for the Purpose of Collecting Said Charges on the San Bernardino County Tax Roll

Discussion: Government agencies have the ability to place delinquent utility accounts on the County tax roll. Resolution 2019-12 confirms the report of delinquent water, sewer and trash collection user charges and authorizes the collection via the County tax roll. All 9 properties on the list have been previously liened and have outstanding unpaid balances. All properties on the list have received a letter from the District informing them of the process. The total amount of delinquent charges is \$7,694.69. The list of delinquent accounts to be collected on the tax roll will be submitted to the County by no later than August 12, 2019. Property owners who pay prior to submittal will be removed from the list up to 8/12/19. After 8/12, no payments can be taken by HCSD for these delinquent account amounts to allow staff to compile the file into the format used by San Bernardino County. No property owners who were sent a letter have paid their delinquent charges. No objections have been received to date. Staff recommendation includes authorization for Staff to make any final adjustments based upon any payments or other discovery prior to County submittal.

Public Hearing: President Clark Opened the Public Hearing at 7:06 pm and hearing no comments closed the hearing at 7:06 pm.

Action: A motion was made by Director Haas to approve Staff's recommendation and adopt Resolution 2019-12. Vice President Smith seconded the motion.

Vote: The motion was approved by the following roll call vote: 4 – Yes 0 – No – 1 Absent
Director Schneider: Absent; Director Haas: Yes; President Clark: Yes; Vice President Smith: Yes;
Director Spiller: Yes

7. Public Hearing to Receive Comments Regarding Possible Adoption of Resolution 2019-13: A Resolution of the Board of Directors of the Helendale Community Services District Authorizing the Establishment and Continuation of Collection of Refuse Disposal Land Use Fees for Fiscal Year 2019-2020

Discussion: In November 2010, San Bernardino Solid Waste Management transferred the Refuse Disposal Land Use Fee to HCSD. The District now collects \$85.14 per Equivalent Single-Family Residence (ESFR). This is a pre-Prop 13 tax and cannot be increased without voter approval. The amount differs based on the type of residence on a parcel. i.e. Two SFRs, Three SFRs, Duplex, Triplex, etc. The amount is collected on the County property tax bill and paid to the District periodically during the fiscal year. For Fiscal Year 19/20 that amount is \$235,278. What the ESFR Funds: disposal of the community's waste picked up at the curb weekly by Burrtec, two community clean-up days, shred truck for document destruction, green waste disposal program, bulky item pick up program, dump passes, outreach and educational materials, and two recycling center employees. Resolution 2019-13 authorizes the General Manager to cause the levy of the special assessment for Refuse Land Use Fees to be collected on the 2019-20 San Bernardino County Tax Roll. The parcel information will be forwarded to the County by August 12. The public hearing was noticed in the Daily Press in accordance with law, no protests have been received. Staff's recommendation includes the authorization to make any final adjustments based upon payments and other discovery prior to submittal to the County Tax Collector.

Public Hearing: President Clark Opened the Public Hearing at 7:12 pm and hearing no comments closed the hearing at 7:12 pm.

Action: A motion was made by Director Spiller to approve Staff's recommendation and adopt Resolution 2019-12. Vice President Smith seconded the motion.

Vote: The motion was approved by the following roll call vote: 4 – Yes 0 – No – 1 Absent
Director Schneider: Absent; Director Haas: Yes; President Clark: Yes; Vice President Smith: Yes;
Director Spiller: Yes

8. Discussion and Possible Action Regarding Expansion of Asphalt Parking Area at Helendale Community Center

Discussion: In November 2018, the Board requested information regarding additional parking area at the Community Center. An engineer has provided preliminary design of the parking area Staff is seeking additional direction. In all of the examples two trees in the Memorial Grove will need to be relocated, the septic leach lines will need to be moved (approximately \$10,000), County approval will be required, the asphalt will be 3 inches over native and a retention pond will be required. Three designs were shown: Option 1 has 243 spaces; option 2 has 125 spaces and option 3 has 121 spaces. Costs:

Paving costs range from \$88,000 to \$176,000, striping - \$1000 - \$1200; grading – TBD, County approval process – TBD and additional base for entrance/exit areas – TBD.

Public Comment: Dennis Verhagen, a resident of Spring Valley Lake, commented that he was concerned about the handicap accessibility in the current parking lot particularly for the farmers market and encouraged the Board to pave additional parking at the Community Center.

Action: There was no action on this item. The Board directed staff to look at the 125-space option. They also asked staff to look at the cost for lighting in the parking lot.

9. Discussion and Possible Action Regarding Selection of Candidates for SDRMA Board

Discussion: SDRMA provides property liability, general liability and risk management services. Periodic elections require Board adopted resolution. There are 5 members seeking 3 seats. The candidates are: Bob Swam (incumbent), Jesse D. Claypool, Patrick O'Rourke, Sandy Seifert-Raffelson (Incumbent) and James Hamlin.

Action: President Clark made the motion to elect the two incumbents and Jesse Claypool. Director Haas seconded the motion.

Vote: The motion was approved by the following roll call vote: 4 – Yes 0 – No – 1 Absent

Director Schneider: Absent; Director Haas: Yes; President Clark: Yes; Vice President Smith: Yes; Director Spiller: Yes

Other Business

10. Requested items for next or future agendas (Directors and Staff only)

Director Haas requested that the Highway Patrol come to our meetings. She also requested that the issue of weeds in the streets be addressed.

11. Adjournment

Action: President Ron Clark adjourned the meeting at 7:33 pm

Submitted by:

Approved By:

Ron Clark, President

Sandy Haas, Secretary

The Board actions represent decisions of the Helendale Community Services District Board of Directors. A digital voice recording and copy of the PowerPoint presentation are available upon request at the Helendale CSD office.



Helendale Community Services District

Date: August 1, 2019
TO: Board of Directors
FROM: Kimberly Cox, General Manager
BY: Sharon Kreinop, Senior Account Specialist
SUBJECT: Agenda item # 3 b.
Consent Item: Updated Bills Paid and Presented for Approval 6/16/19-7/29/19

STAFF RECOMMENDATION:

Report Only. Receive and File

STAFF REPORT:

Staff issued 160 checks and 31 EFT's totaling \$525,823.09

Total cash available:	<u>7/29/19</u>	<u>6/16/19</u>
Cash	\$ 4,986,370.79	\$ 4,997,442.20
Checks/EFT's Issued	\$ 525,823.09	\$ 226,089.51

Investment Report

The Investment Report shows the status of invested District funds. The current interest rate is 2.75% for CalTRUST Short-Term and 2.0% for Medium-Term Investments, 2.45% for LAIF, and 0.25% for the CBB Sweep Account for May 2019. Interest earned in June 2019 on the CalTrust investments and the CBB Sweep Account is \$6,852.33.



Helendale CSD

Bills Paid and Presented for Approval

Transaction Detail

Issued Date Range: 06/17/2019 - 07/29/2019

Cleared Date Range: -

Issued Date	Number	Description	Amount	Type	Module
Bank Account: 251229590 - CBB Checking					
06/20/2019	21999	A&G Instrument Service and Calibration, Inc.	-859.80	Check	Accounts Payable
06/20/2019	22000	ASBCSD	-114.58	Check	Accounts Payable
06/20/2019	22001	Brunick, McElhane & Kennedy	-5,818.75	Check	Accounts Payable
06/20/2019	22002	Burrtec Waste Industries, Inc.	-49,708.23	Check	Accounts Payable
06/20/2019	22003	Choice Builder	-931.11	Check	Accounts Payable
06/20/2019	22004	County of San Bernardino, Solid Waste Mgmt. Div.	-950.76	Check	Accounts Payable
06/20/2019	22005	Craig Schneider	-783.64	Check	Accounts Payable
06/20/2019	22006	DOS COSTAS COMMUNICATIONS	-800.00	Check	Accounts Payable
06/20/2019	22007	Frontier Communications	-64.88	Check	Accounts Payable
06/20/2019	22008	Frontier Communications	-56.73	Check	Accounts Payable
06/20/2019	22009	Hank Dyer Electric	-491.00	Check	Accounts Payable
06/20/2019	22010	Hartford Life	-595.53	Check	Accounts Payable
06/20/2019	22011	Home Depot Credit Services	-461.73	Check	Accounts Payable
06/20/2019	22012	Mojave Resource Management	-8,931.72	Check	Accounts Payable
06/20/2019	22013	Parkhouse Tire, Inc.	-1,134.15	Check	Accounts Payable
06/20/2019	22014	Paul Harvey	-700.00	Check	Accounts Payable
06/20/2019	22015	Rebecca Gonzalez	-150.00	Check	Accounts Payable
06/20/2019	22016	Robert Collison	-30.42	Check	Accounts Payable
06/20/2019	22017	Sarah S.Merkrbach	-350.00	Check	Accounts Payable
06/20/2019	22018	Triple C Electric	-10,000.00	Check	Accounts Payable
06/20/2019	22019	Uline	-585.18	Check	Accounts Payable
06/20/2019	22020	United Site Services	-128.89	Check	Accounts Payable
06/20/2019	22021	Verizon Wireless	-666.41	Check	Accounts Payable
06/20/2019	22022	Verizon Wireless	-96.90	Check	Accounts Payable
06/20/2019	22023	Southern California Edison	-2,075.25	Check	Accounts Payable
06/20/2019	22024	Southern California Edison	-976.77	Check	Accounts Payable
06/20/2019	22025	Southern California Edison	-5,401.16	Check	Accounts Payable
06/20/2019	22026	Southern California Edison	-355.98	Check	Accounts Payable
06/20/2019	22027	Aqua-Metric Sales Co.	-3,949.36	Check	Accounts Payable
06/20/2019	22028	Wastewater Technology Trainers	-1,700.00	Check	Accounts Payable
06/20/2019	22029	Rogers, Anderson, Malody & Scott	-11,197.50	Check	Accounts Payable
06/20/2019	22030	Sandy Haas	-770.17	Check	Accounts Payable
06/20/2019	22031	Tim Smith	-816.12	Check	Accounts Payable
06/21/2019	EFT0002795	To record Bank Account Analysis Fees	-506.75	EFT	General Ledger
06/21/2019	EFT0002796	To record payroll fee payment	-181.52	EFT	General Ledger
06/25/2019	22032	Paul Harvey	-2,500.00	Check	Accounts Payable
06/25/2019	22033	REYES INVESTMENT CAPITAL LLC	-10.93	Check	Utility Billing
06/25/2019	22034	CHRISTOPHER B. ROZZELL	-122.70	Check	Utility Billing
06/25/2019	22035	IRENE JOHNSON	-35.56	Check	Utility Billing
06/26/2019	EFT0002799	To record Tasc Flex Claim Pmt	-559.59	EFT	General Ledger
06/27/2019	EFT0002797	To post Payroll pmt - Dir Deposit	-35,395.88	EFT	General Ledger
06/27/2019	EFT0002798	To post Payroll pmt - PR Tax Pmt	-9,390.00	EFT	General Ledger
06/28/2019	22036	Cardmember Services	-1,462.02	Check	Accounts Payable
06/28/2019	22037	Frontier Communications	-78.74	Check	Accounts Payable
06/28/2019	22038	Graham Equipment	-286.40	Check	Accounts Payable
06/28/2019	22039	Imperial Sprinkler Supply, Inc.	-211.67	Check	Accounts Payable
06/28/2019	22040	Infosend	-1,866.91	Check	Accounts Payable
06/28/2019	22041	Inland Water Works Supply Co.	-280.89	Check	Accounts Payable
06/28/2019	22042	Morrow Tire Reversal	72.50	Check Reversal	Accounts Payable
06/28/2019	22042	Morrow Tire	-72.50	Check	Accounts Payable
06/28/2019	22043	Official Payments Corp	-57.90	Check	Accounts Payable
06/28/2019	22044	Print Mart	-43.19	Check	Accounts Payable

Bank Transaction Report

Issued Date Range: -

Issued Date	Number	Description	Amount	Type	Module
06/28/2019	22045	Shred-it USA LLC	-76.71	Check	Accounts Payable
06/28/2019	22046	Staples Office Supplies	-263.49	Check	Accounts Payable
06/28/2019	22047	SWRCB, DWOCP	-60.00	Check	Accounts Payable
06/28/2019	22048	Top Notch Networking, LLC	-813.98	Check	Accounts Payable
06/28/2019	22049	William T. Kuhlmann	-1,205.99	Check	Accounts Payable
06/28/2019	22050	Southwest Gas Company	-158.76	Check	Accounts Payable
07/01/2019	EFT0002803	To record ETS Fees - #9691	-46.79	EFT	General Ledger
07/01/2019	EFT0002806	To record ETS Fees - #9692	-73.16	EFT	General Ledger
07/01/2019	EFT0002807	To record ETS Fees - #557	-36.22	EFT	General Ledger
07/01/2019	EFT0002808	To record EVO Rec Desk CC Fees 22567	-91.95	EFT	General Ledger
07/01/2019	EFT0002810	To record EVO Thrift Store CC Fees 23099	-329.19	EFT	General Ledger
07/02/2019	22051	Andrew Kochever	-30.00	Check	Accounts Payable
07/02/2019	22052	YANG IM KIM	-14.83	Check	Utility Billing
07/02/2019	EFT0002811	To record ETS Fees - #9691	-85.51	EFT	General Ledger
07/02/2019	EFT0002812	To record ETS Fees - #9692	-13.11	EFT	General Ledger
07/02/2019	EFT0002813	To record ETS Fees - #557	-52.13	EFT	General Ledger
07/02/2019	EFT0002819	To record CalPERS Pmt Classic Survivor Benefit	-564.00	EFT	General Ledger
07/02/2019	EFT0002820	To record CalPERS Pmt PEPRA Survivor Benefit	-310.20	EFT	General Ledger
07/05/2019	22053	Bank of America	-277.98	Check	Accounts Payable
07/05/2019	22054	Beck Oil Inc	-3,010.82	Check	Accounts Payable
07/05/2019	22055	Boot Barn Inc.	-156.23	Check	Accounts Payable
07/05/2019	22056	County of San Bernardino	-48.00	Check	Accounts Payable
07/05/2019	22057	FILARSKY & WATT LLP	-210.00	Check	Accounts Payable
07/05/2019	22058	Henry Spiller	-750.00	Check	Accounts Payable
07/05/2019	22059	I Candy Website & Graphic Design	-97.50	Check	Accounts Payable
07/05/2019	22060	Imperial Sprinkler Supply, Inc.	-692.81	Check	Accounts Payable
07/05/2019	22061	Inland Water Works Supply Co.	-295.67	Check	Accounts Payable
07/05/2019	22062	Mike Radford	-100.00	Check	Accounts Payable
07/05/2019	22063	Mobile Occupational Services, Inc.	-90.00	Check	Accounts Payable
07/05/2019	22064	O'Reilly Auto Parts	-615.39	Check	Accounts Payable
07/05/2019	22065	Ron Clark	-625.00	Check	Accounts Payable
07/05/2019	22066	State of California Department of Justice	-49.00	Check	Accounts Payable
07/05/2019	22067	The Woodall Group, Inc	-20.00	Check	Accounts Payable
07/05/2019	22068	United Site Services	-183.47	Check	Accounts Payable
07/05/2019	22069	USA Blue Book	-610.13	Check	Accounts Payable
07/05/2019	22070	USA of So. California	-231.10	Check	Accounts Payable
07/05/2019	22072	William T. Kuhlmann	-45.00	Check	Accounts Payable
07/05/2019	22073	A Step Above Carpet & Tile Cleaning	-360.00	Check	Accounts Payable
07/05/2019	22074	AVCOM Services Inc.	-117.50	Check	Accounts Payable
07/05/2019	22075	Burrtec Waste Industries Inc	-120.49	Check	Accounts Payable
07/05/2019	22076	Costco Membership	-180.00	Check	Accounts Payable
07/05/2019	22077	Gill Construction	-2,410.00	Check	Accounts Payable
07/05/2019	22078	Hartford Life	-595.73	Check	Accounts Payable
07/05/2019	22079	Jobs Available, Inc.	-45.00	Check	Accounts Payable
07/05/2019	22080	NOBEL Systems	-12,200.00	Check	Accounts Payable
07/05/2019	22081	San Bernrdino County	-5,000.00	Check	Accounts Payable
07/05/2019	22082	Silver Lakes Association	-2,328.00	Check	Accounts Payable
07/05/2019	22083	Special District Risk Management Authority	-67,027.31	Check	Accounts Payable
07/05/2019	22084	Top Notch Networking, LLC	-813.98	Check	Accounts Payable
07/05/2019	22085	Tyler Technologies, Inc.	-21,762.83	Check	Accounts Payable
07/05/2019	22086	UIA Ultimate Internet Access, Inc	-687.80	Check	Accounts Payable
07/05/2019	22087	Univar USA Inc	-3,713.65	Check	Accounts Payable
07/05/2019	22088	Fedak & Brown LLP	-309.00	Check	Accounts Payable
07/05/2019	EFT0002822	To record payroll fee payment	-181.52	EFT	General Ledger
07/08/2019	EFT0002823	To record CalPERS Classic Unfunded Acrued Liability FY 20	-22,646.00	EFT	General Ledger
07/08/2019	EFT0002824	To record CalPERS Pmt PEPRA FY 2019-20	-1,411.00	EFT	General Ledger
07/09/2019	EFT0002825	To record CalPERS Health Premium Paid	-13,924.88	EFT	General Ledger
07/09/2019	EFT0002831	To record CalPERS Pmt Classic PP 5/24/19 - 6/9/19	-5,974.96	EFT	General Ledger
07/09/2019	EFT0002832	To record CalPERS Pmt PEPRA PP 5/24/19 - 6/9/19	-1,051.11	EFT	General Ledger

Bank Transaction Report

Issued Date Range: -

Issued Date	Number	Description	Amount	Type	Module
07/09/2019	EFT0002834	To record CalPERS Pmt 457 Contribution PP 5/24/19 - 6/9,	-675.00	EFT	General Ledger
07/10/2019	22089	TAYLOR PROPERTY DEVELOPMENT, LLC	-262.00	Check	Utility Billing
07/10/2019	22090	DAVID DORTON	-38.07	Check	Utility Billing
07/10/2019	22091	TIMOTHY MATTHEW SAULQUE	-111.33	Check	Utility Billing
07/10/2019	22092	CLARENCE WILSON	-22.66	Check	Utility Billing
07/10/2019	22093	FRANK CROWELL	-177.17	Check	Utility Billing
07/10/2019	22094	HEIDI MCDANIEL	-123.66	Check	Utility Billing
07/10/2019	22095	FANZHONG WANG	-262.00	Check	Utility Billing
07/10/2019	22096	ELIZABETH DALTON	-5.08	Check	Utility Billing
07/11/2019	22097	Brunick, McElhaney & Kennedy	-2,750.00	Check	Accounts Payable
07/11/2019	22098	Burrtec Waste Industries Inc	-1,616.24	Check	Accounts Payable
07/11/2019	22099	Diane Ona	-54.00	Check	Accounts Payable
07/11/2019	22100	Heather L. Starstman	-247.50	Check	Accounts Payable
07/11/2019	22101	Lowe's	-6,076.89	Check	Accounts Payable
07/11/2019	22102	Michael Cacciatori	-40.50	Check	Accounts Payable
07/11/2019	22103	Rebecca Gonzalez	-330.00	Check	Accounts Payable
07/11/2019	22104	Sierra Analytical	-996.00	Check	Accounts Payable
07/11/2019	22105	Special District Risk Management Authority	-163.77	Check	Accounts Payable
07/11/2019	22106	Tyler Technologies, Inc.	-50.80	Check	Accounts Payable
07/11/2019	22107	AVCOM Services Inc.	-390.00	Check	Accounts Payable
07/11/2019	22108	Dan Hill	-800.00	Check	Accounts Payable
07/11/2019	22109	Frontier Communications	-124.58	Check	Accounts Payable
07/11/2019	22110	Frontier Communications	-47.43	Check	Accounts Payable
07/11/2019	22111	Geo-Monitor, Inc.	-232.00	Check	Accounts Payable
07/11/2019	22112	Paul Harvey	-3,000.00	Check	Accounts Payable
07/11/2019	22113	Rah-Rah Ranch, LLC	-350.00	Check	Accounts Payable
07/11/2019	22114	Southern California Edison	-1,477.32	Check	Accounts Payable
07/11/2019	22115	Southern California Edison	-132.69	Check	Accounts Payable
07/11/2019	22116	Southern California Edison	-1,505.20	Check	Accounts Payable
07/11/2019	22117	Southern California Edison	-122.80	Check	Accounts Payable
07/11/2019	22118	Southern California Edison	-277.51	Check	Accounts Payable
07/11/2019	EFT0002835	To post Payroll pmt - Dir Deposit	-36,300.39	EFT	General Ledger
07/11/2019	EFT0002836	To post Payroll pmt - PR Tax Pmt	-9,239.47	EFT	General Ledger
07/11/2019	EFT0002837	To record Tasc Flex Claim Pmt	-559.59	EFT	General Ledger
07/15/2019	22119	ASBCSD	-120.00	Check	Accounts Payable
07/16/2019	EFT0002841	To record ETS Fees - #9691 - Annual PCI Compliance Fee	-150.00	EFT	General Ledger
07/16/2019	EFT0002842	To record ETS Fees - #9692 - Annual PCI Compliance Fee	-150.00	EFT	General Ledger
07/16/2019	EFT0002843	To record ETS Fees - #557 - Annual PCI Compliance Fee	-150.00	EFT	General Ledger
07/19/2019	EFT0002844	To record payroll fee payment	-186.32	EFT	General Ledger
07/23/2019	22120	Void Check	0.00	Check	Utility Billing
07/23/2019	22121	PHILIP BROWN	-148.92	Check	Utility Billing
07/23/2019	22122	KENNETH DUNLAP	-93.27	Check	Utility Billing
07/23/2019	22123	FERDINAND INUMERABLE	-526.28	Check	Utility Billing
07/23/2019	22124	COURTNEY MORRIS	-153.87	Check	Utility Billing
07/23/2019	22125	MARK ALEXANDER BOOTMAN	-65.86	Check	Utility Billing
07/24/2019	22126	Burrtec Waste Industries, Inc.	-49,836.89	Check	Accounts Payable
07/24/2019	22127	County of San Bernardino, Solid Waste Mgmt. Div.	-887.85	Check	Accounts Payable
07/24/2019	22128	Graham Equipment	-2,400.00	Check	Accounts Payable
07/24/2019	22129	Home Depot Credit Services	-680.98	Check	Accounts Payable
07/24/2019	22130	Infosend	-17,448.62	Check	Accounts Payable
07/24/2019	22130	Infosend Reversal	17,448.62	Check Reversal	Accounts Payable
07/24/2019	22131	WaterMaster	-1,833.89	Check	Accounts Payable
07/24/2019	22132	Southern California Edison	-13,753.76	Check	Accounts Payable
07/24/2019	22133	Southern California Edison	-375.34	Check	Accounts Payable
07/24/2019	22134	Southern California Edison	-2,980.07	Check	Accounts Payable
07/24/2019	22135	Barbara Croteau	-200.00	Check	Accounts Payable
07/24/2019	22136	Bartle Wells Associates	-9,741.00	Check	Accounts Payable
07/24/2019	22137	Cardmember Services	-1,329.00	Check	Accounts Payable
07/24/2019	22138	Choice Builder	-931.11	Check	Accounts Payable

Bank Transaction Report

Issued Date Range: -

Issued Date	Number	Description	Amount	Type	Module
07/24/2019	22139	Daily Press	-2,275.67	Check	Accounts Payable
07/24/2019	22140	Desert Community Bank	-289.85	Check	Accounts Payable
07/24/2019	22141	Frontier Communications	-80.58	Check	Accounts Payable
07/24/2019	22142	Frontier Communications	-58.47	Check	Accounts Payable
07/24/2019	22143	Frontier Communications	-64.72	Check	Accounts Payable
07/24/2019	22144	Heather L. Starstman	-276.30	Check	Accounts Payable
07/24/2019	22145	Infosend	-109.94	Check	Accounts Payable
07/24/2019	22146	Konica/Minolta	-695.35	Check	Accounts Payable
07/24/2019	22147	Official Payments Corp	-57.60	Check	Accounts Payable
07/24/2019	22148	San Bernardino County Fire Protection District	-1,010.00	Check	Accounts Payable
07/24/2019	22149	Shred-it USA LLC	-153.42	Check	Accounts Payable
07/24/2019	22150	Staples Office Supplies	-434.35	Check	Accounts Payable
07/24/2019	22151	SWRCB, DWOCP	-365.00	Check	Accounts Payable
07/24/2019	22152	SWRCB, DWOCP	-365.00	Check	Accounts Payable
07/24/2019	22153	Triple C Electric	-7,800.00	Check	Accounts Payable
07/24/2019	22154	Tunnel Vision Pipeline Cleaning	-10,200.00	Check	Accounts Payable
07/24/2019	22155	UIA Ultimate Internet Access, Inc	-716.35	Check	Accounts Payable
07/24/2019	22156	Uline	-181.24	Check	Accounts Payable
07/24/2019	22157	United Site Services	-128.89	Check	Accounts Payable
07/24/2019	22158	USA Blue Book	-521.48	Check	Accounts Payable
07/24/2019	22159	Verizon Wireless	-1,157.77	Check	Accounts Payable
07/24/2019	22160	Verizon Wireless	-96.90	Check	Accounts Payable
07/24/2019	22162	Infosend	-1,748.62	Check	Accounts Payable
07/24/2019	EFT0002845	To record Bank Account Analysis Fees	-437.28	EFT	General Ledger
07/29/2019	EFT0002846	To record Sales Tax Pmt - 2nd Quarter Pmt	-1,504.00	EFT	General Ledger
Bank Account 251229590 Total: (195)			-525,823.09		
Report Total: (195)			-525,823.09		

Bank Transaction Report

Bank Account	Count	Amount
251229590 CBB Checking	195	-525,823.09
Report Total:	195	-525,823.09

Cash Account	Count	Amount
No Cash Account	1	0.00
99 99-111000 Cash in CBB - Checking	194	-525,823.09
Report Total:	195	-525,823.09

Transaction Type	Count	Amount
Check	162	-401,166.69
Check Reversal	2	17,521.12
EFT	31	-142,177.52
Report Total:	195	-525,823.09



Helendale Community Services District

Date: August 1, 2019
TO: Board of Directors
FROM: Kimberly Cox, General Manager
SUBJECT: Agenda item #5
Discussion and Possible Action Regarding Introduction of Monthly Financial Statements by Fund

STAFF RECOMMENDATION

Staff seeks additional input from the Board.

STAFF REPORT

As the new financial support consulting firm is becoming familiar with the District and working with Staff, the firm has proposed a set of financial statements that will provide the Board greater information than has been provided in the past. Staff has reviewed the format and believes that the Board will find value in the information for decision-making purposes and further it will provide greater transparency for the public as these statements will be included in the consent calendar once a month. The Board will still continue to see the bills paid report

Platinum Consulting has several small public agency clients and bring a wealth of experience to share with the District.

FISCAL IMPACT: None

POSSIBLE MOTION: No motion required.

ATTACHMENTS: May-June Financial Reports



Helendale Community Services District

Date: August 1, 2019
TO: Board of Directors
FROM: Kimberly Cox, General Manager
SUBJECT: Agenda item #6
Discussion and Possible Action Regarding Write-Off of Certain Utility Accounts and Modification of Account Write-Off Policy and Procedures

Staff Recommendation

Staff recommends that the Board of Directors approve the write-off of certain utility accounts and consider proposed changes to the policy.

Staff Report

Typically, on an annual basis as part of the year-end procedures, staff reviews the closed and uncollected accounts to determine if they are eligible for write-off. The District has a written policy adopted in 2009 and revised in 2017 that outlines this process. The policy states that the write-off of accounts under \$25.00 should occur on a quarterly basis, however, due to the success in collecting old balances and the minimal number of accounts to be written off each year, Staff recommends that the policy allow for flexibility in writing off quarterly or annually.

Accounts are written off if a customer with an overdue balance has not paid their utility bill and the District has exhausted options for collecting that debt. Some accounts are liened as a means of protecting the District's interests and the liens are satisfied at some point during a property transfer. However, there are a few accounts for various reasons that the District cannot secure through the lien process. Also, in the case of bankruptcy, the District must write off the amount included in the discharge of debt.

A list of the recommended accounts from FY 18-19 with balances over \$25 is attached for the Board's review approval. Three accounts have been identified as delinquent and uncollectable at this time representing \$375.18. Also attached is a list of accounts under \$25.00 that have been approved by the General Manager for write off. This list is presented to the Board per Section 5 of the policy for review and totals \$58.06. Once approved and reviewed, the accounts with outstanding balances will be written off in the Tyler billing system and no longer appear as a receivable for FY20.

Suggested policy modification includes the addition of recreational program fees. The District has been the financial agent for three seasons of community basketball and one season of community soccer. In both sports there have been unpaid fees at the end of the season. The addition of these fees to the policy will allow a mechanism to deal with the outstanding receivables.

Fiscal Impact: (\$375.18) and (\$58.06)

Possible Motion: Approve accounts to be removed from Accounts Receivable as uncollectable and approve proposed changes to policy

Attachments: Accounts recommended for write-off
Account Write-Off Policy and Procedures (8-2017)

Write-Offs Over \$25.00

NAME	AMOUNT	ACCOUNT #	ADDRESS	CLOSING DATE
	\$ 133.37	12-3203-01	14393 JAMAICA LN	2/4/2019
	\$ 127.07	12-3166-07	14387 SCHOONER DR	2/14/2019
	\$ 30.58	14-1115-00	27528 PINTO RD	11/30/2018
	\$ 84.16	12-2048-02	15045 TOURNAMENT DR	4/30/2019
	\$ 375.18			

Write offs \$25.00 and under:

	\$ 14.95	14-1075-00	24374 EVESHORN Rd ORO GRANDE CA 92368	6/30/2018
	\$ 24.22	12-3087-01	14557 LIGHTHOUSE LN	4/3/2019
	\$ 0.02	12-3548-03	26567 CORONA DR	8/9/2018
	\$ 1.24	12-3534-06	15160 LITTLE BOW LN	11/30/2018
	\$ 0.10	12-3476-00	14561 SCHOONER DR	7/27/2018
	\$ 5.10	12-1730-00	27416 LAKEVIEW DR	9/2/2018
	\$ 4.82	12-1890-04	27476 CLOVERLEAF DR	8/31/2018
	\$ 4.93	12-2190-01	26648 HITCHING POST LN	1/2/2019
	\$ 2.68	12-2452-02	26241 FLEET LN	4/5/2019
	\$ 58.06			

HELENDALE COMMUNITY SERVICES DISTRICT
Account Write-Off Policy and Procedures
(Revised August 3, 2017, 2019)

Section 1. Purpose.

The purposes of this policy are to standardize the account write-off procedures of the Helendale Community Services District (“District”), when water, sewer, and/or trash service accounts and recreation fees cannot be collected through normal means; and to set forth the duties and responsibilities of the General Manager and District staff.

Section 2. Definitions.

- A) Uncollectible Account** – means a water/sewer and/or trash account with an outstanding balance which cannot be collected through the lien process, has changed ownership without knowledge of the District or the District is otherwise not able to obtain complete payment in full.
- B) Board** – means the Board of Directors of the District.
- C) Water, Sewer, Trash Utility Bill** – means a bill for water, sewer, and/or trash services sent to the owner or tenant of record.
- D) Accounts Receivable** – means a general ledger account in which the balance of all water, sewer, and/or trash accounts is recorded and adjusted for payments made, for changes to customer balances or for accounts which are no longer collectible.
- E) Write-Off** – means to reduce to zero dollars the outstanding balance in the utility billing system and to adjust the general ledger **Accounts Receivable** account accordingly.
- F) Recreation Fees** – means program fees for classes or sports programs

Section 3. Applicability.

This policy shall apply to all water, sewer, and trash accounts serviced by the Helendale Community Services District and unpaid recreation fees.

Section 4. Determination of a Write-off.

An account balance shall be written-off when:

- a. The owner no longer owns the property and the District was not notified until after the sale;
- b. The property lien was recorded AFTER the property was sold;
- c. ~~The District has been unable to collect the debt; account was sent to collection and the collection agency cannot locate the owner or tenant or secure payment of the account balance;~~
- d. The customer has filed bankruptcy;

HELENDALE COMMUNITY SERVICES DISTRICT
Account Write-Off Policy and Procedures

- e. The balance due is too small. i.e. the amount does not justify the cost of filing a lien on the property;
- f. The balance is too old (i.e. aged over twelve months);
- g. The account has a credit balance and the owner or tenant cannot be located. The District must comply with the requirements of Government Code Sections 50050-50056 in order to transfer credit balances to the District's General Fund.

Section 5. Approval of Account Write-off – Accounts \$25.00 and Under.

Accounts which meet the criteria set forth in Section 4 and have a balance less than \$25.00 shall be written-off ~~monthly~~ upon written approval of the General Manager. A listing of all accounts written-off upon approval by the General Manager during the fiscal year shall be presented to the Board of Directors for review ~~at the last meeting of a quarterly ending month~~ quarterly or at least annually. Accounts shall be listed by account number, account closing date and account balance.

Section 6. Approval of Account Write-off – Accounts Greater Than \$25.00.

Accounts which meet the criteria set forth in Section 4 and have a balance greater than \$25.00 may be presented to the Board quarterly or at least annually for approval to Write-Off. Accounts shall be listed by account number, account closing date and account balance.

Section 7. Collection Remedies Unaffected.

A Write-Off of an account by the District shall not in any way be deemed a waiver or relinquishment of, nor an estoppel to assert, any of the legal, equitable, and/or administrative rights and/or remedies otherwise available to the District to pursue collection of the amount written off pursuant to this policy.

Section 8. Supersedes Other Policies.

This Account Write-Off Policy and Procedures supersedes any inconsistent prior policies adopted by the Board.



Helendale Community Services District

Date: August 1, 2019
TO: Board of Directors
FROM: Kimberly Cox, General Manager
SUBJECT: Agenda item #7
Discussion and Possible Action Regarding Adoption of Resolution 2019-15: A Resolution of the Helendale Community Services District Establishing the Statement of Investment Policy for Fiscal Year 2019-2020

STAFF RECOMMENDATION:

Staff recommends that the Board of Directors adopt Resolution 2019-15

STAFF REPORT:

Annually the District Investment policy is reviewed by Staff and any changes necessary to the policy are suggested to the Board. After review, Staff sees no need to modify the Investment Policy. However, the Statement of Investment Policy is required to be adopted by resolution on an annual basis, regardless of any change or not.

Currently the District's investments are as follows:

CBB	\$1,706,841.55	@	0.25%
Cal Trust Medium	\$1,131,807.03	@	2.00%
Cal Trust Short	\$2,107,125.80	@	2.75%
LAIF	\$ 6,830.83	@	2.43%
Desert Community	<u>\$ 27,937.11</u>	@	0.25%
	\$ 4,980,542.32		

Attached Resolution 2019-15 establishes the Statement of Investment Policy for the current fiscal year.

FISCAL IMPACT:

None

POSSIBLE MOTION: A motion to approve Resolution 2019-15

Attachments: Resolution 2019-15

Helendale Community Services District
Statement of Investment Policy and Procedures
Adopted August 1, 2019

I. PURPOSE

It is the policy of the Helendale Community Services District to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.

II. OBJECTIVE

The objective of the investment policy is to provide guidelines for insuring the safety of funds invested while maximizing investment interest income to the District.

III. INVESTMENT POLICY

1. **RESPONSIBILITY.** The General Manager, or authorized designee, is responsible for investing the cash balances in all District funds in accordance with the California Government Code, Sections 53600 et seq. and 53635 et seq. This policy does not include Long Term Debt Reserve Funds and Deferred Compensation Funds, which are exceptions covered by other more specific Government Code sections and the legal documents unique to each debt transaction.
2. **PRUDENT INVESTOR STANDARD.** The standard of prudence to be used by the General Manager and other individuals assigned to manage the investment portfolio shall be the "prudent investor" standard which states, in essence, that "in investing... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs..." (Civil Code Sect. 2261, et seq.) This standard shall be applied in the context of managing an overall portfolio. These individuals acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.
3. **INVESTMENT INTENT.** It is the District's full intent, at the time of purchase, to hold all investments until maturity in order to ensure the return of all invested principal. However, it is realistically anticipated that market prices of securities purchased as investments will vary depending on economic conditions, interest rate fluctuations, or individual security credit factors. In a well-diversified investment portfolio, such temporary variations in market value will inevitably result in measurable losses at any specific point in time. From

Helendale Community Services District
Statement of Investment Policy and Procedures

time to time, changes in economic or market conditions may dictate that it is in the District's best interest to sell a security prior to maturity.

4. **PRINCIPAL INVESTMENT FACTORS.** The three principle investment factors of **Safety, Liquidity and Yield** are to be taken into consideration, in the specific order listed, when making any and all investment decisions.

A. **Safety** of principal is the foremost factor to be considered during each investment transaction. Safety in investing refers to minimizing the potential for loss of principal, interest or a combination of the two due to the two types of risk, Credit Risk and Market Risk.

- a. Credit Risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by only investing in very safe, or "investment grade" securities and diversifying where feasible.
- b. Market Risk, defined as market value fluctuations due to overall changes in interest rates shall be mitigated by limiting the average maturity of the investment portfolio to less than 3 years, with a maximum maturity of any one security of 5 years without prior Board approval. Also, the portfolio will be structured based on liquidity needs so as to avoid the need to sell securities prior to maturity.

B. **Liquidity** refers to the ability to convert an investment to cash promptly with minimum risk of losing some portion of principal or interest. The investment portfolio will be structured based on historic cash flow analysis in order to provide the necessary liquidity as investments routinely mature. A portion of the portfolio will be maintained in liquid short term securities which can be converted to cash if necessary to meet unforeseen disbursement requirements.

C. **Yield** is the average annual return on an investment based on the interest rate, price, and length of time to maturity. The District attempts to obtain the highest yield possible, provided that the basic criteria of safety and liquidity have been met.

5. **AUTHORIZED INVESTMENT INSTRUMENTS.** The District is subject to California Government Code, Section 53601 et seq. Within the context of the governing language, the General Manager or designee is authorized to invest in the following types of securities. (The percentage noted in this section is the maximum percentage the investment is allowed in regards to the portfolio.)

A. **United States Treasury Bills, Notes, and Bonds – Maximum of 100%.** Maximum term of investment 5 years. There is no limitation as to the percentage of the portfolio, which can be invested.

Helendale Community Services District
Statement of Investment Policy and Procedures

B. Obligations issued by the Federal Government – Maximum of 100%. Obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). Although there is no percentage limitation on “governmental agency” issues, the prudent person rule shall apply for a single agency name.

C. Banker’s Acceptances – Maximum of 25%

Time drafts drawn on and accepted by a commercial bank, otherwise known as Banker’s Acceptances. Banker’s Acceptances purchased shall not exceed 270 days to maturity, or 25% of the market value of the portfolio. No more than 5% of the market value of the portfolio may be invested in Banker Acceptances issued by any one commercial bank.

D. Commercial Paper – Maximum of 15%

Commercial Paper rated “P1” by Moody’s Investor Services and A1 by Standard and Poor’s and issued by a United States corporation having assets exceeding \$500,000 and having an “A” or better rating on its long-term debentures as rated by Moody’s and Standard and Poor. Commercial Paper purchases cannot exceed 15% of the market value of the portfolio (30% if the dollar weighted average maturity of all commercial paper does not exceed 31 days). Purchase of commercial paper may not exceed 10% of outstanding paper of an issuing corporation.

E. Negotiable Certificates of Deposit - Maximum of 25%

Negotiable Certificates of Deposit (NCD) issued by a nationally or state chartered bank or state or federal savings and loan association. To be eligible for purchase by the District the NCD must be issued by:

1. A California bank rated “BB” or better by Standard and Poor’s; or
2. A major national regional bank outside California rated “BBB” or better by Standard and Poor’s; or
3. A savings and loan association operating in California rated “BBB” or better by Standard and Poor’s.

Purchases of negotiable certificates of deposits may not exceed 25% of the market value of the portfolio. A maturity limitation of five (5) years is applicable on NCDs.

F. Repurchase Agreements – Maximum of 20%

The District may invest in Repurchase Agreements with banks and dealers with which the District has entered into a Master Repurchase Agreement which specifies terms and conditions of Repurchase Agreements. A signed copy of the Master

Helendale Community Services District
Statement of Investment Policy and Procedures

Repurchase Agreement shall be required from the authorized financial dealer prior to the execution of any applicable transaction. The maturity of Repurchase Agreements shall not exceed one year. The market value of securities used as collateral for Repurchase Agreements shall be monitored daily and will not be allowed to fall below 102% of the value of the Repurchase agreement as set forth in California Government Code Section 53601 (i) (2).

G. Local Agency Investment Fund – Maximum of \$40 million per account

The District may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum permitted by State law.

H. Medium-Term Notes – Maximum 30%

Medium-Term Notes with a maximum of five years maturity issued by corporations organized and operating within the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by nationally recognized rating service. No more than 30% of the market value of the portfolio may be invested in Medium-Term Notes.

I. Money Market Mutual Funds – Maximum of 20%

Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as defined in Section 53601(k)(2) of the California Government Code. To invest in securities and obligations, which comply, with the investment restrictions pursuant to Section 53601(k)(2), companies shall either:

1. Attain the highest ranking or the highest letter and numerical ranking provided by not less than two out of the three rating services: Moody's Investor Service, standard and Poor's, or Fitch Investor's Service, Inc.
2. Retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this section shall not include any commission that these companies may charge and shall not exceed 20% of the District's surplus money that may be invested in money market mutual funds. Further, the District may invest only in money market mutual funds, which have an average maturity of 90 days or less per Securities and Exchange Commission regulations.

Helendale Community Services District
Statement of Investment Policy and Procedures

3. All positions in government-sponsored investment pools and permitted money market mutual funds (per Sections G and I, above) shall be subject to periodic review by the General Manager or designee, in order to ensure that the monies in question are managed in a manner consistent with the standards and objectives set forth elsewhere in this policy.

J. Collateralized Bank Deposits – Maximum of 10%

The Agency may invest in notes, bonds or other obligations, which are at all times secured by a valid first priority security interest. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or Federal regulations applicable to the types of securities in which the security interest is placed. For the purposes of Time Deposits issued by financial institutions, the District may not invest more than 10% of the market value of the portfolio in this category.

K. Investment Pools – Maximum of \$10 Million

The District may invest in Pools and other investment structures rated AA or higher, incorporating investments permitted in California Government Code Sections 53601, 53635, and 5922(d) to a maximum of \$10 million per account and each account shall not exceed 40% of total available funds to be invested.

Summary of Maximum % Limitations of Investments by Investment Type:

The following summary of maximum percentage limits by investment type established for the District's total pooled investment portfolio:

<u>Investment Type</u>	<u>Limit</u>	<u>Period</u>
US Treasury Bills Notes & Bonds	0 to 100%	No Limit
Obligations Issued by the US Government	0 to 100%	No Limit
Banker's Acceptances	0 to 25%	270 Days
Commercial Paper	0 to 15%	45 Days
Negotiable Certificates of Deposit	0 to 25%	5 Years
Repurchase Agreements	0 to 20%	1 Year
Local Agency Investment Fund	\$40 million/Acct	No Limit
Medium-Term Notes	0 to 30%	5 Years
Money Market Mutual Funds	0 to 20%	90 Days
Collateralized Bank Deposits	0 to 10%	No Limit
Investment Pools	\$10 million/Acct Up to 40%	No Limit

Helendale Community Services District
Statement of Investment Policy and Procedures

- 6. PROHIBITED INVESTMENTS.** In accordance with California Government Code Section 53601.6, the District will not invest any funds in inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages. The District may hold previously permitted but currently prohibited investments until their maturity dates.
- 7. SAFEKEEPING.** All investments of the District shall have the Helendale Community Services District as registered owner and shall be held in safekeeping by a third party bank trust department, acting as agent for the District under the terms of a custody agreement.
- 8. MAXIMUM MATURITIES.** The District will match its investments with anticipated cash flow requirements. Per California Government Code Sections 53601 et seq., maximum maturities shall not exceed five (5) years. The average maturity of funds should not exceed 1,275 days (3.5 years), and the cash flow requirements shall prevail at all times.
- 9. DIVERSIFICATION.** Investments shall be diversified among institutions, types of securities and maturities to maximize safety and yield with changing market conditions. Local financial institutions will be given preferential consideration for investment of District funds consistent with the District's objective of attaining market rates of return, and consistent with constraints imposed by its safety objectives, cash flow considerations and State laws.
- 10. LEGISLATIVE CHANGES.** Any State of California legislative actions that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into the Helendale Community Services District Investment Policy and supersede any and all previous applicable language.
- 11. DELEGATION AND GRANTS OF AUTHORITY.** Management responsibility for the investment program is delegated to the General Manager, who shall establish written procedures and policies for the operation of the investment program with this Investment Policy. The General Manager may delegate the responsibility for investment to other management employees as necessary and approved by the Board of Directors.
- 12. ETHICS & CONFLICT OF INTEREST.** The General Manager and all personnel authorized to invest District monies shall refrain from personal business activity which would create a conflict with the proper execution of the investment program, or the execution of impartial investment decisions. A State of California Form 721, Statement of Economic Interests Disclosure shall be completed by the General Manager and other management personnel that invest District monies.

Helendale Community Services District
Statement of Investment Policy and Procedures

13. INVESTMENT REPORTS. The General Manager shall submit a quarterly investment report to the District Board in accordance with Government Code Section 16481.2 containing the following information for each individual investment:

- Financial institution
- Type of investment
- Purchase Price of investment
- Rate of interest
- Purchase date
- Maturity date
- Current market value for securities
- Other data as required by the District

In addition, the report shall include a statement of compliance of the portfolio with the Board approved Investment Policy and a statement indicating the ability of the District to meet its expenditure requirements for the next six months.

9. INVESTMENT POLICY REVIEW

This investment policy and guidelines shall be adopted by resolution of the District Board on an annual basis after being reviewed to ensure its consistency with the overall objectives of preservation of principal, liquidity, and yield, and its relevance to current law and financial and economic trends.



Helendale Community Services District

Date: August 1, 2019
To: Board of Directors
From: Kimberly Cox, General Manager
Subject: Agenda item #8
Discussion and Possible Action Regarding Approval of a Professional Services Agreement for Technical Support Services

Staff Recommendation:

Staff seeks approval from the Board.

Staff Report:

Since 2011, the District has had support provided by a local company. Although there had been issues the last couple of year there seemed to be no viable alternatives for computer support. However, in December Staff met with another high desert-based company that has the ability to provide the necessary support but at a higher cost. Out of cost considerations, Staff did not make a recommendation at that time to make a change. However, the level of quality customer care continues to diminish with the current service provide, therefore, staff is requesting that the Board authorize the approval of a Professional Services Agreement with Sonic IT Systems for technical support services outlined in Exhibit A of the attached PSA.

Current monthly service costs are \$813.98. Increases for software upgrades would require and additional \$403 per month for a total of \$1216.98 per month. The new service provider will cost an estimated \$1467.50 per month based upon information shared by Staff. If approved an evaluation will be completed of the District IT assets and minor adjustment will be made at that time. The new contract includes the new software at a cost (savings, reduction or same) compared to the current service provider.

FISCAL IMPACT: Increase in service costs of an estimated \$3006.24 for the year

POSSIBLE MOTION: A motion to approve a Professional Services Agreement with Sonic Systems and increase budget line item for monthly tech support from \$10,200 to \$17,610 in Fund 10-521600-00-0

ATTACHMENTS: Professional Services Agreement

**AGREEMENT FOR SERVICES
BETWEEN
HELENDALE COMMUNITY SERVICES DISTRICT
AND
SONIC IT SERVICES**

THIS AGREEMENT is made this 1st day of August, 2019 (hereinafter referred to as the “Effective Date”), by and between the HELENDALE COMMUNITY SERVICES DISTRICT, a public agency organized and operating pursuant to California Government Code Section 61000 et seq. (hereinafter referred to as the “DISTRICT”), and SONIC IT SERVICES, a _____ (hereinafter referred to as “CONSULTANT”). DISTRICT and CONSULTANT may individually be referred to as “Party” or collectively as “Parties” in this Agreement.

RECITALS

WHEREAS, the DISTRICT desires to contract with CONSULTANT to provide technical support services for the DISTRICT (hereinafter referred to as “Project”); and

WHEREAS, CONSULTANT is willing to contract with the DISTRICT to provide such services for the Project; and

WHEREAS, CONSULTANT holds itself as duly licensed, qualified, and capable of performing said services for the Project, and that CONSULTANT is customarily engaged in an independently established trade, occupation, and/or business of the same nature as the work to be performed herein; and

WHEREAS, this Agreement establishes the terms and conditions for the DISTRICT to retain CONSULTANT to provide the services described herein for the Project.

COVENANTS

NOW, THEREFORE, in consideration of the faithful performance of the terms and conditions set forth herein, the Parties hereto agree as follows:

**ARTICLE I
ENGAGEMENT OF CONSULTANT
AND AUTHORIZATION TO PROCEED**

1.1 **ENGAGEMENT:** The DISTRICT hereby engages CONSULTANT, and CONSULTANT hereby accepts the engagement, to perform the Project services described in Section 2.1 of this Agreement for the term set forth in Section 5.1 of this Agreement.

1.2 **AUTHORIZATION TO PROCEED:** Authorization for CONSULTANT to proceed with all or a portion of the Project services described in Section 2.1 of this Agreement

will be granted in writing by the DISTRICT as soon as both Parties sign the Agreement and all applicable insurance and other security documents required pursuant to Section 6.3 of this Agreement are received and approved by the DISTRICT. CONSULTANT shall not proceed with said Project services until so authorized by the DISTRICT, and shall commence work immediately upon receipt of the Notice to Proceed.

1.3 NO EMPLOYEE RELATIONSHIP: The Project services to be provided by CONSULTANT are outside the usual course of the DISTRICT's business. CONSULTANT shall perform the Project services provided for herein as an independent contractor, and not as an employee of the DISTRICT. CONSULTANT is not to be considered an agent or employee of the DISTRICT for any purpose, and shall not be entitled to participate in any pension plans, insurance coverage, bonus, stock, or similar benefits that the DISTRICT provides for its employees. CONSULTANT shall indemnify the DISTRICT for any tax, retirement contribution, social security, overtime payment, or workers' compensation payment which the DISTRICT may be required to make on behalf of CONSULTANT or any agent or employee of CONSULTANT for work performed under this Agreement.

ARTICLE II SERVICES OF CONSULTANT

2.1 SCOPE OF SERVICES: The Project services to be performed by the CONSULTANT under this Agreement are described in the Scope of Work attached hereto as Exhibit "A" and incorporated herein by this reference (hereinafter referred to as the "Scope of Work"), and shall, where not specifically addressed, include all related services ordinarily provided by the CONSULTANT under same or similar circumstances and/or otherwise necessary to satisfy the requirements of Section 3.3 of this Agreement. In case of conflict between the terms of this Agreement and the provisions of the Scope of Work, this Agreement shall govern.

2.2 PREVAILING WAGES: In accordance with the provisions of the California Labor Code, CONSULTANT shall secure the payment of compensation to employees. To the extent required by the California Labor Code, CONSULTANT shall pay not less than the prevailing rate of per diem wages as determined by the Director, Department of Industrial Relations, State of California. Copies of such prevailing rate of per diem wages are on file at the DISTRICT's office, which copies will be made available to any interested party upon request. CONSULTANT shall post a copy of such determination at each job site. If applicable, CONSULTANT shall forfeit to the DISTRICT the amount of the penalty set forth in California Labor Code Section 1777.7(b), or any subsequent amendments thereto, for each calendar day, or portion thereof, for each worker paid less than the specified prevailing rates for such work or craft in which such worker is employed, whether paid by CONSULTANT or by any subcontractor.

2.3 HOURS AND WORKING CONDITIONS: The DISTRICT is a public entity in the State of California and is subject to the provisions of the Government Code and the Labor Code of the State. It is stipulated and agreed that all provisions of law applicable to public contracts are a part of this Agreement to the same extent as though set forth herein and will be

complied with by CONSULTANT. CONSULTANT shall comply with all applicable provisions of the California Labor Code relating to working hours and the employment of apprentices on public works projects. CONSULTANT shall, as a penalty to the DISTRICT, forfeit \$25.00 for each worker employed in the execution of this Agreement by CONSULTANT or by any subcontractor, for each calendar day during which such worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week, unless such worker received compensation for all hours worked in excess of 8 hours at not less than 1½ times the basic rate of pay.

ARTICLE III RESPONSIBILITIES OF THE DISTRICT AND OF CONSULTANT

3.1 DUTIES OF THE DISTRICT: The DISTRICT, without cost to CONSULTANT, will provide all pertinent information necessary for CONSULTANT's performance of its obligations under this Agreement that is reasonably available to the DISTRICT unless otherwise specified in the Scope of Work, in which case the CONSULTANT is to acquire such information. The DISTRICT does not guarantee or ensure the accuracy of any reports, information, and/or data so provided. To the extent that any reports, information, and/or other data so provided was supplied to the DISTRICT by persons who are not employees of the DISTRICT, any liability resulting from inaccuracies and/or omissions contained in said information shall be limited to liability on behalf of the party who prepared the information for the DISTRICT.

3.2 REPRESENTATIVE OF DISTRICT: The DISTRICT designates Kimberly Cox as the person to act as the DISTRICT's representative with respect to the work to be performed under this Agreement. Such person will have complete authority to receive information and interpret and define the DISTRICT's policies pertinent to the work, although such person will not control or direct CONSULTANT's work. In the event the DISTRICT wishes to make a change in the DISTRICT's representative, the DISTRICT shall notify the CONSULTANT of the change in writing.

3.3 DUTIES OF CONSULTANT: CONSULTANT shall perform the Project work in such a manner as to fully comply with all applicable professional standards of care, including professional quality, technical accuracy, timely completion, and other services furnished and/or work undertaken by CONSULTANT pursuant to this Agreement. The CONSULTANT shall cause all work and deliverables to conform to all applicable federal, state, and local laws and regulations.

3.4 APPROVAL OF WORK: The DISTRICT's approval of work or materials furnished hereunder shall not in any way relieve CONSULTANT of responsibility for the technical adequacy of its work. Neither the DISTRICT's review, approval or acceptance of, nor payment for any of the services shall be construed to operate as a waiver of any rights under this Agreement or of any cause of action arising out of the performance of this Agreement. Where approval by the DISTRICT is indicated in this Agreement, it is understood to be conceptual approval only and does not relieve the CONSULTANT of responsibility for complying with all

laws, codes, industry standards, and liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of the CONSULTANT or its subcontractors. CONSULTANT's obligation to defend, indemnify, and hold harmless the DISTRICT, and its directors, officers, employees and agents as set forth in Section 6.9 of this Agreement also applies to the actions or omissions of the CONSULTANT or its subcontractors as set forth above in this paragraph.

ARTICLE IV PAYMENTS TO CONSULTANT

4.1 **PAYMENT:** During the Term of this Agreement, the DISTRICT will pay CONSULTANT for services performed in accordance with the rates and estimated hours and costs set forth in the Scope of Work. The amounts set forth in the Scope of Work constitute the maximum compensation to which CONSULTANT may be entitled for the performance of services for the Project, unless this Agreement and/or the Scope of Work are changed in writing by the DISTRICT in advance of the services to be performed hereunder. Adjustments in the payment amount shall only be allowed pursuant to Section 6.4 of this Agreement.

4.2 **PAYMENT TO CONSULTANT:** Payment will be made by the DISTRICT within thirty (30) calendar days after receipt of an invoice from CONSULTANT, provided that all invoices are complete and CONSULTANT's work product and services are provided and performed in compliance with the terms and conditions of this Agreement. CONSULTANT shall invoice DISTRICT monthly for services performed under this Agreement. In the event that a payment dispute arises between the Parties, CONSULTANT shall provide to the DISTRICT full and complete access to CONSULTANT's labor cost records and other direct cost data, and copies thereof if requested by the DISTRICT.

4.3 **COST FOR REWORK:** CONSULTANT shall, at no cost to the DISTRICT, prepare any necessary rework occasioned by CONSULTANT's negligent act or omission or otherwise due substantially to CONSULTANT's fault.

ARTICLE V COMPLETION SCHEDULE

5.1 **TERM:** The Term of this Agreement shall begin on the Effective Date, and shall continue until August 1, 2022, unless this Agreement is earlier terminated pursuant to the provisions of Section 6.7 below. Notwithstanding the above, the provisions of Sections 1.3, 2.2, 2.3, 3.3 and 3.4 and Articles IV, V, and VI herein shall survive the expiration and/or termination of this Agreement.

5.2 **TIME OF ESSENCE:** CONSULTANT shall perform all services required by this Agreement in a prompt, timely, and professional manner. Time is of the essence in this Agreement.

ARTICLE VI GENERAL PROVISIONS

6.1 COMPLIANCE WITH FEDERAL, STATE, AND LOCAL LAWS: CONSULTANT shall at all times observe all applicable provisions of Federal, State, and Local laws and regulations including, but not limited to, those related to Equal Opportunity Employment.

6.2 SUBCONTRACTORS AND OUTSIDE CONSULTANTS: No subcontract shall be awarded by CONSULTANT unless prior written approval thereof is obtained from the DISTRICT. CONSULTANT shall be responsible for payment to subcontractors used by them to perform the services under this Agreement. If CONSULTANT subcontracts any of the work to be performed, CONSULTANT shall be as fully responsible to the DISTRICT for the performance of the work, including errors and omissions of CONSULTANT's subcontractors and of the persons employed by the subcontractor, as CONSULTANT is for the acts and omissions of persons directly employed by the CONSULTANT. Nothing contained in this Agreement shall create any contractual relationship between any subcontractor of CONSULTANT and the DISTRICT. CONSULTANT shall bind every subcontractor and every subcontractor of a subcontractor to the terms of this Agreement that are applicable to CONSULTANT's work unless specifically noted to the contrary in the subcontract in question and approved in writing by the DISTRICT.

6.3 INSURANCE: CONSULTANT shall secure and maintain in full force and effect, until the satisfactory completion and acceptance of the Project by DISTRICT, such insurance as will protect it and the DISTRICT in such a manner and in such amounts as set forth below. The premiums for said insurance coverage shall be paid by the CONSULTANT. The failure to comply with these insurance requirements may constitute a material breach of this Agreement, at the sole discretion of the DISTRICT.

- (a) Certificates of Insurance: Prior to commencing services under this Agreement, and in any event no later than ten (10) calendar days after execution of this Agreement, CONSULTANT shall furnish DISTRICT with Certificates of Insurance and endorsements verifying the insurance coverage required by this Agreement is in full force and effect. The DISTRICT reserves the right to require complete and accurate copies of all insurance policies required under this Agreement.
- (b) Required Provisions: The insurance policies required by this Agreement shall include the following provisions or have them incorporated by endorsement(s):
 - (1) Primary Coverage: The insurance policies provided by CONSULTANT shall be primary insurance and any self-insured retention and/or insurance carried by or available to the DISTRICT or its employees shall be excess and non-contributory coverage so that any self-insured retention and/or insurance carried by or available to the DISTRICT shall not contribute to any loss or expense under CONSULTANT's insurance.
 - (2) Additional Insured: The policies of insurance provided by CONSULTANT, except Workers' Compensation and Professional

Liability, shall include as additional insureds: the DISTRICT, its directors, officers, employees, and agents when acting in their capacity as such in conjunction with the performance of this Agreement. Such policies shall contain a "severability of interests" provision, also known as "Cross liability" or "separation of insured".

- (3) Cancellation: Each certificate of insurance and insurance policy shall provide that the policy may not be non-renewed, canceled (for reasons other than non-payment of premium) or materially changed without first giving thirty (30) days advance written notice to the DISTRICT, or ten (10) days advance written notice in the event of cancellation due to non-payment of premium.
 - (4) Waiver of Subrogation: The insurance policies provided by CONSULTANT shall contain a waiver of subrogation against DISTRICT, its directors, officers, employees and agents for any claims arising out of the services performed under this Agreement by CONSULTANT.
 - (5) Claim Reporting: CONSULTANT shall not fail to comply with the claim reporting provisions or cause any breach of a policy condition or warranty of the insurance policies required by this Agreement that would affect the coverage afforded under the policies to the DISTRICT.
 - (6) Deductible/Retention: If the insurance policies provided by CONSULTANT contain deductibles or self-insured retentions, any such deductible or self-insured retention shall not be applicable with respect to the coverage provided to DISTRICT under such policies. CONSULTANT shall be solely responsible for any such deductible or self-insured retention and the DISTRICT, in its sole discretion, may require CONSULTANT to secure the payment of any such deductible or self-insured retention by a surety bond or an irrevocable and unconditional letter of credit.
 - (7) Sub-Contractors: CONSULTANT shall include all sub-contractors as additional insureds under the insurance policies required by this Agreement to the same extent as the DISTRICT or shall furnish separate certificates of insurance and policy endorsements for each sub-contractor verifying that the insurance for each sub-contractor complies with the same insurance requirements applicable to CONSULTANT under this Agreement.
- (c) Insurance Company Requirements: CONSULTANT shall provide insurance coverage through insurers that have at least an "A" Financial Strength Rating and a "VII" Financial Size Category in accordance with the current ratings by the A. M. Best Company, Inc. as published in *Best's Key Rating Guide* or on said company's web site. In addition, any and all insurers must be admitted and authorized to conduct business in the State of California and be a participant in the California Insurance Guaranty Association, as evidenced by a listing in the appropriate publication of the California Department of Insurance.
- (d) Policy Requirements: The insurance required under this Agreement shall meet or exceed the minimum requirements as set forth below:

- (1) Workers' Compensation: CONSULTANT shall maintain Workers' Compensation insurance as required by law in the State of California to cover CONSULTANT's obligations as imposed by federal and state law having jurisdiction over CONSULTANT's employees and Employers' Liability insurance, including disease coverage, of not less than \$1,000,000.
- (2) General Liability: CONSULTANT shall maintain Comprehensive General Liability insurance with a combined single limit of not less than \$1,000,000 per occurrence or claim and \$1,000,000 aggregate. The policy shall include, but not be limited to, coverage for bodily injury, property damage, personal injury, products, completed operations and blanket contractual to cover, but not be limited to, the liability assumed under the indemnification provisions of this Agreement. In the event the Comprehensive General Liability insurance policy is written on a "claims made" basis, coverage shall extend for two years after the satisfactory completion and acceptance of the Project by DISTRICT.
- (3) Automobile Liability: CONSULTANT shall maintain Commercial Automobile Liability insurance with a combined single limit for bodily injury and property damage of not less than \$1,000,000 each occurrence for any owned, hired, or non-owned vehicles.
- (4) Professional Liability: CONSULTANT shall maintain Professional Liability insurance covering errors and omissions arising out of the services performed by the CONSULTANT or any person employed by him, with a limit of not less than \$1,000,000 per occurrence or claim and \$1,000,000 aggregate. In the event the insurance policy is written on a "Claims made" basis, coverage shall extend for two years after the satisfactory completion and acceptance of the Project by DISTRICT.
- (5) Property Coverage – Valuable Papers: Property coverage on an all-risk, replacement cost form with Valuable Papers insurance sufficient to assure the restoration of any documents, memoranda, reports, plans or other similar data, whether in hard copy or electronic form, relating to the services provided by CONSULTANT under this Agreement.

6.4 CHANGES: If the DISTRICT requests a change in the Scope of Work, an equitable adjustment shall be made and this Agreement shall be modified in writing accordingly. CONSULTANT must assert any claim for adjustment under this clause in writing within thirty (30) calendar days from the date of receipt from CONSULTANT of the notification of change unless the DISTRICT grants a further period of time before the date of final payment under this Agreement.

6.5 NOTICES: All notices to either Party by the other shall be made in writing and delivered or mailed to such Party at their respective addresses as follows, or to other such address as either Party may designate, and said notices shall be deemed to have been made when delivered or, if mailed, five (5) days after mailing.

To DISTRICT: Helendale Community Services District
26540 Vista Road, Suite B
P.O. Box 359
Helendale, CA 92342
Attn: General Manager

To CONSULTANT: Sonic IT Systems
12402 Industrial Blvd., Suite E-4
Victorville, CA 92395
Attn: Tim Passons, CTO

6.6 CONSULTANT'S ASSIGNED PERSONNEL: CONSULTANT designates _____ to have immediate responsibility for the performance of the work for the Project and for all matters relating to performance under this Agreement. Substitution of any assigned personnel shall require the prior written approval of the DISTRICT. If the DISTRICT determines that a proposed substitution is not acceptable, then, at the request of the DISTRICT, CONSULTANT shall substitute with a person acceptable to the DISTRICT.

6.7 TERMINATION:

- (a) The DISTRICT may abandon any portion of the Project, or terminate this Agreement with or without cause, as determined by the DISTRICT in the exercise of its sole discretion, upon written notice thereof to CONSULTANT. CONSULTANT may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days written notice only in the event of substantial failure by the DISTRICT to perform in accordance with the terms of this Agreement through no fault of the CONSULTANT.
- (b) In the event of termination of this Agreement by the DISTRICT with cause (as determined by the DISTRICT in the exercise of its sole discretion), or termination of this Agreement by DISTRICT without cause upon at least 180 calendar days written notice, the DISTRICT shall be immediately given title to all original drawings and other documents developed for the Project, and the sole right and remedy of CONSULTANT shall be to receive payment for all amounts due and not previously paid to CONSULTANT for services completed or in progress in accordance with the Agreement prior to such date of termination. If termination occurs prior to completion of any task for which payment has not been made, the fee for services performed during such task shall be based on an amount mutually agreed to by the DISTRICT and CONSULTANT. Such payments available to the CONSULTANT under this paragraph shall not include costs related to lost profit associated with the expected completion of the work or other such payments relating to the benefit of this Agreement.
- (c) In the event of abandonment of any portion of the Project by the DISTRICT, or termination of this Agreement by the DISTRICT without cause upon less than 180 calendar days written notice, all of the provisions of subsection (b) above shall apply and the sole additional right and remedy of CONSULTANT shall be to receive a lump sum payment calculated in accordance with the Discount Refund

Schedule attached hereto as Exhibit B and incorporated herein by this reference computed from the Effective Date through the date of termination of this Agreement.

6.8 ATTORNEYS' FEES: In the event that either the DISTRICT or CONSULTANT brings an action or proceeding for damages for an alleged breach of any provision of this Agreement, to interpret this Agreement or determine the rights of and duties of either Party in relation thereto, the prevailing Party shall be entitled to recover as part of such action or proceeding all litigation, arbitration, mediation and collection expenses, including witness fees, court costs, and reasonable attorneys' fees. Such fees shall be determined by the Court in such litigation or in a separate action brought for that purpose. Mediation will be attempted if both Parties mutually agree before, during, or after any such action or proceeding has begun.

6.9 INDEMNITY:

- (a) CONSULTANT shall defend, indemnify and hold DISTRICT, including its directors, officers, employees and agents, harmless from and against any and all claims, demands, causes of action, suits, debts, obligations, liabilities, losses, damages, costs, expenses, attorney's fees, awards, fines, settlements, judgments or losses of whatever nature, character, and description, with respect to or arising out of the work to be performed under this Agreement, including without limitation, any and all such claims, demands, causes of action, suits, debts, obligations, liabilities, losses, damages, costs, expenses, attorney's fees, awards, fines, settlements, judgments or losses of whatever nature, character, and description, arising by reason of death or bodily injury to one or more persons, including the employees of CONSULTANT; injury to property of any kind, including loss of use; or economic damages of any kind, caused by, or arising out of, any alleged or actual act or omission, regardless of whether such act or omission is active or passive, by CONSULTANT, any of CONSULTANT's subcontractors or DISTRICT, including their respective directors, officers, employees, agents and assigns, excepting only such matters arising from the sole negligence or willful misconduct of the DISTRICT.
- (b) CONSULTANT shall defend, indemnify and hold DISTRICT, including its directors, officers, employees and agents, harmless from and against any and all claims, demands, causes of action, suits, debts, obligations, liabilities, losses, damages, costs, expenses, attorney's fees, awards, fines, settlements, judgments or losses of whatever nature, character, and description, with respect to or arising out of any infringement or alleged infringement of any patent, copyright or trademark and arising out of the use of any equipment or materials furnished under this Agreement by the CONSULTANT or CONSULTANT's subcontractors, including their respective directors, officers, employees, agents and assigns, or out of the processes or actions employed by, or on behalf of, the CONSULTANT or CONSULTANT's subcontractors, including their respective directors, officers, employees, agents and assigns, in connection with the performance of services under this Agreement. CONSULTANT shall have the right, in order to avoid such claims or actions, to substitute at its expense non-infringing equipment,

materials or processes, or to modify at its expense such infringing equipment, materials, and processes so they become non-infringing, provided that such substituted and modified equipment, materials, and processes shall meet all the requirements and be subject to all the provisions of this Agreement.

- (c) CONSULTANT shall defend, indemnify and hold DISTRICT, including its directors, officers, employees and agents, harmless from and against any and all claims, demands, causes of action, suits, debts, obligations, liabilities, losses, damages, costs, expenses, attorney's fees, awards, fines, settlements, judgments or losses of whatever nature, character, and description, with respect to or arising out of any breach by CONSULTANT or CONSULTANT's subcontractors, including their respective directors, officers, employees, agents and assigns, of the aforesaid obligations and covenants, and any other provision or covenant of this Agreement.
- (d) It is the intent of the Parties to this Agreement that the defense, indemnity and hold harmless obligation of CONSULTANT under this Agreement shall be as broad and inclusive as may be allowed under *California Civil Code* §§ 2778 through 2784.5, or other similar state or federal law.

6.10 SAFETY: CONSULTANT shall perform the work in full compliance with applicable State and Federal safety requirements including, but not limited to, Occupational Safety and Health Administration requirements.

- (a) CONSULTANT shall take all precautions necessary for the safety of, and prevention of damage to, property on or adjacent to the Project site, and for the safety of, and prevention of injury to, persons, including DISTRICT's employees, CONSULTANT's employees, and third persons. All work shall be performed entirely at CONSULTANT's risk. CONSULTANT shall comply with the insurance requirements set forth in Section 6.3 of this Agreement.
- (b) CONSULTANT shall also furnish the DISTRICT with a copy of any injury prevention program established for the CONSULTANT's employees pursuant to California Labor Code Section 6401.7, including any necessary documentation regarding implementation of the program. CONSULTANT hereby certifies that its employees have been trained in the program, and procedures are in place to train employees whenever new substances, processes, procedures, or equipment are introduced. CONSULTANT shall demonstrate compliance with California Labor Code Section 6401.7 by maintaining a copy of its Injury and Illness Prevention Plan at the Project site and making it available to the DISTRICT.

6.11 EXAMINATION OF RECORDS: All original drawings, specifications, reports, calculations, and other documents or electronic data developed by CONSULTANT for the Project shall be furnished to and become the property of the DISTRICT. CONSULTANT agrees that the DISTRICT will have access to and the right to examine any directly pertinent books, documents, papers, and records of any and all of the transactions relating to this Agreement.

6.12 OWNERSHIP OF SOFTWARE:

- (a) Subject to payment of all compensation due under this Agreement and all other terms and conditions herein, CONSULTANT hereby grants DISTRICT a

nonexclusive, transferable, royalty-free license to use the Software furnished to DISTRICT by CONSULTANT under this Agreement. The license granted herein shall authorize DISTRICT to:

- (1) Install the Software on computer systems owned, leased or otherwise controlled by DISTRICT;
 - (2) Utilize the Software for its internal data-processing purposes; and
 - (3) Copy the Software and distribute as desired to exercise the rights granted herein.
- (b) CONSULTANT retains its entire right, title and interest in the Software developed under this Agreement. DISTRICT acknowledges that CONSULTANT owns or holds a license to use and sublicense various pre-existing development tools, routines, subroutines and other programs, data and materials that CONSULTANT may include in the Software developed under this Agreement. This material shall be referred to hereafter as "Background Technology."
- (c) DISTRICT agrees that CONSULTANT shall retain any and all rights CONSULTANT may have in the Background Technology. CONSULTANT grants DISTRICT an unrestricted, nonexclusive, perpetual, fully paid-up worldwide license to use the Background Technology in the Software developed and delivered to DISTRICT under this Agreement, and all updates and revisions thereto. However, DISTRICT shall make no other commercial use of the Background Technology without CONSULTANT's written consent.

6.13 INTEGRATION AND AMENDMENT: This Agreement contains the entire understanding between the DISTRICT and CONSULTANT as to those matters contained herein. No other representations, covenants, undertakings or other prior or contemporaneous agreements, oral or written, respecting those matters, which are not specifically incorporated herein, may be deemed in any way to exist or to bind any of the Parties hereto. Each Party acknowledges that it has not executed this Agreement in reliance on any promise, representation or warranty not set forth herein. This Agreement may not be amended except by a writing signed by all Parties hereto.

6.14 ASSIGNMENT: Neither Party shall assign or transfer its interest in this Agreement without written consent of the other Party. All terms, conditions, and provisions of this Agreement shall inure to and shall bind each of the Parties hereto, and each of their respective heirs, executors, administrators, successors, and assigns.

6.15 GOVERNING LAW: This Agreement shall be construed as if it was jointly prepared by both Parties hereto, and any uncertainty or ambiguity contained herein shall not be interpreted against the Party drafting same. In the event of a conflict between the provisions of this Agreement and the Scope of Work, the provisions of this Agreement shall control. This Agreement shall be enforced and governed by the laws of the State of California. If any action is brought to interpret or enforce any term of this Agreement, the action shall be brought in a state court situated in the County of San Bernardino, State of California, or in a federal court with jurisdiction in the County of San Bernardino, State of California.

6.16 HEADINGS: Article and Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants, and conditions of this Agreement.

6.17 PARTIAL INVALIDITY: If any term, covenant, condition, or provision of this Agreement is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated thereby.

6.18 EFFECT OF DISTRICT'S WAIVER: Any failure by the DISTRICT to enforce any provision of this Agreement, or any waiver thereof by the DISTRICT, shall not constitute a waiver of its right to enforce subsequent violations of the same or any other terms or conditions herein.

6.19 AUTHORITY: The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to sign this Agreement on behalf of and to so bind their respective legal entities.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first written above.

CONSULTANT

DISTRICT

By: _____
Tim Passons, CTO
Sonic IT Systems

By: _____
President, Board of Directors
Helendale Community Services District

EXHIBIT A

SCOPE OF WORK

2	SonicSafe - Managed Server Backup (Virtual) *This is the software license for the backups as well as the management/monitoring. *Does not include off site storage of the data, See the separate line item for replication - Fully encrypted backups. HIPPA, SOX, PCI compliant. - Complete image based backup solution	Monthly	\$40.00	\$80.00
250	SonicSafe - Off Site Backup Storage - Cloud Replication duplicates your backups and is encrypted in our cloud - Full HIPAA, HITECH, SOX, and PCI compliance - Quantity reflected is per GB. - Amount may change each billing cycle due to changes in the amount of data that is backed up from your network.	Monthly	\$0.20	\$50.00
Office 365 Cloud Hosted Exchange Service				\$390.00
26	SonicExchange - Office 365 Business Premium (Email/Soft) - Includes 50GB Email Storage Account - Includes desktop software for the following: --- Word, Excel, Powerpoint, Outlook, Publisher, Sharepoint, Access, Teams, OneDrive	Monthly	\$15.00	\$390.00
Term Options:				\$0.00
1	1 Year Agreement Monthly Discount (Optional, Please Select One Of The Following)	Monthly	\$0.00	\$0.00
1	2 Year Agreement Monthly Discount (Optional, Please Select One Of The Following)	Monthly	-\$60.00	-\$60.00
1	3 Year Agreement Monthly Discount (Optional, Please Select One Of The Following)	Monthly	-\$125.00	-\$125.00

SubTotal:	\$390.00
Sales Tax:	\$0.00
Total (One Time):	\$390.00
Deposit (Due at Signing, balance upon completion):	\$195.00
Total Monthly Commitment:	\$1,467.50
Contract Start:	8/1/2019
Contract End:	8/1/2022

* Pricing is based on current hardware, software, and support licensing costs and is reflective of the current number of users. Pricing may increase to meet any newly supported machines or other services added. Price may also decrease if machines or devices are removed. Decreases are not unlimited and must be approved by MSP before taking effect. Pricing may also increase due to any changes, additions, or increases to government tax laws that affect any offered services.

Specifically excluded from this agreement unless otherwise noted or supplied on a separate signed agreement:

- Additional project work of any kind (initial project deployment is quoted herein).
- The cost of any parts, equipment or shipping charges of any kind
- The cost of any additional software, licensing, or software renewal/upgrade fees of any kind
- The cost of any 3rd party vendor/manufacturer support or incident fees of any kind
- Failure due to acts of God, building modifications, accidents, fire, power failures, Client misuse or other adverse environmental conditions or factors
- Backup of local client data outside of what is stored on the server. (i.e. data stored directly on a workstation)
- Network cable installation and testing of network cables
- Any pre-existing condition, as may or may not be noted by MSP or the Client

EXHIBIT B

Discount Refund Schedule*

Month	Discount	Refund
1	0	125
2	0	125
3	0	125
4	0	125
5	0	125
6	0	125
7	0	125
8	0	125
9	0	125
10	0	125
11	0	125
12	0	125
13	60	125
14	60	125
15	60	125
16	60	125
17	60	125
18	60	125
19	60	125
20	60	125
21	60	125
22	60	125
23	60	125
24	60	65
25	125	65
26	125	65
27	125	65
28	125	65
29	125	65
30	125	65
31	125	65
32	125	65
33	125	65
34	125	65
35	125	65
36	125	0

**Discount schedule applies unless PSA is otherwise terminated per contract provisions.*

EXHIBIT A

SCOPE OF WORK

Solution Summary (Schedule 1)

QTY	DESCRIPTION	RECURRING	UNIT PRICE	TOTAL PRICE
	Managed IT Services:			\$0.00
3	SonicCare - Network Management - Includes managed SonicSecure firewall hardware rental - Quality Of Service Management (VoIP Applications) - Connection State Monitoring - Daily black list rule updates - Daily firewall virus filter updates - Hacker and Outside threat monitoring - Full management services - Wireless Network management - Network diagnostics and troubleshooting - Internet service monitoring and troubleshooting - Network Copier management print, scan, email setup. (Not hardware maintenance)	Monthly	\$100.00	\$300.00
1	SonicCare - Server Management (Physical Server) - Phone, Email, and Web Portal Support Ticketing - Business Hour Remote Control Support - Business Hour On Site Support - Daily patch and update management - Managed Virus, Spyware, Malware Protection - Security Management - Optimization And Maintenance Tasks - Daily Security Audits - Microsoft Application Support - Real Time Critical Service Uptime Monitoring - Continual hard disk SMART monitoring - 24/7 Monitoring Of Service Failure	Monthly	\$150.00	\$150.00
2	SonicCare - Server Management (Virtual Server) - Phone, Email, and Web Portal Support Ticketing - Business Hour Remote Control Support - Business Hour On Site Support - Daily patch and update management - Managed Virus, Spyware, Malware Protection - Security Management - Optimization And Maintenance Tasks - Daily Security Audits - Microsoft Application Support - Real Time Critical Service Uptime Monitoring - Continual hard disk SMART monitoring - 24/7 Monitoring Of Service Failure	Monthly	\$50.00	\$100.00
19	SonicCare - Workstation Management - Phone, Email, and Web Portal Support Ticketing - Business Hour Remote Control Support - Business Hour On Site Support - Microsoft Application Support - Line of business / Practice management application support - Weekly patch and update management - Managed Virus, Spyware, Malware Protection - Optimization And Maintenance Tasks - Continual hard disk SMART monitoring * General support and troubleshooting of speciality practice software is included. Major issues or support needs are still the responsibility of the software vendor. We will provide best effort support for these applications but cannot guarantee fixes for software bugs or deep software issues.	Monthly	\$27.50	\$522.50



Helendale Community Services District

DATE: August 1, 2019
TO: Board of Directors
FROM: Kimberly Cox, General Manager
SUBJECT: Item # 9
Discussion and Possible Action Regarding Incremental Implementation of the Sensus Analytic Meter Reading System

Staff Recommendation

Staff recommends the Board approve the final step in the implementation of the AMI meter reading system

Staff Report

In 2016-2017, Staff engaged in a thorough evaluation of meters and meter reading technology with the knowledge that the majority of the District's meters has exceeded their useful life and were not accurately capture the water flowing to the customers property. Numerous types of systems were evaluated and several presentations were made to the Board during this timeframe. In 2017, the Board made a determination on meter technology that set the path for many years to come. In June 2018, the Board approved the purchase of the AMI antenna that was later reimbursed by a grant. This was a critical component of the system that would capture the meter reads and transmit them to the office. The District has also received Bureau matching funding to assist with the purchase of the new smart meter technology.

With the antenna in place and approximately 600 AMI meters in the ground, the District has now reached a new milestone in the implementation process which requires the installation of software and communication with the antenna. Staff is requesting approval of a six-month trial that requires start up fees of \$7,750 for analytic integration. After the six-month trial the balance of the software related fees will be due which include the annual software costs of \$12,730, a one-time set up fee of \$7,957 and a one-time training fee of \$1,250. After this implementation only the annual software fee will apply.

Currently the District is paying a nominal annual software fee of \$1900 for the AMR software that will be replaced by the AMI annual software costs of \$12,730 for an annual increase of \$10,830.

FISCAL IMPACT: \$29,687

Fund 01-521600-00-0 = \$28,437 (new water fund account)

Fund 01-524500-00-0 = \$1,250

Possible Motion: Approve the implementation of AMI software at a cost of \$ 29,687 and increase budget amount in fund 01-524500-00-0 by \$1,250 and add account 01-541600-00-0 with a budget of \$28,437

Attachments: Pilot Project Agreement
Sensus Analytic Software Quote

Possible Motion: Approve the implementation of AMI software at a cost of \$ 29,687 and increase budget amount in fund 01-524500-00-0 by \$1,250 and add account 01-541600-00-0 with a budget of \$28,437

Attachments: Pilot Project Agreement
Sensus Analytic Software Quote



Aqua Metric Sales Company 4050 Flat Rock Dr., Riverside, CA 92505 • Phone: (951) 637-1400 / Fax: (951) 637-1500

June 26, 2019

Helendale CSD
26540 Vista Rd., Suite B
Helendale, CA 92342
Attn: Kimberly Cox

Sensus Analytic Software (SaaS)

Sensus Analytics MDM Software

Unit Description	Fee Type	Unit Cost	
Sensus Analytic MDM Essential Software	Yearly	\$12,730.00	Due in 6 months
RNI SaaS Setup	One Time	\$7,957.00	Due in 6 months
Sensus Analytic Startup	One Time	\$3,750.00	Due with pilot
Sensus Analytic Integration	One Time	\$4,000.00	Due with pilot
Sensus Analytic Training	One Time	\$1,250.00	Due in 6 months

*Subject to a 3% increase each year.

Thank you for your interest in Sensus Analytics MDM software and Sensus Flex-Net. Please feel free to contact me if you have any questions.

Sincerely,
Steve Kamiyama
Account Manager
Aqua Metric Sales Co.
(951) 233-9545 mobile
steve.kamiyama@aquametric.com

PILOT PROGRAM AGREEMENT

This PILOT PROGRAM AGREEMENT (the “Agreement”) is made between Thirkettle Corporation, dba Aqua-Metric Sales Company (the “Vendor”), a California corporation, having its principal location at 4050 Flat Rock Drive, Riverside, CA 92505 (“Vendor”), and _____ (the “Client”) having its principal location at _____. Vendor and Client are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

- A. Vendor has been engaged by Client to provide, implement and support a fully functional Sensus FlexNet Advanced Metering Infrastructure environment for the demonstration and proof of concept of the associated network peripherals and software.
- B. Vendor, through itself and Sensus USA, Inc. (the “Sensus”), agrees to supply Client the Network Infrastructure, hosted Regional Network Interface, and Sensus Analytics Software-as-a-Service (the “AMI System”) detailed in Exhibit A through the Evaluation Period.
- C. Client agrees to purchase and install water meters and Sensus SmartPoint radio transceivers as defined in Exhibit A necessary to demonstrate AMI System operation.
- D. Vendor agrees to, in accordance with the terms of this Agreement, perform the services and supply the goods as described in the attached Exhibits and Appendices (the “Work”), which is attached hereto and made a part hereof for all purposes. This Agreement shall include the following:
 - i. This Pilot Program Agreement
 - ii. Exhibit A: Contract Pricing
 - iii. Exhibit B: RACI Diagram

In consideration of the mutual agreements, covenants, representations and warranties contained herein, and in reliance thereon, intending to be legally bound, Vendor and Client agree as follows:

1. EVALUATION PERIOD. This Agreement shall commence on _____ (the “Effective Date”) and shall extend for one hundred eighty (180) calendar days after the Regional Network Interface is commissioned, unless terminated earlier in accordance within the provisions of this Agreement or otherwise extended by the parties.
2. LICENSES. Client shall be provided use of the licenses and frequencies necessary for the ongoing function of the AMI System through the Evaluation Period.
3. PRICING. The pricing to be paid by Client to Vendor for the product(s) and service(s) that make up the Work herein have been detailed in Exhibit A.
4. OPTION TO PURCHASE. Client shall maintain the Option to Purchase the deliverables defined herein. Should the Customer make such election, Network Infrastructure will be made permanent and ownership transferred to the Customer at a previously defined cost. If no election to purchase has been made prior to the expiration of this Agreement, Vendor shall withdraw all AMI System components from Client’s premises and cease all licenses and frequencies at no expense to the Client.
5. SUBSCRIPTION SERVICES. The Sensus Regional Network Interface and Sensus Analytics Software as a Service (“Subscription Services”) are waived during the Evaluation Period. Subscription Services shall cease on the expiration of this Agreement. Vendor may amend the Evaluation Period

upon written request duly executed by all Parties herein. Client agrees to pay for such Subscription Services necessary to operate the AMI System and at the current Sensus rates to begin on the date of extension. Client will be invoiced based on a minimum of one-thousand (1,000) metered services or the actual number of metered services, whichever is greater.

6. MODIFICATIONS, AMENDMENTS OR WAIVERS. No modifications or amendments to the Agreement, and no waiver of any provisions hereof shall be valid unless in writing signed by duly authorized representatives of the parties.
7. OWNERSHIP. Client acknowledges and agrees that Vendor or its suppliers shall retain all right, title and interest to the AMI System components.
8. CLIENT OBLIGATION. Client agrees to provide electricity, backhaul communications, and a secure location for network infrastructure. Client assumes all responsibility for defects or damage as a result of tampering, improper use, vandalism or neglect. Client acknowledges and agrees that it is solely responsible for assessing its own internal computer, Internet service provider, and/or private line needs.
9. CONFIDENTIAL INFORMATION. Each party shall hold the other party's Confidential Information in confidence and shall not disclose such Confidential Information to third parties other than to consultants or contractors, subject to similar terms of confidentiality, when disclosure is necessary for the purposes set forth herein, nor use the other party's Confidential Information for any purpose other than the purposes set forth under this Agreement. The foregoing restrictions on disclosure shall not apply to information which is: (i) already known by the recipient, (ii) becomes, through no act or fault of the recipient, publicly known, (iii) received by recipient from a third party without a restriction on disclosure or use, (iv) independently developed by recipient without reference to the other party's Confidential Information, or (v) is a public record under applicable laws, subject to the terms of this Section. The Client will maintain the confidentiality of all Vendor Confidential Information, and Vendor will maintain the confidentiality of all Client Confidential Information, with each party taking all reasonable precautions to protect the same, at a minimum taking those precautions used to protect its own Confidential Information from unauthorized use or disclosure. All Client Data shall be deemed Client Confidential Information for purposes of this Agreement and the protections and requirements set forth herein.
10. DISCLAIMER OF WARRANTIES.

DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE SERVICES AND SOFTWARE ARE PROVIDED BY VENDOR ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

Limitations. Unless otherwise expressly provided herein, neither Vendor nor any of its service providers, licensors, employees or agents warrant that the operation of the services will be uninterrupted or error free. Vendor will not be responsible for any damages that Client may suffer arising out of use, or inability to use, the Services.

11. INDEMNIFICATION.

Vendor's Obligation. Vendor shall defend, indemnify and hold each Client Indemnitee (as defined below) harmless from any and all losses, costs, fines, penalties, damages and other amounts (including reasonable attorney fees) incurred by, assessed against or imposed on a Client Indemnitee arising from or in connection with any and all third party suits, claims, actions or demands (a "Claim"): (i) alleging any Product, Software or any Service infringes any valid and issued patent,

copyright, or trademark or similar property right of a third party, (ii) for personal injuries, death or damage to tangible personal and real property caused by the gross negligence or willful misconduct of Vendor, its employees, contractors or agents; (iii) relating to or arising out of Vendor's failure to comply with applicable law; and (iv) relating to or arising out of Vendor's breach of its confidentiality obligations hereunder. "Client Indemnitee" shall mean Client, and its respective officers, directors, employees, agents, successors and assigns.

Client Obligation. Client shall defend, indemnify and hold Vendor harmless from any and all losses, costs, fines, penalties, damages and other amounts (including reasonable attorney fees) incurred by, assessed against or imposed on Vendor arising from or in connection with any and all third party suits, claims, actions or demands (a "Claim"): (i) for personal injuries, death or damage to tangible personal and real property caused by the negligence or willful misconduct of Client, its employees, contractors or agents other than Vendor; (ii) relating to or arising out of Client's failure to comply with applicable law; and (iii) relating to or arising out of Client's breach of its confidentiality obligations hereunder.

12. TERMINATION. Either Party may terminate this Agreement at any time and for any reason by providing the other party with fifteen (15) days' written notice of termination (the "Termination Period").
13. NOTICES. Except as otherwise provided in the Agreement, all notices or other communications hereunder shall be deemed to have been duly given when made in writing and delivered in person or mailed, postage prepaid, by first class, certified or registered mail, by messenger or courier, and addressed as provided below. The address to which the notice(s) or communications may be given by either party may be changed by notice given by such party to the other pursuant to this Section or by other form of notice agreed to by the parties. All notices permitted or required to be given by either party under this Agreement to the other shall be in writing through each party's authorized representative(s) as follows:

IF TO VENDOR:

THIRKETTLE CORPORATION
DBA AQUA-METRIC SALES COMPANY
Attn: Christopher Newville
16914 Alamo Parkway, Building 2
Selma, TX 78115

IF TO CLIENT:

[Client Name]
Attn: [Contact Name]
[Address]
[City, State, Zip Code]

14. REMEDIES. Except for remedies specifically designated as exclusive, no remedy conferred by the Agreement is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law, in equity, by statute or otherwise. The election of any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

15. SEVERABILITY. If any term, provision or part of the Agreement is to any extent held invalid, void or unenforceable by a court of competent jurisdiction, the remainder of the Agreement shall not be impaired or affected thereby, and each term, provision, and part shall continue in full force and effect, and shall be valid and enforceable to the fullest extent permitted by law.
16. SUCCESSORS. This Agreement shall inure to the benefit of and be binding on the parties hereto and their respective successors and assigns (if such assignment was properly made pursuant to this Agreement).
17. AUTHORIZED REPRESENTATIVE. Each party represents to the other party that: (i) it has the power and authority to execute and deliver this Agreement and perform its obligations hereunder; (ii) the execution, delivery, and performance of this Agreement has been duly approved and authorized by it; and (iii) the execution and delivery of, and performance by, such party of this Agreement does not and will not, directly or indirectly, (iv) require the consent, approval, or action of, or any filing or notice to (collectively, "Consents"), any corporation, firm, person or other entity or any public, governmental or judicial authority, which Consents have not already been obtained, (v) violate the terms of any instrument, document or agreement to which it is a party, or by which it is bound, or be in conflict with, result in a breach of or constitute (upon the giving of notice or lapse of time or both) a default under any such instrument, document or agreement, or (vi) violate any order, writ, injunction, decree, judgment, ruling, law rule or regulation of any federal, state, county, municipal, or foreign court or governmental authority applicable to it.
18. FORCE MAJEURE. Neither party shall be held liable for delay in fulfilling or failure to fulfill its obligations under this Agreement, if such delay or failure is caused by events beyond the reasonable control of such party, including, without limitation, natural calamity, acts of God, or terrorist events, provided payment obligations shall not be so excused. Each party shall notify the other in writing of any situation that may prevent performance under the terms and conditions of this Agreement.
19. ENTIRETY OF AGREEMENT. This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the Client and Vendor, their assigns and successors in interest, as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement.
20. ASSIGNMENT. Vendor may not assign any of their respective rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other party, including any assignment or transfer in connection with a merger, reorganization, or sale of all or substantially all of the assets or equity of such party. Any attempted assignment in breach of this Section shall be void and Client shall have the right to terminate this Agreement as set forth herein. This Agreement shall bind and inure to the benefit of the parties, their respective successors and permitted assigns.

21. COUNTERPARTS AND ELECTRONIC SIGNATURE. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original agreement and both of which shall constitute one and the same agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other electronic signature (including portable document format) by either of the parties and the receiving party may rely on the receipt of such document so executed and delivered electronically or by facsimile as if the original had been received.

Client signatory represents and warrants that the signatory has all necessary authorization to purchase and pay for the Services indicated herein.

THE TERMS AND CONDITIONS SET FORTH HEREIN SHALL NOT BE BINDING UNTIL FULLY EXECUTED BY AN AUTHORIZED SIGNATORY FOR BOTH CLIENT AND VENDOR (OR ITS APPLICABLE AFFILIATE).

IN WITNESS WHEREOF, this Agreement is hereby executed on behalf of each of the parties hereto as of the date signed by both parties below.

THIRKETTLE CORPORATION
DBA AQUA-METRIC SALES COMPANY
4050 Flat Rock Drive
Riverside, CA 92505

[Customer Name]
[Address]
[City, State, Postal Code]

Signature

Signature

Name (Printed or Typed)

Name (Printed or Typed)

Title

Title

Date

Date

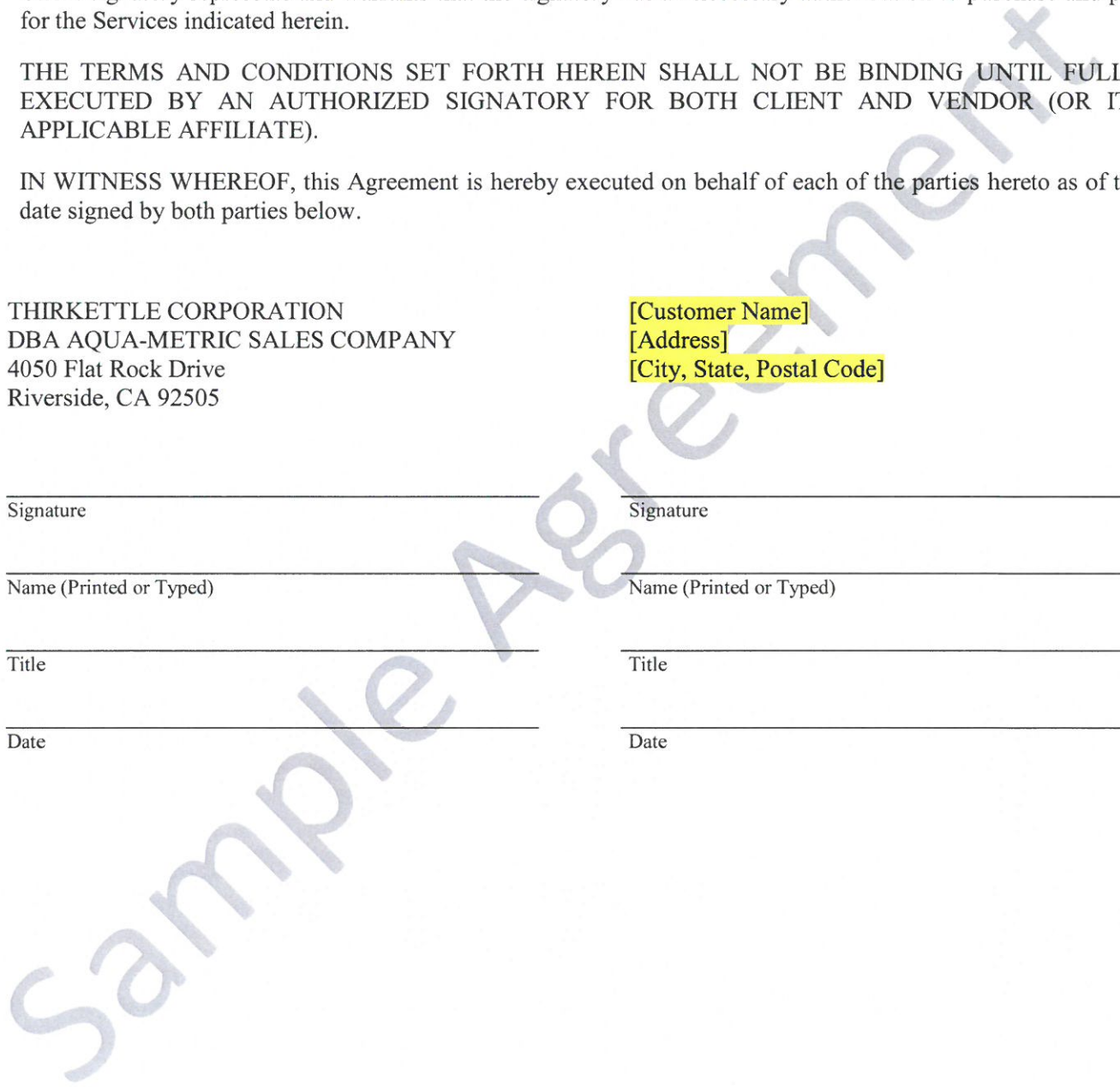


EXHIBIT A
CONTRACT PRICING

Sample Agreement

Exhibit B
RACI Diagram

The “RACI Diagram” below details all responsibilities, technical detail and specification needed to ensure a successful Pilot Program.

- A. Responsible (“R”): Those who do the actual work.
- B. Accountable (“A”): Those who are ultimately accountable for the completion of the work. (Note: There must be only one "A" specified for each row in a RACI diagram.)
- C. Consulted (“C”): Those who provide input and/or output as needed. (Consider this as two-way communication.)
- D. Informed (“I”): Those who want to be kept up to date on progress of the particular phase. (Consider this as one-way communication.)

	CLIENT	VENDOR/ SENSUS	Note
Project Management	A,R	R	Shared Project Management responsibility
Infrastructure			
Network infrastructure Maintenance	A,R	C	Client maintains communication network and VPN access for support.
FlexNet Basestation	C	A,R	Vendor will provide the Basestation for the pilot period and pay for the installation of the antennas on specified existing water towers.
Network Backhaul (internet/ethernet communication to Basestation)	A,R	C	Client will provide the network to the basestation and work with Vendor and Sensus to facilitate the integration with the hosted servers.
Basestation Electrical Power	A,R	C	Client will provide required power to basestation prior to the installation and wiring required.
Basestation Location	A,R	C	Client will provide a suitable location and surface to install the FlexNet basestation.
Hardware Maintenance (Sensus Hosted RNI, Network, 1 Basestation)	C	A,R	The servers will be hosted and maintained by Sensus. The Basestation does require periodic maintenance and Vendor and Sensus will monitor throughout the pilot period.
Backup/Disaster Recovery	C	A,R	Sensus will restore the system within a reasonable amount of time.
Software Maintenance			
FlexNet Software	C	R	Sensus maintains software and resolves issues with the software.
Software Licensing and support maintenance	C	A,R	Sensus will maintain their software licensing and support during the pilot period.
Basestation Software Maintenance (patches)	C	A,R	Vendor will troubleshoot issues with Basestation as required. Sensus will patch and troubleshoot Basestation issues that cannot be addressed by Vendor personnel.
Meter Installation			

Transmitter Activation Device	C	A,R	Vendor will provide a device to activate the transmitters during the pilot period.
Meter Installation Training	C	A,R	Vendor will provide training on installation of meters and activation of transmitters.
Installation and Activation of Meters and Transmitter	A,R	C	Client will need to install and activate the meters and transmitters.
Billing Software Maintenance			
Inhance Integration	A,R	C	Client maintains all Enhance requirements and functions.
Pilot Project Contacts			
List of Project Personnel	A,R	R	Client and Vendor will provide a contact list of all personnel involved in the pilot project.

Sample Agreement