

Council Meeting of
September 21, 2010

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Finance - Authorize a contract with Global Water Management LLC to provide utility billing services for the City's water, sewer and refuse accounts.

Expenditure: \$457,632 annually, \$197,500 one-time Implementation cost plus Postage

RECOMMENDATION

Recommendation of the Finance Director that Your Honorable Body approve a contract agreement with Global Water Management LLC to provide utility billing services for the City at the amount of \$38,136 per month plus postage and \$197,500 for one-time implementation costs.

Funding

Funding is available in the Water Enterprise Fund.

BACKGROUND/ANALYSIS

On August 17, 1999, Council approved a contract with American States Water Company (aka GSWC) for 3 years with two additional one year options (total contract of 5 years) to provide Utility Billing Services for the City. Prior to the actions taken by Council in August 1999, Council authorized staff to establish a review panel (March 1998) to analyze the possibility of outsourcing the City's utility billing, meter reading and meter maintenance job functions. Through numerous meetings, it was determined that outsourcing Utility Billing was both fiscally efficient and would enhance services provided to the residential and business community of the City of Torrance. It was estimated that outsourcing utility billing would save over \$300,000 per year while increasing services (24 hours per day call center services) such as on-line account balance inquiry and on-line credit card payments.

On March 8, 2005, your Honorable Body approved a successor contract with American States Utility Company (Golden State Water) to provide utility billing and customer service for the business and residential community of the City of Torrance.

The contract was for a term of 3 years with two additional two year options for a total of

seven years. We are currently in the first option period of the two option years and we have approximately 3 years remaining. In total, GSWC has provided utility billing services for over 10 years with the contract only increasing by the consumer price index CPI each year. In the successor contract, a provision was added that allowed for the cost of the contract to increase should the California Public Utilities Commission (CPUC) make a determination (ruling) modifying the cost allocation methodology and rate (see attachment A for contract language). For over three years the provision has been in the contract but has not impacted the City.

In January 2009 GSWC contacted staff requesting a meeting to inform the city about a November 2007 CPUC ruling and to discuss the possibility of terminating their contract with the City. In November 2007, the CPUC issued a decision (07-11-037) which changed the methodology for allocating costs. The CPUC decision mandates that Public Utilities who are regulated by the CPUC must charge a fully burden rate to recover the cost of the assets being used in providing the service and to reimburse those cost to the Public Utility's customers. At the January meeting GSWC was concerned that the CPUC ruling would make all of their third party agreements (contracts with agencies) non profitable and cost inefficient, thus their decision to terminate the contract with the City.

The CPUC decision effectively increased the monthly cost of the city's contract by an additional **\$35,926**. The original contract inclusive of any pass-through amounts totaled **\$29,571** per month. With the 2007 CPUC decision, the contract cost increases from \$29,571 per month to **\$65,497** per month excluding postage. GSWC terminated all of their city agreements with the exception of the City of Torrance because our contract has a "sole option to renew" provision in the contract which prevents GSWC from arbitrarily terminating the contract.

Staff was concerned about the meeting it had with GSWC and immediately began to (a) analyze and confirm the GSWC cost allocation, and (b) Look for a potential successor vendor. The finance department reviewed the CPUC decision to determine if GSWC proposed increase was in compliance with the CPUC decision and to determine the exact amount of the increase. The review process was time consuming as fact finding was required and some differences existed between GSWC interpretation of the CPUC decision and the City's interpretation. After analyzing the allocation methodology and lengthy with GSWC, staff concluded that the amounts under review were in line with the CPUC decision. In March of 2010, GSWC notified staff that the increase would go into effect beginning in October 2009 (retroactively). Additionally, GSWC stated that the CPUC would be making another ruling relating to the cost allocation methodology (due in September 2010) which would increase the contract price even further.

The search for a successor vendor was intensified after the meetings with GSWC. Originally, the search focused on those agencies located in the State of California however, it was discovered that the new CPUC ruling adversely impacted all agencies regulated by the CPUC. As staff began to talk to potential California vendors, it became obvious that third party utility billing agreements were less attractive to Utility Billing Companies regulated by the CPUC. Staff could not find any Utility Billing company who was regulated by the CPUC that would be interested in contracting with the City. Because of the CPUC ruling eliminating many California vendors, staff expanded the

scope of the search to include out of state vendors and to look at splitting the services using multiple vendors to perform the services. Staff looked at companies that provided billing only services and those that provide call center services. Banks, credit card companies and other were all approached. Finally a list of companies (primarily out of state companies) was identified.

On March 25, 2010 a Request for Proposal (RFP) was mailed to interested vendors to provide utility services for the City's water, sewer and refuse customers. The following is a list of vendors who either received a proposal or were contacted to discuss their interest in providing the requested billing services.

1. American Accounting and Billing Service Inc.
2. American Water
3. California Water Company
4. Capgemini
5. Chase Bank
6. Datamatics Global services Inc.
7. Global Water Management LLC
8. Southern California Edison
9. Southern California Gas
10. Vertex

A mandatory pre-proposal meeting was held on April 27, 2010, to identify interested vendors. Only four of the aforementioned companies attended the meeting. As a point of reference, none of the California base companies expressed an interest due primarily to the ruling of the CPUC, which makes these types of contracts unprofitable. The pre-proposal meeting identified three qualified companies who ultimately submitted a response to the City's RFP. The three companies who submitted proposals were:

1. American Accounting and Billing Service Inc.
2. Global Water Management, LLC
3. Vertex

The RFP was comprehensive and addressed many of the City's concerns relating to billing, customer service, cash handling, and reporting. There were 50 individual questions that required detailed explanations. The City established a five (5) member panel to individually analyze and evaluate the vendor's responses. The five City evaluating members consisted of:

1. Deputy Public Works Director
2. Assistant Finance Director
3. Senior Water Service Supervisor
4. Senior Administrative Analyst- Water Operations
5. Senior Accountant

A matrix was developed and the questions were weighted (see exhibit 1). The maximum score that a vendor could receive was 140 points. The matrix was developed to assess the vendors' abilities to provide the best qualified service. The vendors' price quote had

a weighted average and was used to separate any close proposals. The following is a summary of the raters' evaluation of the RFP's.

Raters	Vertex	American Accounting	Global Water Management
	126.1	90.8	135.7
	120.9	87.4	134.8
	128.2	107.0	133.8
	136.4	85.4	138.8
	128.1	96.9	131.8
Average Score	127.9	93.5	135.0

As mentioned above, the vendors' price quotes were used to assist the evaluators in making a final determination. As shown above, both Vertex and Global Water Management's scores were relatively similar as both offered outstanding services. American Accounting's proposal was less descriptive and did not respond sufficiently to the questions. When looking at the price quotes, a large discrepancy exists between the three companies. The RFP requested that the vendors separate their price quotes into four distinct categories. (1) Monthly Customer Service Contract (recurring), (2) Monthly cost of operating a local payment center in Torrance, (3) Estimated monthly postage cost and (4) Cost of Implementation (one-time cost for start-up conversion). The below table list the price quotes by company including the current vendors charges.

Cost Descriptions	Vertex	American Accounting	Global Water Management	Current Vendor
Monthly Customer Service Contract	\$62,400	\$42,200	\$38,136	\$65,497
Monthly cost of operating a local Payment Center	Not provided	\$9,000	\$11,320	N/A
Estimated Monthly Postage	Pass-through	\$7,500*	\$6,100*	\$5,787
One-time Implementation Cost	\$1,404,800	\$80,000	\$197,500	N/A

*Pass-through amount that varies based on postage rates and volume

As shown in the pricing table, Global Water Management price proposal was significantly lower than any of the other vendors including the current vendor.

The pricing module includes costing for a local payment center which would be similar to the one that is operated by GSWC. After examining the type of work and volume of work performed at the local payment center, staff concluded that the work could be performed using in-house labor at a fraction of the cost. Therefore, the cost of a local payment center was not included in the contract.

Staff compared the cost submitted by the respective vendors in the RFP with the cost of performing the services in house. The estimated monthly recurring cost for the City

totals approximately \$60,000, with one time implementation cost of approximately \$600,000. For the city to do the billing, it would take approximately 8 months to 1 year to purchase and install the appropriate software and to hire staff. Additionally, the City's costing does not include a 24/7 customer service call center and it does not provide the same hours of services due to the city's 9/80 close work schedule. The labor cost shown below represents the total compensation for the positions that would be operating the City's utility billing services.

Description	# of Positions	Annual cost	Monthly cost
Business Manager	1	\$113,700	\$9,475
Sr. Account Clerk	1	83,700	6,975
Account Clerk	2	151,200	12,600
Total Labor Cost		\$348,600	\$29,050

As mentioned above, the recurring cost includes labor hours, facility rental, software maintenance, printing and other cost. The implementation cost includes the acquisition of a billing system including an IVR system, payment processor, new computers, etc.

The City's costing is less competitive primarily because the vendors are spreading the cost of providing the services over multiple clients, which reduces the per client cost. Outsourcing the services is more cost efficient, so staff began the process of negotiating a contract.

Upon completing the evaluations of the RFP, it was apparent that Global Water Management had presented the best qualified responses to the City's RFP. In order to begin the negotiations, staff wanted to visit Global Water Management facility because they were located out of State and staff believed that a site verification would be beneficial. On June 11, 2010 the rating members visited Global Water Management's facility in Phoenix Arizona. All five members were very impressed with Global Water's operations. Specifically impressive was their plant operations, customer education center, call center and their plan use of the Interactive Voice Response (IVR) system. After the site visit, staff verified Global Water Management's California references. Global is providing utility billing and customer service for the City of Menlo Park and it is providing utility billing services for the City of Covina.

The negotiations resulted in a mutual agreed contract which obligates Global Water to provide all of the services included in the RFP. Some notable highlights of the contracts are:

1. Contract term is 4 years with two three-year renewal options
2. Contract can increase by CPI
3. The contract has a 4% ceiling
4. No Public Utility Commission PUC provision is included in the contract

Additionally, Global Water will provide the highlighted services included in the contract such as:

- Provide monthly and bi-monthly billings for water, sewer and refuse accounts
- Provide distribution messages on the bills
- Provide mailed notices and IVR phone calls for disconnection notices

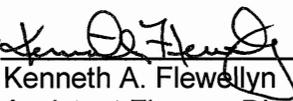
- Provide 8 ½ x 11 billing insert as required by City – not to exceed six per year.
- Share point reporting environment with management reports to be selected by City staff
- Daily transfer to the City of the previous day's available collection, wire fees are invoiced at cost
- Dashboard interface for access to customer information data by City staff
- Export files from customer information system to handheld meter reading devices
- Daily imports of meter reads from handheld meter reading devices
- Support and management of payment interfaces which include – paperless billing, pay by phone, pay by mail, pay by debit/credit card, local payment options support and management of the inbound IVR system
- Support and management of the outbound disconnection notice IVR campaigns
- Support and management of the customer web portal
- Support and manage five licenses of the CityWorks based work order management system for customer service related service work orders
- Project manager and service coordination liaison for the City

The contract with Global Water provides the City with services that exceeds the current contract. The City's customers will be able to access their accounts on-line, make payments electronically or even pay their bills using the IVR system. The outbound IVR system will enable the City to notify customers of certain water emergencies and in certain cases call customers who have delinquent accounts.

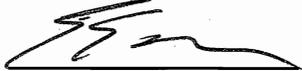
Based on the high level of services and the lowest cost, staff recommends that Council enter into a contract with Global Water LLC for utility billing and customer services for the City of Torrance.

Respectfully submitted,

ERIC E. TSAO
FINANCE DIRECTOR

By 
Kenneth A. Flewellyn
Assistant Finance Director

CONCUR:



Eric E. Tsao
Finance Director



LeRoy J. Jackson
City Manager

Attachments:

- CPUC Contract Language
- City Cost Estimates
- Contract
- RFP
- Global Water Management RFP Response

ATTACHMENT A

- (1) California Public Utilities Commission Pass-Through. In addition to the monthly fee set forth in subparagraph 4.A., the City agrees to pay the Company an allocated share of the amount of revenue required (“the pass through”) to be allocated to the customers of Southern California Water Company, a California corporation (“SCW”), by the California Public Utilities Commission (“CPUC”) as compensation for providing Customer Services to the City. The amount of this pass-through on the Effective Date is 10.0% of total compensation paid to the Company or any of its unregulated subsidiaries for providing utility billing services. The CPUC Pass-Through shall be adjusted as follows:
- (2) Should the CPUC make a determination that the pass through amount should be different than 10% or the CPUC pass-through determined on a different basis, then the CPUC Pass-Through shall be adjusted on the effective date of such determination to an allocated share of the amount determined by the CPUC to be the amount of compensation to be provided by the Company to SCW in connection with the Company’s provision of the Customer Services on the effective date of such change, taking into account the total compensation received by the Company hereunder for providing such Customer Services, the number of Customers in the City’s customer service area and the number of customers receiving such services from the Company or any of its unregulated subsidiaries outside of the City’s Customer service area. The Company shall provide the City with written notice of any such change and a copy of the CPUC approved Pass-Through methodology.

**In House Labor and Material Costs for Utility Billing
Fiscal Year Ending 2011**

Labor:	Annual Cost	# of Staff	Water	Refuse	Sewer
Bus Manager	\$ 113,700	1	0.5	0.25	0.25
Sr Account Clerk	83,700	1	0.5	0.3	0.2
Account Clerk	151,200	2	1	0.8	0.2
	348,600	4	2	1.35	0.65

Materials and Service Charges:

Supplies	\$ 10,800	\$ 900
Printed Forms	31,000	2,583
Postage	-	-
Local Meeting and Travel	9,400	783
Telephone	10,500	875
Central Services	49,000	4,083
Software Manitenace, Data Lines, Internet, etc.	218,800	18,233
Facility Rental	36,000	3,000
Communication Equipment	1,600	133
PC Replacement	4,700	392
Total Material and Service Charges	371,800	30,983

Total Labor and Material Charges: \$ 720,400 \$ 60,033

Monthly Costs **\$ 60,033**

Implementation Cost

Billing System Plus Payment Processor	\$391,660
IVR System	184,695
Other Charges/Computers	16,000

Total Implementation Cost **\$ 592,355**

Postage **\$ 72,960**

CONTRACT SERVICES AGREEMENT

This CONTRACT SERVICES AGREEMENT ("Agreement") is made and entered into as of September 21, 2010 (the "Effective Date"), by and between the CITY OF TORRANCE, a municipal corporation ("CITY"), and Global Water Management, LLC, a Delaware limited liability company ("CONTRACTOR").

RECITALS:

- A. The CITY wishes to retain the services of an experienced and qualified CONTRACTOR to provide utility billing services for the City of Torrance.
- B. In order to obtain the desired services, the CITY has circulated its Request for Proposal to Provide Utility Billing Services for the City of Torrance, RFP No. 2010-05 (the "RFP").
- C. CONTRACTOR has submitted a Proposal (the "Proposal") in response to the RFP. In its Proposal CONTRACTOR represents that it is qualified to perform those services requested in the RFP. Based upon its review of all proposals submitted in response to the RFP, the CITY is willing to award the contract to CONTRACTOR.

AGREEMENT:

1. **SERVICES TO BE PERFORMED BY CONTRACTOR**
CONTRACTOR will provide the services and install those materials listed in CONTRACTOR's Proposal submitted in response to the RFP. A copy of the RFP is attached as Exhibit A. A copy of the Proposal is attached as Exhibit B.
2. **TERM**
Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect from the Effective Date through February 1, 2015. If approved by the City Council, the City may, at its option, extend the Agreement for two additional three-year terms (a total of six additional years)
3. **COMPENSATION**
 - A. **CONTRACTOR's Fee.**

For services rendered pursuant to this Agreement, CONTRACTOR will be paid in accordance with the compensation schedule set forth in the Proposal. Commencing on February 1, 2011, the CITY will pay the CONTRACTOR the following monthly fee for Service.

Service	Monthly	Annually
Billing and Customer Service	\$38,136	\$457,632
Total recurring Cost	\$38,136	\$457,632
One Time Implementation Cost		\$197,500

In addition to the monthly service fee, the CITY will pay CONTRACTOR a one-time implementation fee for start-up conversion cost of \$197,500.

Commencing in the second year of the Agreement (February 1, 2012), and each subsequent year, the monthly recurring cost shall be increased by the Consumer Price Index ("CPI-W"), Urban Wage Earners and Clerical Workers for Los Angeles, Riverside, Orange County published by the U.S. Bureau of Labor Statistics, Department of Labor ("BLS"), 1982-1984 =100 for December. In no year shall the year over year increase exceed 4%.

- B. Postage. In addition to the monthly fee set forth in subparagraph 3.A. above, the City agrees to pay all postage cost relating to billing its Customers. The Contractor will send the City a monthly detailed billing displaying actual billing cost (calculated at the Contractor's Carrier Route Sorting Rate) for City of Torrance residents.
- C. Schedule of Payment.

Provided that the CONTRACTOR is not in default under the terms of this Agreement, upon presentation of an invoice, CONTRACTOR will be paid monthly, within 30 days after the date of the monthly invoice.

4. TERMINATION OF AGREEMENT

- A. Termination for Convenience.
1. Either party may, at any time, terminate the Agreement for convenience and without cause by providing one year (365) days written notice to the other party.
 2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONTRACTOR will:
 - a. Cease operations as directed by CITY in the notice;
 - b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and

- c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.
 3. In case of such termination for CITY's convenience, CONTRACTOR will be entitled to receive payment for work executed; and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.
- B. Termination for Cause.
1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the non-defaulting party gives the defaulting party notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.
 2. In the event this Agreement is terminated for cause by the default of the CONTRACTOR, the CITY may, at the expense of the CONTRACTOR and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys due the CONTRACTOR under the terms of this Agreement will be retained by the CITY, but the retention will not release the CONTRACTOR and its surety from liability for the default. Under these circumstances, however, the CONTRACTOR and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.
 3. Termination for cause will not affect or terminate any of the rights of the CITY as against the CONTRACTOR or its surety then existing, or which may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

1. In the event the CONTRACTOR or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contractor subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or contractor; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause the CITY determines to be so serious and compelling as to affect CONTRACTOR's responsibility as a public consultant or contractor, including but not limited to, debarment by another governmental agency, then the CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. The CITY will not take action until CONTRACTOR has been given notice and an opportunity to present evidence in mitigation.

D. Within fifteen (15) days after termination or expiration of this Agreement under any circumstances, the following events must occur:

1. CITY access to and use of the CONTRACTOR Platform (defined as CONTRACTOR'S Customer Information System ("CIS"), and Global's Master Data Management ("MDM") products) is terminated.
2. CITY must return to CONTRACTOR or destroy all copies of the CONTRACTOR Documentation (defined as any instruction, comment, or information whether in printed or electronic form related to the Platform, including, but not limited to any technical or user documentation relating to the installation, use, or maintenance of the Platform, including reference, user, installation, systems administrator, technical manuals, guides, and "readme" files, whether in hard copy or in on-line format, as may be supplied from time to time by CONTRACTOR to CITY. Documentation also includes any updates, upgrades, or new versions of the foregoing released by CONTRACTOR, in its sole discretion during the term of this Agreement), and shall delete or destroy all portions or excerpts of the Platform or

Documentation contained, commingled, or incorporated in any form with CITY'S information and electronic systems, including electronic data files and magnetically encoded media, so that neither CITY nor any of CITY's affiliates retain any of the Platform or Documentation in whole or in part. Upon request, CITY must certify in writing the complete return or destruction of the Platform or Documentation within 30 days of the request.

5. FORCE MAJEURE

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused for a period equal to the period of such cause for failure to perform.

6. DISPUTE RESOLUTION

In the event that any dispute arises between the Parties, the Parties must attempt in good faith to identify a neutral third-party acceptable to both Parties who is experienced in matters such as those provided for in this Agreement, and request that person to mediate the dispute. In the event that such mediation is not undertaken and successfully concluded within 90 days after the dispute arises, the Parties to any such dispute may pursue those rights and remedies provided for in this Agreement, including instituting legal action.

7. THE CITY'S REPRESENTATIVE

Ken Flewellyn is designated as the "City Representative," authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by the CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Manager has the right to designate another City Representative at any time, by providing notice to CONTRACTOR.

8. **CONTRACTOR REPRESENTATIVE(S)**

The following principal(s) of CONTRACTOR are designated as being the principal(s) and representative(s) of CONTRACTOR authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

Jason Bethke
Cindy Liles

9. **INDEPENDENT CONTRACTOR**

The CONTRACTOR is, and at all times will remain as to the CITY, a wholly independent contractor. Neither the CITY nor any of its agents will have control over the conduct of the CONTRACTOR or any of the CONTRACTOR's employees, except as otherwise set forth in this Agreement. The CONTRACTOR may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of the CITY.

10. **BUSINESS LICENSE**

The CONTRACTOR must obtain a City business license prior to the start of work under this Agreement, unless CONTRACTOR is qualified for an exemption.

11. **OTHER LICENSES AND PERMITS**

CONTRACTOR warrants that it has all professional, contracting, and other permits and licenses required to undertake the work contemplated by this Agreement.

12. **FAMILIARITY WITH WORK**

By executing this Agreement, CONTRACTOR warrants that CONTRACTOR (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, CONTRACTOR warrants that CONTRACTOR has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services set forth in this Agreement. Should CONTRACTOR discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONTRACTOR must immediately inform the CITY of that fact and may not proceed except at CONTRACTOR's risk until written instructions are received from the CITY.

13. CARE OF WORK

CONTRACTOR must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages, to persons or property, until acceptance of the work by the CITY, except those losses or damages as may be caused by the CITY's own negligence.

14. CONTRACTOR'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS

Records of the CONTRACTOR's time pertaining to the project, and records of accounts between the CITY and the CONTRACTOR, will be kept on a generally recognized accounting basis. CONTRACTOR will also maintain all other records, including without limitation specifications, drawings, progress reports and the like, relating to the project. All records will be available to the CITY during normal working hours and upon written notification at least two (2) days in advance. CONTRACTOR will maintain these records for three years after final payment.

15. CITY ACCESS TO THE PLATFORM

- A. CITY is allowed access to the Platform solely for CITY's own internal operations, and cannot sublicense, rent, or permit anyone other than CITY's own authorized employees and agents that have received proper training by CONTRACTOR personnel, to use or have access to the Platform under any circumstances not authorized by this Agreement.
- B. Unless otherwise expressly authorized in this Agreement, CITY shall not:
 - 1. Distribute, disclose, or transfer to any third party, except for CITY's employees and agents, any portion of the Platform or use or demonstrate the Platform in any service bureau arrangement, facility management, or third party training; or
 - 2. Use the Platform for any purpose or application other than as permitted under this Agreement.
 - 3. Attempt to derive, or permit or help others to derive the Source Code (defined as the Software written in programming languages, including all comments and procedural code, such as job control language statements, in a form intelligible to trained programmers and capable of being translated into object code for operation on computer equipment through assembly or compiling, and accompanied by documentation, including flow charts, schematics, statements of principles of operations, and architecture standards, describing the data flows, data structures, and control logic of the Software in sufficient detail to enable a trained programmer through study of such documentation to maintain and/or modify the Software without undue experimentation) relating to the Software (defined as the program material in machine-readable or

interpreted form, and may include, where appropriate, listings of either machine code or source code and related materials, including instructions and documentation provided by CONTRACTOR to CITY, including any such programs provided subsequent to this Agreement, and including any and all copies) or attempt to otherwise convert or alter the Software into human readable code or (b) remove or obscure any product identification, copyright or other notices from any Documentation.

4. CITY agrees that it will not attempt to derive, or permit or help others to derive the Source Code relating to the Software or attempt to otherwise convert or alter the Software into human readable code. CITY further agrees that it will not attempt to duplicate, or permit or help others to duplicate, the Source Code relating to the Software.
 5. CITY shall have no right to modify any of the Software supplied by CONTRACTOR for CITY's use under this Agreement without the prior written approval and direction of the CONTRACTOR.
 6. CITY agrees that it will not, except as otherwise expressly provided in this Agreement or except as dictated by CITY's standard computer system's backup procedures and/or test environments, make or allow others to make copies or reproductions of the Software or other proprietary information in any form.
 7. CITY may duplicate the Documentation and Documentation to effectuate the purposes of this Agreement, at no additional charge, for the CITY's use so long as all required proprietary markings are retained on all duplicated copies.
- C. CONTRACTOR has the right, upon reasonable advance notice and during regular business hours, to inspect CITY's books, records, computers, and facilities with respect to the use of the Platform to verify that:
1. Such use is within the scope of this Agreement,
 2. there are appropriate security procedures to protect any Confidential Information, and
 3. Customer is in compliance with this section.

16. PROPRIETARY AND INTELLECTUAL PROPERTY RIGHTS.

- A. CITY acknowledges that the Platform and Documentation is considered by CONTRACTOR to be valuable trade secrets of CONTRACTOR or third-party providers. CONTRACTOR or its third-party providers are the sole and exclusive owner of the Platform and Documentation. This Agreement does not give CITY any ownership interest in the Platform or Documentation, but only the limited right to access and use the Platform and Documentation under the terms of this Agreement.
- B. CITY agrees that it will not remove, alter, or otherwise obscure any proprietary rights notices appearing in the Platform or Documentation.

- C. The Platform or Documentation may include certain custom modifications made by CONTRACTOR in order to meet the CITY's expectation. CONTRACTOR will retain title to any custom modifications, and may, at its sole discretion and at any time, make changes, upgrades, updates, enhancements, or other modifications to the Platform or Documentation.

17. **CONFIDENTIALITY**

- A. The Platform and Documentation must be considered Confidential Information of CONTRACTOR's for purposes of this Agreement, regardless of whether or not it is so marked. Except as permitted in this Agreement, CITY must not use, make, have made, distribute, or disclose any copies of the Platform or Documentation, in whole or in part, or the information contained therein without the prior written authorization of CONTRACTOR.
- B. Upon the termination or expiration of this Agreement, CONTRACTOR will comply with the provisions of Section 4(D).
- C. Each party acknowledges that in the course of the performance of this Agreement, it may obtain the Confidential Information (defined as that information of either party ("Disclosing Party") which is disclosed to the other party ("Receiving Party") under this Agreement in written form and marked "Confidential," "Proprietary," or similar designation, or if orally disclosed, that information which the Receiving Party should reasonably discern, by an objective examination of the disclosure and the surrounding facts and circumstances, to be confidential in nature. Confidential Information includes, but is not limited to, trade secrets, know-how, inventions, techniques, processes, algorithms, software programs, schematics, designs, contracts, customer lists, financial information, product plans, and business information) of the other party. The Receiving Party must, at all times, both during the term of this Agreement and for 2 year period after termination keep in confidence and trust all of the Disclosing Party's Confidential Information received by it (except for any source code, which shall be kept in confidence and trust in perpetuity). The Receiving Party must not use the Confidential Information of the Disclosing Party other than as expressly permitted under the terms of this Agreement. The Receiving Party must take reasonable steps to prevent unauthorized disclosure or use of the Disclosing Party's Confidential Information and to prevent it from falling into the public domain or into the possession of unauthorized persons. The Receiving Party must not disclose Confidential Information of the Disclosing Party to any person or entity other than its officers, employees, contractors, and consultants who need access to the Confidential Information in order to effect the intent of this Agreement. Those officers, employees, contractors, or consultants of the Receiving Party needing access to the Confidential Information to effect the intent of this Agreement will be bound by the same obligations as the

Receiving Party. The Receiving Party must immediately give notice to the Disclosing Party of any unauthorized use or disclosure of Disclosing Party's Confidential Information. The Receiving Party agrees to assist the Disclosing Party to remedy such unauthorized use or disclosure of its Confidential Information.

- D. The obligations set forth in this section do not apply to the extent that Confidential Information includes information which is:
1. Now or afterwards, through no unauthorized act or failure to act on the Receiving Party's part, in the public domain;
 2. was in the Receiving Party's possession before receipt from the Disclosing Party and obtained from a source other than the Disclosing Party and other than through the prior relationship of the Disclosing Party and the Receiving Party;
 3. furnished to the Receiving Party by a third party as a matter of right and without restriction on disclosure;
 4. furnished to others by the Disclosing Party without restriction on disclosure;
 5. independently developed by the Receiving Party without use of the Disclosing Party's Confidential Information; or
 6. required to be disclosed by the City pursuant to the California Public Records Act, or another public disclosure law of similar effect.
- E. Nothing in this Agreement prevents the Receiving Party from disclosing Confidential Information to the extent the Receiving Party is legally compelled to do so by any governmental, investigative, or judicial agency in accordance with proceedings over which the agency has jurisdiction; provided, however, that prior to any such disclosure, the Receiving Party must:
1. Assert the confidential nature of the Confidential Information to the agency;
 2. immediately notify the Disclosing Party in writing of the agency's order or request to disclose; and
 3. cooperate fully with the Disclosing Party in protecting against any such disclosure.
 4. Subsection (E)(3) shall not require the Receiving Party to legally defend or be a party to any lawsuit or other legal action regarding disclosure of Confidential Information, the Parties expressly acknowledging that legal defense of any Confidential Information shall remain the duty of the Disclosing Party.

18. **WARRANTY**

- A. CONTRACTOR warrants that the access to the Platform will function for its intended use. Except for the foregoing warranty, CONTRACTOR nor its third-party providers make any warranties, terms, or conditions, either express, implied or statutory, as to the Platform or the Documentation or as to any other matter whatsoever with respect to the subject matter of

this Agreement, and the Platform or the Documentation and all other items furnished or made available under this Agreement are provided "as is". CONTRACTOR disclaims and excludes any and all warranties, whether statutory, express or implied, including without limitation the implied warranties of merchantability, fitness for a particular purpose, non-infringement, course of dealing, and course of performance.

19. INDEMNIFICATION

A. CONTRACTOR will indemnify, defend, and hold harmless CITY, the City Council, each member thereof, present and future, its officers, agents and employees from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages arising under this Agreement, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss, which is the result of the negligent acts, errors, or omissions or other wrongful conduct of CONTRACTOR, CONTRACTOR's officers, agents or employees. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of CONTRACTOR, its officers, employees, agents, subcontractors or vendors. It is further agreed, CONTRACTOR's obligations to indemnify, defend and hold harmless will apply to the City Council, each member thereof, present and future, or its officers, agents and employees, except for liability resulting from the negligence or willful misconduct of CITY, its officers, employees or agents. In the event of any dispute between CONTRACTOR and CITY, as to whether liability arises from the negligent of the CITY or its officers, employees, agents, subcontractors or vendors, CONTRACTOR will be obligated to pay for CITY's defense until such time as a final judgment or binding resolution has been entered adjudicating the CITY as negligent or engaging in willful misconduct.

CONTRACTOR will be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

B. Torrance agrees to indemnify and defend Global, its affiliates, managers, directors, members, officers, agents, and employees (the "Global Indemnified Party") from and against all claims, damages, losses and expenses (including, but not limited to, reasonable attorneys' fees, court costs and the cost of appellate

proceedings) to which any such Global Indemnified Party may become subject, under any theory of liability whatsoever ("Claims"), insofar as such Claims (or actions in respect thereof) relate to, arise out of, or are caused by or based upon the gross negligence or intentional misconduct of Torrance, its council members, officers, employees, or agents, in connection with Torrance's use of the Software; provided that Torrance's use of the Software is in accordance with the terms of this Agreement.

20. NON-LIABILITY OF THE CITY'S OFFICERS AND EMPLOYEES

No officer or employee of the CITY will be personally liable to CONTRACTOR, in the event of any default or breach by the CITY or for any amount that may become due to CONTRACTOR.

21. LIMITATIONS OF CONTRACTOR LIABILITY

A. Neither CONTRACTOR nor its third-party providers will have any liability for incidental, consequential, indirect, special or punitive damages, or liabilities of any kind or for loss of revenue, loss of business, or other financial loss arising out of or in connection with this Agreement, regardless of the form of the action, whether in contract, tort (including negligence), strict product liability or otherwise, even if any representative of a party to this Agreement has been advised of the possibility of such damages and even if any limited remedy specified in this Agreement is considered to have failed of its essential purpose.

B. Customer acknowledges that the allocation of risk in this Agreement is consistent with software industry pattern and practice and is an integral part of the consideration for this Agreement, without which CONTRACTOR would be unable to provide the Platform and related services at the prices specified.

22. INSURANCE

A. CONTRACTOR and its subcontractors must maintain at its sole expense the following insurance, which will be full coverage not subject to self insurance provisions:

- (1) Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:
 - (a) Primary Bodily Injury with limits of at least \$500,000 per person, \$1,000,000 per occurrence; and
 - (b) Primary Property Damage of at least \$250,000 per occurrence; or

- (c) Combined single limits of \$1,000,000 per occurrence.
 - (2) General Liability including coverage for premises, products and completed operations, independent contractors/vendors, personal injury and contractual obligations with combined single limits of coverage of at least \$1,000,000 per occurrence.
 - (3) Workers' Compensation with limits as required by the State of California and Employer's Liability with limits of at least \$1,000,000.
 - (4) Employee Dishonesty Coverage with limits of at least \$100,000 with the City of Torrance Named as a loss payee on the policy.
- B. The insurance provided by CONTRACTOR will be primary and non-contributory.
 - C. CITY ("City of Torrance"), the Redevelopment Agency of the City of Torrance, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insured under the automobile and general liability policies.
 - D. CONTRACTOR must provide certificates of insurance and/or endorsements indicating appropriate coverage, to the City Clerk of the City of Torrance before the commencement of work.
 - E. Each insurance policy required by this Paragraph must contain a provision that no termination, cancellation or change of coverage can be made without thirty days notice to CITY.

23. SUFFICIENCY OF INSURERS

Insurance required by this Agreement will be satisfactory only if issued by companies admitted to do business in California, rated "B+" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the Risk Manager of the CITY ("Risk Manager") due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the CITY, the CONTRACTOR agrees that the minimum limits of any insurance policies and/or the performance bond required by this Agreement may be changed accordingly upon receipt of written notice from the Risk Manager; provided that CONTRACTOR will

have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of the CITY within 10 days of receipt of notice from the Risk Manager.

24. CONFLICT OF INTEREST

- A. No officer or employee of the CITY may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.
- B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

25. NOTICE

- A. All notices, requests, demands, or other communications under this Agreement will be in writing. Notice will be sufficiently given for all purposes as follows:
- (1) Personal delivery. When personally delivered to the recipient: notice is effective on delivery.
 - (2) First Class mail. When mailed first class to the last address of the recipient known to the party giving notice: notice is effective three mail delivery days after deposit in an United States Postal Service office or mailbox.
 - (3) Certified mail. When mailed certified mail, return receipt requested: notice is effective on receipt, if delivery is confirmed by a return receipt.
 - (4) Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account: notice is effective on delivery, if delivery is confirmed by the delivery service.

- (5) Facsimile transmission. When sent by fax to the last fax number of the recipient known to the party giving notice: notice is effective on receipt. Any notice given by fax will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

Addresses for purpose of giving notice are as follows:

CONSULTANT: Global Water Management, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, AZ 85027

Fax: 623 518-4011

WITH A COPY TO:

Andrew Abraham
Burch & Cracchiolo, P.A.
702 E. Osborn Rd., Suite 200
Phoenix, AZ 85014

Fax: (602) 234-0341

CITY:

City Clerk
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90509-2970

Fax: (310) 618-2931

- B. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified, will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- C. Either party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

26. PROHIBITION AGAINST ASSIGNMENT AND SUBCONTRACTING

This Agreement and all exhibits are binding on the heirs, successors, and assigns of the parties. The Agreement may not be assigned or subcontracted by either the CITY or CONTRACTOR without the prior written consent of the other, which will not be unreasonably withheld, conditioned, or delayed.

27. INTEGRATION; AMENDMENT

This Agreement represents the entire understanding of the CITY and CONTRACTOR as to those matters contained in it. No prior oral or written understanding will be of any force or effect with respect to the terms of this Agreement. The Agreement may not be modified or altered except in writing signed by both parties.

28. INTERPRETATION

The terms of this Agreement should be construed in accordance with the meaning of the language used and should not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply.

29. SEVERABILITY

If any part of this Agreement is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Agreement will remain in full force and effect.

30. TIME OF ESSENCE

Time is of the essence in the performance of this Agreement.

31. **GOVERNING LAW; JURISDICTION**

This Agreement will be administered and interpreted under the laws of the State of California. Jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.

32. **COMPLIANCE WITH STATUTES AND REGULATIONS**

CONTRACTOR will be knowledgeable of and will comply with all applicable federal, state, county and city statutes, rules, regulations, ordinances and orders.

33. **WAIVER OF BREACH**

No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default will impair the right or remedy or be construed as a waiver. A party's consent or approval of any act by the other party requiring the party's consent or approval will not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and will not be a waiver of any other default concerning the same or any other provision of this Agreement.

34. **ATTORNEY'S FEES**

Except as set forth in Paragraph 18, in any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment.

35. **EXHIBITS**

All exhibits identified in this Agreement are incorporated into the Agreement by this reference.

36. **CONTRACTOR'S AUTHORITY TO EXECUTE**

The persons executing this Agreement on behalf of the CONTRACTOR warrant that (i) the CONTRACTOR is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of the CONTRACTOR; (iii) by so executing this Agreement, the CONTRACTOR is formally bound to the provisions of this Agreement; and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the CONTRACTOR is bound.

CITY OF TORRANCE,
a Municipal Corporation

Global Water Management, LLC
a Delaware limited liability company

Frank Scotto, Mayor

By: _____
Cindy M. Liles, Treasurer

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:

JOHN L. FELLOWS III
City Attorney

By: _____

Attachments: Exhibit A: RFP
 Exhibit B: Proposal

Revised: 10/29/2008

EXHIBIT A
REQUEST FOR PROPOSALS
[To be attached]

EXHIBIT B

PROPOSAL

[To be attached]



Request for Proposal

City of Torrance | 3031 Torrance Blvd, Torrance CA 90503 | www.TorranceCA.Gov

RFP No. 2010-05

Request for Proposal (RFP) to Provide Utility Billing Services for the City of Torrance

PROPOSAL SUBMITTAL INFORMATION

Proposals may be mailed or hand delivered. No faxed proposals will be accepted.

Late proposals will not be accepted.

Location: Office of the City Clerk
3031 Torrance Blvd.
Torrance, CA 90503

Date: Thursday, April 29, 2010

Time Deadline: **2:00 P.M.**

Proposals will be opened and publicly read aloud at 2:15 PM in the Council Chambers.

An original plus one (1) printed copy and an electronic version format on a Compact Disc (CD) or Flash Drive in a sealed in an envelope and marked with the RFP number and title must be submitted by the deadline. Your submittal must include the following:

- Vendor's Response (Section III of this document) on the forms provided. If additional space is required, please attach additional pages.
- Vendors Affidavit (Attachment 1)

Notice of Mandatory Pre-Proposal Conference

The City will conduct a mandatory briefing session for prospective proposers.

Questions brought up at the pre-proposal conference will be answered to the extent possible at that time. Questions of consequence will be recorded and questions and answers will be mailed to all parties that have attended the pre-proposal conference. Any changes, interpretations, or clarifications considered necessary by the City in response to proposers' questions will be issued in writing as addenda and mailed or delivered to all parties that have attended the pre-proposal conference. Only answers issued in writing by the City of Torrance will be binding on the City. Oral and other interpretations or clarifications, including those provided at the pre-proposal conference, will be without legal effect

Please send an email of interest indicating your company plans on attending the mandatory pre-proposal meeting to: revenue@torranceca.gov

Location: City of Torrance Finance Department
3031 Torrance Blvd., 2nd Floor
Torrance CA 90503

Date: Wednesday, April 7, 2010
Time: 3:00 PM

Questions regarding this Request for Proposal should be directed to:
Kenneth Flewellyn, Assistant Finance Director
310-618-5850

RFP No. 2010- 05

Request for Proposal (RFP) to Provide Utility Billing Services for the City of Torrance

SECTION I PROPOSAL INSTRUCTIONS AND INFORMATION

Notice is hereby given that sealed proposals will be received in the office of the City Clerk, City Hall, 3031 Torrance Boulevard, Torrance, CA, until 2:00 p.m. on Thursday, April 29, 2010, and will be opened and publicly read aloud at 2:15 p.m. on the same date in the Council Chambers, Torrance City Hall. You are invited to be present at the opening of proposals. An original and one (1) printed copy of each proposal must be submitted in a sealed envelope and clearly marked: "Proposal to Provide Utility Billing Services for the City of Torrance, RFP2010-05". Additionally, proposers are to submit *an electronic version format on a Compact Disc (CD) or Flash Drive*.

Proposal Form:

The proposal must be made on the form provided for that purpose, enclosed in a sealed envelope, and marked "Proposal to Provide Utility Billing Services for the City of Torrance RFP2010-05" and addressed to the City Clerk, City of Torrance, 3031 Torrance CA. 90503. If an individual makes the proposal, it must be signed by that individual, and an address, telephone (and fax number if available) must be given. If made by a business entity, it must be signed by the person(s) authorized to execute agreements and bind the entity to contracts. A full business address, telephone (and fax number if available) must be given. No telegraphic, fax or telephonic proposal will be considered.

Blank spaces in the proposal form must be filled in; using ink, indelible pencil, or typewriter, and the text of the proposal form must not be changed. No additions to the form may be made. Any unauthorized conditions, limitations, or provisos attached to a proposal will render it informal and may cause its rejection. Alterations by erasure or interlineations must be explained or noted in the proposal form over the signature of the Proposer.

Mandatory Pre-Proposal Conference:

Vendors intending to submit a proposal on this requirement must ensure that a representative from their company is in attendance at the mandatory pre-bid conference. Vendors submitting proposals without attending this conference will be disqualified. No exceptions will be allowed.

Reservation:

The City reserves the right to revise or amend these specifications prior to the date set for opening proposals. Revisions and amendments, if any, will be announced by an addendum to this RFP. If the revisions require additional time to enable Proposers to respond, the City may postpone the opening date accordingly. In such case, the addendum will include an announcement of the new opening date.

All addenda must be attached to the proposal. Failure to attach any addendum may render the proposal non-responsive and cause it to be rejected.

The City Council reserves the right to reject any and all proposals received, to take all proposals under advisement for a period not to exceed ninety (90) days after the date of the opening, to waive any informality on any proposal, and to be the sole judge of the relative merits of the material and or service mentioned in the respective proposals received. The City reserves the right to reject any proposal not accompanied with all data or information required.

This Request for Proposal (RFP) does not commit the City to award a contract or to pay any cost incurred in the preparation of a proposal. All responses to this RFP document become the property of the City of Torrance.

Affidavit:

An affidavit form is enclosed. It must be completed signifying that the proposal is genuine and not collusive or made in the interest or on behalf of any person not named in the proposal, that the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham proposal or any other person, firm, or corporation to refrain from proposing, and that the Proposer has not in any manner sought by collusion to secure for itself an advantage over any other Proposer. Any proposal submitted without an affidavit or in violation of this requirement will be rejected. (Attachment 1)

The Contract:

The Proposer to whom the award is made will be required to enter into a written contract with the City of Torrance.

A copy of this RFP will be attached to and become a part of the contract. Attached is a draft copy of the City's standardized contract, which will be modified to reflect the awarded proposal.

Standards for Evaluation of Proposals:

The City will be the sole determiner of suitability to the City's needs. Proposals will be rated according to their completeness and understanding of the City's needs, conformance to the requirements of the technical specifications, prior experience with comparable proposals, financial capabilities, delivery, and cost.

The City will use the following priorities, as well as pricing, in determining which proposal best meets the needs of the City.

Description	Possible Points
Operational Objective	25 points
Customer Service Function	35 points
Proposal Amount	40 points
Total	100 Points

Time Line:

Description	Date
RFQ Mailed to Prospective Proposers	March 25, 2010
Mandatory Pre-Proposal Meeting	April 7, 2010
RFP Due (Submittal) Date	April 29 2010
Begin RFP Review Process	April 30, 2010
Interview Best Qualified Vendors	May 12 & 13, 2010
Council Approval for Vendor Selection	May 25, 2010
Begin Contract Negotiation	May 27, 2010
Council Approval & Award Contract	June 22, 2010
Begin Contract Implementation	July 1, 2010
Go Live on New System	January 3, 2011

Errors and Omissions:

The Proposer will not be allowed to take advantage of any errors and/or omissions in these specifications or in the Proposer's specifications submitted with its proposal. Full instruction will always be given when errors or omissions are discovered.

The Contract:

The Proposer to whom the award is made will be required to enter into a written contract (Attachment A) with the City of Torrance. A copy of this request for proposals and the Proposer's accepted proposal will be attached to and become a part of the contract.

Contract Term:

The initial contract will be four (4) years starting January 3, 2011 and ending January 2, 2015. If approved by the City Council, the City may extend the contract with two (2) additional three (3)-year extensions (January 3, 2015 to January 2, 2018) and (January 3, 2018 to January 2, 2021).

Consumer Price Index:

Commencing in the second year (January 3, 2012), and each subsequent year, the contract will be increased by the Consumer Price Index for urban wage earners and clerical workers (CPI-W) for the Los Angeles area (April to April).

Background:

The City of Torrance is situated on the western side of Los Angeles County. It is bordered by the Palms Verdes Peninsula on the south, the City of Gardena on the north, the City of Redondo Beach on the north and west boundaries, the City of Lomita on the east and the Pacific Ocean on the west. The City encompasses an area of approximately 21 square miles and has an estimated population of approximately 149,111, which makes it the sixth largest city in Los Angeles County.

An outside contractor currently provides the City with comprehensive utility billing services for the City's Water, Refuse (including recycling) and Sewer services defined herein. The City currently provides water and sewer services to residential, commercial, and industrial users to the majority of the City and provides residential refuse and recycling services. There are approximately 25,300 bi-monthly water billing customers, 600 monthly water billing customers and 8,000 refuse only customers. Water and Sewer is billed on a bi-monthly basis for residential customers and monthly for certain identified large water users.

The billing cycle coincides with scheduled daily water meter reading routes; with each residential water meter being read within a bi-monthly cycle and certain identified large water user's meters being read within a monthly cycle. Bills will be generated and mailed within two working days of receiving meter reading information.

RFP No. 2010- 05

Request for Proposal (RFP) to Provide Utility Billing Services for the City of Torrance

SECTION II TECHNICAL REQUIREMENTS**Introduction:**

The City is seeking proposals for a comprehensive utility billing service that includes customer service and collection functions for Water, Sewer and Refuse. The City will be responsible for all meter reading and meter maintenance.

The City will work with the selected vendor by providing an electronic interface of its approximately 34,000 accounts, including historical information if requested. Additionally, the City will provide the City's current service provider's office policies and procedures. The City must approve all policies and procedures related to this service.

This RFP is intended to be as descriptive as possible. Proposers may not take advantage of omissions or oversights in this document. Proposers must supply products and services that meet or exceed the requirements of this RFP. In the event of a dispute over installation or performance, the needs of the City of Torrance will govern.

Scope of Work:

The selected vendor will be responsible for all work and expenses relating to the proper design, manufacture, test, delivery, storage and installation of a customer data base and comprehensive utility billing service for water, sewer and refuse.

The selected vendor will provide the City with a schedule and a work plan for approval, prior to the beginning of work.

The selected vendor will be responsible for the storage and security of all equipment, tools, and other supplies used in providing a customer data base and comprehensive utility billing services for water, sewer and refuse.

Subcontracting is allowed, however each subcontractor must be identified and pertinent information provided. The performance of the subcontractor is the sole responsibility of the proposer and the relationships with the subcontractors must be invisible to the City. All subcontractors must be in compliance with the City's business license code and insurance requirements.

Provide monthly and bi-monthly residential billings for Water, Sewer and Refuse

Provide monthly billing for commercial water and sewer accounts (certain identified large water users)

Provide a user-friendly bill as prescribed by the City of Torrance

Provide and distribute messages, notifications, and bill inserts

Customized bills and/or management reports as required (appropriate units of measurement, quantities, and dollars)

Accommodate multi-tiered billing, including conservation measures and/or changes in the rate structure, including proration of rates

Provide a discount rate structure for senior citizens/low income and disabled customers as prescribed by the City

Provide wire-transfer daily cash collections to the City

Provide effective and efficient interface with the billing information system (personnel, computers, and by telephone) as prescribed by the City of Torrance

Provide interface with the following devices:

- Neptune Handheld meter reading devices
- N Sight (formerly Equinox) Compatible for Automated Meter Readings

Customer Service:

Provide the following payment service to the City of Torrance customers:

- E-Bill Paperless Billing
- Pay by Phone
- Pay by Mail
- Pay by Debit/Credit Card
- Pay at City of Torrance

Provide Interactive Voice Response (IVR) System application for Torrance's customers

Provide Internet payment and customer inquiry capabilities (see above)

Must be able to respond and answer customer inquiries within a satisfactory time frame (70% of the answered calls within 60 seconds and must maintain fewer than 7% of dropped calls)

Route telephone calls to the appropriate City staff

Provide the City with access to all account information including recorded time tracking, monitoring device reports etc., with licensing for five concurrent users (Must include direct, view only and add notes access by City employees to all functions of customer accounts)

Provide effective and efficient coordination and communication with the City

Provide a satisfactory response time to the customer (to be determined prior to start of contract term)

Provide interface and electronic transfer of information between billing, meter reading, or customer service to the City

Provide electronic submission (via IVR, email, etc.) of customer service requests to City using either City approved form or in a format that can be interfaced

Designate personnel as a service coordinator/liaison to the City

Incorporate the City of Torrance policy for non-payment shut off notices

Provide a 24 Hour call center with the ability to notify the appropriate City departments in case of emergency

Provide a policy for appeal hearings, adjustments, and /or resolutions

Provide electronic customer payment policy

Provide a full service office located in the City of Torrance for customer payments

Provide method/ability to receive payments 24 hours a day, seven days per week

Customer service hours of operations must be at a minimum, from 7:30am to 5:30pm Monday through Friday, Pacific Standard Time

Must have answering service for non operating hours that will notify the appropriate City staff

Incorporate the City's payment plan policy for delinquent and or slow moving accounts

Incorporate City policies with the company's existing policies.

Reports

The City requires that the awarded vendor submit reports to the City on a monthly basis and as requested by the City as indicated below. All reports are to be "Windows" based and compatible with the City's current version of Microsoft software, and have an interface link to the City's New World financial system.

Generate detailed collection and financial reports by geographical areas, by account, by service type, largest users, aging reports, delinquencies, etc.

Provide the City with customer service related reports which reflect the number of customer inquiries; type of customer inquiries; inquiries by location; response time to inquiries, and actions taken to complete inquiry

A comprehensive customer complaint tracking system

Process on how payments are credited to the City

Production and coordination of trouble reports (out of range, meter or facility damage)

Coordination of information into the system (new meters, route changes, customer address changes, water quality etc.)

Management reports (customer, usage, classification, billings), including staff training on how to run/create their own reports

Provide notice and supporting documentation of any regulatory changes affecting either City interests, or any of Proposer's assertions herein

Provide customer service reports by the first week of the following month on how many meters were read, reread, high bill inquires/investigation, services turn on/off, late notifications and non-payment turn-offs.

Cash Collections

Proposers must describe their approach to sending the City daily cash collections

Proposers must describe their policy and procedures on reconciling cash received for the City of Torrance

Proposers must describe their policy and procedures in separating the City of Torrance monies from that of any and other agencies that the proposer is now collecting for or may collect for in the future

Maintain un-collectable accounts at no more than 0.2% of total monthly revenues

Proposal must describe in detail the company's policy on handling aged receivables.

Business History:

How long have you been in business under your current name and form of business organization?

_____ Years

If less than three (3) years and your company was in business under a different name, what was that name?

Addenda Received:

Please indicate addenda information you have received regarding this bid:

Addendum No. _____ Date Received: _____
Addendum No. _____ Date Received: _____
Addendum No. _____ Date Received: _____
Addendum No. _____ Date Received: _____

_____ No Addenda received regarding this bid.

Payment Terms: The City of Torrance Payment terms are Net 30. The City does not make pre-payments, or pay upon receipt.

Do you offer any discounted invoice terms? _____

Renewal Option:

Please state, if requested by the City, if your company would agree to a renewal of this contract with price, terms and conditions unchanged.

Yes _____ we would agree to add January 3, 2015 to January 2, 2018

Yes _____ we would agree to add January 3, 2018 to January 2, 2021

No _____ we would not be interested in renewing this contract.

Sub Contractors:

Do you plan to sub-contract any portion of this contract? Yes _____ No _____

If yes, Please provide that company information below:

Sub Contractor's Information:

If subcontractor(s) is to be used in the performance of this project, please provide the following information:

Company Name: _____

Contact: _____

Address: _____

Telephone: _____

Company Name: _____

Contact: _____

Address: _____

Telephone: _____

Company Name: _____

Contact: _____

Address: _____

Telephone: _____

References:

Please supply the names of companies/agencies for which you recently supplied comparable services as requested in this RFP.

Name of Company/Agency	Address	Person to contact/Telephone No.
------------------------	---------	---------------------------------

Name of Company/Agency	Address	Person to contact/Telephone No.
------------------------	---------	---------------------------------

Name of Company/Agency	Address	Person to contact/Telephone No.
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Name of Company/Agency	Address	Person to contact/Telephone No.
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Name of Company/Agency	Address	Person to contact/Telephone No.
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RFP- Submittal Requirement Acknowledgement		
Proposer must complete each item in the Proposer's Comments Column by answering the question in the space provided or by indicating the item is answered on an additional sheet and referencing that page number.		
Requirement	Proposer's Comments Column	Additional Sheet Reference Page #
Describe your company's call center		
Describe your company's Interactive Voice Response (IVR) System		
Company Background		
Provide proof of financial stability (audited financial statements – past two years)		
Proposed delivery and installation schedule		
Will you provide monthly and bi-monthly residential billings for Water, Sewer and Refuse?		
Will you provide monthly billing for commercial water and sewer accounts?		
Provide a sample of a user friendly bill		
Will you provide and distribute messages, notifications, and bill inserts?		
Will you customize bills and/or management reports (unit of measure, quantities, and dollars)?		
Will you accommodate multi-tiered billing, including conservation measures and/or changes in the rate structure, including proration of rates?		
Will you provide a discount rate structure for senior citizens/ low income and disabled customers?		
Will you provide wire-transfer daily cash collections?		
Will you provide an effective and efficient interface with the billing information system (personnel, computers, and by telephone) as prescribed by the City of Torrance		
Will you provide interface with Neptune Handheld meter reading devices and N Sight (formerly Equinox) compatible for Automated Meter Readings?		
Will you provide payment service to the City of Torrance customers using the methods listed below? <ul style="list-style-type: none"> • E-Bill Paperless Billing • Pay by Phone • Pay by Mail • Pay by Debit/Credit Card • Pay at City of Torrance 		
Will you provide Internet payment and customer inquiry capabilities?		

RFP- Submittal Requirement Acknowledgement (continued)		
Proposer must complete each item in the Proposer's Comments Column by answering the question in the space provided or by indicating the item is answered on an additional sheet and referencing that page number.		
Requirement	Proposer's Comments Column	Additional Sheet Reference Page #
Will you respond and answer customer inquiries within a satisfactory time frame (70% of the answered calls within 60 seconds and must maintain fewer than 7% of dropped calls)?		
Will you route telephone calls to the appropriate City staff?		
Will you provide the City with access to all account information including recorded time tracking, monitoring device reports etc., with licensing for five concurrent users (Must include direct, view only and add notes access by City employees to all functions of customer accounts)		
How will you provide effective and efficient coordination and communication with the City?		
How do you provide a satisfactory response time to the customer?		
Describe how you will provide interface and electronic transfer of information between billing, meter reading, or customer service to the City		
How will you provide electronic submission (via IVR, email, etc.) of customer service requests to City using either City approved form or in a format that can be interfaced?		
Will you designate personnel as a service coordinator/liaison to the City?		
Will you incorporate the City of Torrance policy for non-payment shut off notices?		
How will you provide a 24 Hour call center with the ability to notify the appropriate City departments in case of emergency?		
Will you provide a policy for appeal hearings, adjustments, and /or resolutions?		
Will you provide electronic customer payment policy?		
How will you provide a full service office located in the City of Torrance for customer payments?		
How will you receive payments 24 hours a day, seven days per week?		
Will you provide customer service hours of operation at a minimum, from 7:30am to 5:30pm Monday through Friday, Pacific Standard Time?		
What are you customer services hours of operation?		

RFP- Submittal Requirement Acknowledgement (continued)		
Proposer must complete each item in the Proposer's Comments Column by answering the question in the space provided or by indicating the item is answered on an additional sheet and referencing that page number.		
Requirement	Proposer's Comments Column	Additional Sheet Reference Page #
Do you have or will you have an answering service for non operating hours that will notify the appropriate City staff?		
Will you incorporate the City's payment plan policy for delinquent and or slow moving accounts Incorporate City policies with the company's existing policies?		
Will you provide monthly and on demand reports to the City that are "Windows" based and compatible with the City's current version of Microsoft software, and have an interface link to the City's New World financial system?		
Provide sample of reports as requested in this RFP - Detailed collection and financial reports by geographical areas, by account, by service type, largest users, aging reports, delinquencies, etc.		
Provide sample of reports as requested in this RFP - Customer service related reports which reflect the number of customer inquiries; type of customer inquiries; inquiries by location; response time to inquiries, and actions taken to complete inquiry		
Describe and show samples of your customer complaint tracking system		
Describe how payments will be credited to the City		
Describe the production and coordination of trouble reports (out of range, meter or facility damage)		
Describe how you handle the coordination of information into the system (new meters, route changes, customer address changes, water quality etc.)		
Provide a sample of reports as requested in this RFP- Management reports (customer, usage, classification, billings), including staff training on how to run/create their own reports		
How will you provide notice and supporting documentation of any regulatory changes affecting either City interests		
Provide sample of reports as requested in this RFP- Customer service reports on how many meters were read, reread, high bill inquires/investigation, services turn on/off, late notifications and non-payment turn-offs.		

RFP- Submittal Requirement Acknowledgement (continued)		
Proposer must complete each item in the Proposer's Comments Column by answering the question in the space provided or by indicating the item is answered on an additional sheet and referencing that page number.		
Requirement	Proposer's Comments Column	Additional Sheet Reference Page #
Describe your approach to sending the City daily cash collections		
Describe your policy and procedures on reconciling cash received for the City of Torrance		
Describe your policy and procedures for separating the City of Torrance monies from that of any and other agencies that the proposer is now collecting for or may collect for in the future		
How will you maintain un-collectable accounts at no more than 0.2% of total monthly revenues?		
Describe in detail your company's policy on handling aged receivables.		

RFP Submittal - Price Proposal	
Monthly Customer Service Contract	\$
Monthly cost of operating a local payment center in Torrance	\$
Estimated Monthly Postage	\$
Costs of implementation (One-time cost for start-up conversion)	\$

STATE OF CALIFORNIA

PROPOSER'S AFFIDAVIT

COUNTY OF LOS ANGELES

_____ being first duly sworn, deposes and says:

1. That he/she is the _____ of _____
(Title of Office) (Name of Company)

Hereinafter called "Proposer", who has submitted to the City of Torrance a proposal for

(Title of RFP)

- 2. That the proposal is genuine; that all statements of fact in the proposal are true;
- 3. That the proposal was not made in the interest or behalf of any person, partnership, company, association, organization or corporation not named or disclosed;
- 4. That the Proposer did not, directly or indirectly, induce solicit or agree with anyone else to submit a false or sham proposal, to refrain from proposing, or to withdraw his proposal, to raise or fix the proposal price of the Proposer or of anyone else, or to raise or fix any overhead, profit or cost element of the Proposer's price or the price of anyone else; and did not attempt to induce action prejudicial to the interest of the City of Torrance, or of any other Proposer, or anyone else interested in the proposed contract;
- 5. That the Proposer has not in any other manner sought by collusion to secure for itself an advantage over the other Proposer or to induce action prejudicial to the interests of the City of Torrance, or of any other Proposer or of anyone else interested in the proposed contract;
- 6. That the Proposer has not accepted any proposal from any subcontractor or materialman through any proposal depository, the bylaws, rules or regulations of which prohibit or prevent the Proposer from considering any proposal from any subcontractor or material man, which is not processed through that proposal depository, or which prevent any subcontractor or materialman from proposing to any contractor who does not use the facilities of or accept proposals from or through such proposal depository;
- 7. That the Proposer did not, directly or indirectly, submit the Proposer's proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof, or to any individual or group of individuals, except to the City of Torrance, or to any person or persons who have a partnership or other financial interest with said Proposer in its business.
- 8. That the Proposer has not been debarred from participation in any State or Federal works project.

Dated this ____ day of _____, 20____.

(Proposer Signature)

(Title)

CONTRACT SERVICES AGREEMENT

This CONTRACT SERVICES AGREEMENT ("Agreement") is made and entered into as of Date (the "Effective Date"), by and between the CITY OF TORRANCE, a municipal corporation ("CITY"), and Contractor Name, type of entity ("CONTRACTOR").

RECITALS:

- A. CITY wishes to retain the services of an experienced and qualified CONTRACTOR to insert brief description of services.
- B. CONTRACTOR represents that it is qualified to perform those services.

AGREEMENT:

1. SERVICES TO BE PERFORMED BY CONTRACTOR

CONTRACTOR will provide the services listed in the Scope of Services attached as Exhibit A. CONTRACTOR warrants that all work and services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner.

2. TERM

Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect from the Effective Date through

3. COMPENSATION

- A. CONTRACTOR's Fee.

For services rendered pursuant to this Agreement, CONTRACTOR will be paid in accordance with the Compensation Schedule attached as Exhibit B, provided, however, that in no event will the total amount of money paid the CONTRACTOR, for services initially contemplated by this Agreement, exceed the sum of \$insert dollar amount ("Agreement Sum"), unless otherwise first approved in writing by CITY.

B. Schedule of Payment.

Provided that the CONTRACTOR is not in default under the terms of this Agreement, upon presentation of an invoice, CONTRACTOR will be paid the fees described in Paragraph 3.A. above, according to the Compensation Schedule. Payment will be due within 30 days after the date of the invoice.

4. **TERMINATION OF AGREEMENT**

A. Termination by CITY for Convenience.

1. CITY may, at any time, terminate the Agreement for CITY's convenience and without cause.
2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONTRACTOR will:
 - a. cease operations as directed by CITY in the notice;
 - b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and
 - c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.
3. In case of such termination for CITY's convenience, CONTRACTOR will be entitled to receive payment for work executed; and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.

B. Termination for Cause.

1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the nondefaulting party gives the defaulting party written notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.
2. In the event this Agreement is terminated for cause by the default of the CONTRACTOR, the CITY may, at the expense of the CONTRACTOR and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys

due the CONTRACTOR under the terms of this Agreement will be retained by the CITY, but the retention will not release the CONTRACTOR and its surety from liability for the default. Under these circumstances, however, the CONTRACTOR and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.

3. Termination for cause will not affect or terminate any of the rights of the CITY as against the CONTRACTOR or its surety then existing, or which may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

In the event the CONTRACTOR or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or contractor; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause the CITY determines to be so serious and compelling as to affect CONTRACTOR's responsibility as a public consultant or contractor, including but not limited to, debarment by another governmental agency, then the CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. The CITY will not take action until CONTRACTOR has been given notice and an opportunity to present evidence in mitigation.

5. **FORCE MAJEURE**

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental control, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused for a period equal to the period of such cause for failure to perform.

6. **RETENTION OF FUNDS**

CONTRACTOR authorizes CITY to deduct from any amount payable to CONTRACTOR (whether or not arising out of this Agreement) any amounts the payment of which may be in dispute or that are necessary to compensate CITY for any losses, costs, liabilities, or damages suffered by CITY, and all amounts for which CITY may be liable to third parties, by reason of CONTRACTOR's acts or omissions in performing or failing to perform CONTRACTOR's obligations under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by CONTRACTOR, or any indebtedness exists that appears to be the basis for a claim of lien, CITY may withhold from any payment due, without liability for interest because of the withholding, an amount sufficient to cover the claim. The failure of CITY to exercise the right to deduct or to withhold will not, however, affect the obligations of CONTRACTOR to insure, indemnify, and protect CITY as elsewhere provided in this Agreement.

7. **CITY REPRESENTATIVE**

City Representative is designated as the "City Representative," authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Manager has the right to designate another City Representative at any time, by providing notice to CONTRACTOR.

8. **CONTRACTOR REPRESENTATIVE(S)**

The following principal(s) of CONTRACTOR are designated as being the principal(s) and representative(s) of CONTRACTOR authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

Representative 1
Representative 2

9. **INDEPENDENT CONTRACTOR**

The CONTRACTOR is, and at all times will remain as to CITY, a wholly independent contractor. Neither CITY nor any of its agents will have control over the conduct of the CONTRACTOR or any of the CONTRACTOR's employees, except as otherwise set forth in this Agreement. The CONTRACTOR may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

10. BUSINESS LICENSE

The CONTRACTOR must obtain a City business license prior to the start of work under this Agreement, unless CONTRACTOR is qualified for an exemption.

11. OTHER LICENSES AND PERMITS

CONTRACTOR warrants that it has all professional, contracting and other permits and licenses required to undertake the work contemplated by this Agreement.

12. FAMILIARITY WITH WORK

By executing this Agreement, CONTRACTOR warrants that CONTRACTOR (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, CONTRACTOR warrants that CONTRACTOR has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services set forth in this Agreement. Should CONTRACTOR discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONTRACTOR must immediately inform CITY of that fact and may not proceed except at CONTRACTOR's risk until written instructions are received from CITY.

13. CARE OF WORK

CONTRACTOR must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages, to persons or property, until acceptance of the work by CITY, except those losses or damages as may be caused by CITY's own negligence.

14. CONTRACTOR'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS

Records of the CONTRACTOR's time pertaining to the project, and records of accounts between CITY and the CONTRACTOR, will be kept on a generally recognized accounting basis. CONTRACTOR will also maintain all other records, including without limitation specifications, drawings, progress reports and the like, relating to the project. All records will be available to CITY during normal working hours. CONTRACTOR will maintain these records for three years after final payment.

15. INDEMNIFICATION

CONTRACTOR will indemnify, defend, and hold harmless CITY, the Redevelopment Agency of the City of Torrance, the City Council, each member thereof, present and future, members of boards and commissions, its officers, agents, employees and volunteers from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages

whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of CONTRACTOR, its officers, employees, agents, subcontractors or vendors. It is further agreed, CONTRACTOR's obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of CITY, the City Council, each member thereof, present and future, or its officers, agents and employees, except for liability resulting solely from the negligence or willful misconduct of CITY, its officers, employees or agents. Payment by CITY is not a condition precedent to enforcement of this indemnity. In the event of any dispute between CONTRACTOR and CITY, as to whether liability arises from the sole negligence of the CITY or its officers, employees, agents, subcontractors or vendors, CONTRACTOR will be obligated to pay for CITY's defense until such time as a final judgment has been entered adjudicating the CITY as solely negligent. CONTRACTOR will not be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation.

16. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES

No officer or employee of CITY will be personally liable to CONTRACTOR, in the event of any default or breach by the CITY or for any amount that may become due to CONTRACTOR.

17. INSURANCE

A. CONTRACTOR and its subcontractors must maintain at its sole expense the following insurance, which will be full coverage not subject to self insurance provisions:

1. Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:
 - a. Primary Bodily Injury with limits of at least \$500,000 per person, \$500,000 per occurrence; and
 - b. Primary Property Damage of at least \$250,000 per occurrence; or
 - c. Combined single limits of \$1,000,000 per occurrence.
2. General Liability including coverage for premises, products and completed operations, independent contractors/vendors, personal injury and contractual obligations with combined single limits of coverage of at least \$1,000,000 per occurrence.

3. Workers' Compensation with limits as required by the State of California and Employer's Liability with limits of at least \$1,000,000.
- B. The insurance provided by CONTRACTOR will be primary and non-contributory.
- C. CITY ("City of Torrance"), the Redevelopment Agency of the City of Torrance, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insured under the automobile and general liability policies.
- D. CONTRACTOR must provide certificates of insurance and/or endorsements indicating appropriate coverage, to the City Clerk of the City of Torrance before the commencement of work.
- E. Each insurance policy required by this Paragraph must contain a provision that no termination, cancellation or change of coverage can be made without thirty days notice to CITY.

18. SUFFICIENCY OF INSURERS

Insurance required by this Agreement will be satisfactory only if issued by companies admitted to do business in California, rated "B+" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the Risk Manager of CITY ("Risk Manager") due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to CITY, the CONTRACTOR agrees that the minimum limits of any insurance policies or performance bonds required by this Agreement may be changed accordingly upon receipt of written notice from the Risk Manager; provided that CONTRACTOR will have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of CITY within 10 days of receipt of notice from the Risk Manager.

19. CONFLICT OF INTEREST

- A. No officer or employee of the CITY may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.
- B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program

requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

20. **NOTICE**

- A. All notices, requests, demands, or other communications under this Agreement will be in writing. Notice will be sufficiently given for all purposes as follows:
1. Personal delivery. When personally delivered to the recipient: notice is effective on delivery.
 2. First Class mail. When mailed first class to the last address of the recipient known to the party giving notice: notice is effective three mail delivery days after deposit in an United States Postal Service office or mailbox.
 3. Certified mail. When mailed certified mail, return receipt requested: notice is effective on receipt, if delivery is confirmed by a return receipt.
 4. Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account: notice is effective on delivery, if delivery is confirmed by the delivery service.
 5. Facsimile transmission. When sent by fax to the last fax number of the recipient known to the party giving notice: notice is effective on receipt. Any notice given by fax will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

6. Addresses for purpose of giving notice are as follows:

CONTRACTOR Contractor's Name and Address

Fax: Insert Fax Number

CITY: City Clerk
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90509-2970
Fax: (310) 618-2931

- B. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified, will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.
- C. Either party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

21. PROHIBITION AGAINST ASSIGNMENT AND SUBCONTRACTING

This Agreement and all exhibits are binding on the heirs, successors, and assigns of the parties. The Agreement may not be assigned or subcontracted by either CITY or CONTRACTOR without the prior written consent of the other.

22. INTEGRATION; AMENDMENT

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained in it. No prior oral or written understanding will be of any force or effect with respect to the terms of this Agreement. The Agreement may not be modified or altered except in writing signed by both parties.

23. INTERPRETATION

The terms of this Agreement should be construed in accordance with the meaning of the language used and should not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply.

24. **SEVERABILITY**

If any part of this Agreement is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Agreement will remain in full force and effect.

25. **TIME OF ESSENCE**

Time is of the essence in the performance of this Agreement.

26. **GOVERNING LAW; JURISDICTION**

This Agreement will be administered and interpreted under the laws of the State of California. Jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.

27. **COMPLIANCE WITH STATUTES AND REGULATIONS**

CONTRACTOR will be knowledgeable of and will comply with all applicable federal, state, county and city statutes, rules, regulations, ordinances and orders.

28. **WAIVER OF BREACH**

No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default will impair the right or remedy or be construed as a waiver. A party's consent or approval of any act by the other party requiring the party's consent or approval will not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and will not be a waiver of any other default concerning the same or any other provision of this Agreement.

29. **ATTORNEY'S FEES**

Except as provided for in Paragraph 15, in any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment.

30. **EXHIBITS**

All exhibits identified in this Agreement are incorporated into the Agreement by this reference.

31. **CONTRACTOR'S AUTHORITY TO EXECUTE**

The persons executing this Agreement on behalf of the CONTRACTOR warrant that (i) the CONTRACTOR is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of the CONTRACTOR; (iii) by so executing this Agreement, the CONTRACTOR is formally bound to the provisions of this Agreement; and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the CONTRACTOR is bound.

CITY OF TORRANCE
a Municipal Corporation

Firm Name
Type of Entity

Frank Scotto, Mayor

By: _____

ATTEST:

Signer
Title

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____

Attachments: Exhibit A Scope of Services
 Exhibit B Compensation Schedule

Revised: 10/29/2008

EXHIBIT A
SCOPE OF SERVICES
[To be attached]

EXHIBIT B
COMPENSATION SCHEDULE
[To be attached]



April 27, 2010

City Clerk
City of Torrance
3031 Torrance Boulevard
Torrance, CA 90503

Via Federal Express
Priority Overnight
Airbill No. 7934-8822-9412

Re: Utility Billing Services

Global Water Management, LLC ("Global Water") is pleased to submit this response to the City of Torrance Customer Service Request for Proposals. We are excited about the opportunity to submit a proposal on this important project for the City of Torrance.

We have assembled an experienced and available team to provide the necessary management and information technology services for this project. Jason Bethke, PE (Arizona), with over 15 years of experience, will lead the team.

Global Water has deployed this technology platform within its own utilities and has demonstrated incredible labor efficiencies, reductions in power and chemical consumption greater than 20 percent, and increased the level of customer service.

We believe the Global Water team demonstrates the necessary expertise and is uniquely qualified to provide the requested services. We appreciate the opportunity to submit our qualifications and proposal for your consideration.

Sincerely,

GLOBAL WATER MANAGEMENT, LLC

A handwritten signature in black ink that reads 'Jason Bethke'.

Jason Bethke, PE (Arizona)
Vice President

April 27, 2010

Proposal for the City of Torrance Utility Billing Services



california
Torrance

Prepared For:

City Clerk, City of Torrance

3031 Torrance Blvd.
Torrance, CA 90503

Submitted By:

Global Water Management, LLC
21410 N. 19th Ave #201
Phoenix, AZ. 85027
623-580-9600
www.gwresources.com



A. INTRODUCTION

Global Water

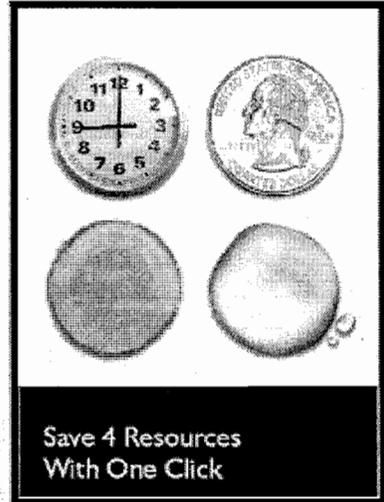
Global Water owns and operates 14 regulated, private water and wastewater utilities within the State of Arizona and is one of the world's leading innovators in water management. Through multi-million dollar investments in people, processes, and technology, Global Water utilities are now some of the greenest, most efficient operations anywhere. As current economic conditions demand that utility providers do more with less, Global Water is utilizing proven, integrated cost-saving platforms.

Global Water brings a set of core beliefs to the operation of every utility, including:

- Water is a scarce commodity that must be conserved and actively managed;
- Recycled water is a renewable resource that must be used to the benefit of our customers and the environment;
- Compliance with all regulatory structures is paramount and is in the public interest, and;
- It requires a partnership with our customers that generate water conserving behavioral changes.

These beliefs have been integrated into the deployment of over \$300 million in capital projects to support our utilities in the past five years, and the development of a sector leading information technology (IT) platform. This IT platform optimizes utility operations by finding and managing efficiencies, increasing the level of customer service, and eliminating unnecessary expenses. Instant access to information provides management the ability to make timely decisions and drive recurring costs (power, consumables, and labor) of utility operations to their theoretical minimums. This same commitment to efficiencies has been applied to our customer service and billing platforms.

These customer service, billing, and IT platforms were constructed to be infinitely scalable. As such, we can now offer access to these systems and significant savings to the utilities we serve. In the pages that follow, we will demonstrate how our organization can deliver these cost cutting technologies to the City of Torrance without the typical risks associated with them. We hope you will agree Global Water Management is the best choice for your City's future and we look forward to working with you.



1. Describe your company's call center.

Located in one of the safest areas of the United States for call center and data management activities, Phoenix, Arizona is historically free of natural disasters. Our center was originally developed to service the Global Water utilities customers and as a result our team of customer service representatives is trained not only in how to efficiently process a payment, but to assist customers through all the various water related customer calls. This has reduced the volume of calls that have to be elevated to our operations staff. This level of expertise is a benefit that you can only receive from a provider that services its own utilities.

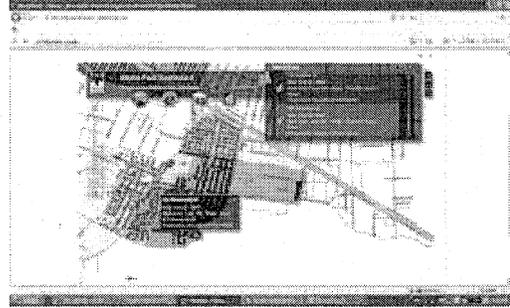
Throughout our proposal we will commonly reference the benefits that we receive from the systems in our existing utilities. For clarification, our offering adds your customers into exactly the same systems we use to operate our 14 utilities. So as we add efficiencies that impact our operations team, you can expect to benefit directly as well.

We also appreciate that other than walk-in customers, the call center is the most expensive way to receive a payment. As we will discuss in other portions of the proposal, our systems are designed to move customers to automated and computer based payment systems.

Our call center is built around the following workflow:

- 1) Generate an accurate, easy to understand water bill that will reduce call volume.
- 2) Customer generates phone call to customer service center.
- 3) Phone call is answered immediately by IVR phone system.
- 4) The IVR system is designed to reduce the number of calls that must be answered live and categorize the calls for optimal processing times. The IVR executes the following:
 - a. Provides general information, directions, hour of operations, etc (specific to Torrance).
 - b. Separates the calls into reconnection of service calls due to non-payment, regular payment calls, and other service calls.
 - c. Each of these call center queues is managed on a continuous basis to achieve the desired service level with priority wait times being given to other service calls, regular payment calls, and finally reconnection of service calls due to non-payment.
 - d. Process payments via the IVR system or report a non-emergency event.
- 5) If the customer chooses not to use the IVR system to make a payment or report an event, the call is answered by our team of customer service representatives.
- 6) Using our state of the art customer information system, the customer request is processed by the representative. Based on the customer's request, a series of service or work orders may be generated by the system.

- 7) If the service order can be processed by the representative, as is the case without any field involvement, the order is processed immediately and available for use.
- 8) If the service or work order requires any field work, the work order appears instantly on the operation dashboard and is assigned to the designated personnel in the field work order management system.
- 9) Upon completion of the work order, the completed information is instantly available for the customer service representative to accept the data into the system, close the work order, and inform the customer.



The call center in Phoenix, Arizona was constructed five years ago using state of the art telecommunication equipment designed to accept 750,000 customer contacts per year. The center is currently operating at just over 100,000 customer contacts per year.

After hours support is critical to the operational readiness of our organization and yours. We employ three key strategies to ensure after hours support is available to our customers and operations teams without burdening our operations team with unnecessary requests. These include the following:

- 1) Our IVR system is running 24 hours a day 7 days a week. This provides for payment and non-emergency events to be received without a live agent answering the phone.
- 2) Customer Service Representative – On-Call Rotation. We have applied our operations On-Call rotation program to our customer service teams. This On-Call rotation with experienced utility customer service representatives greatly reduces the call volume being transferred to the operations teams.
- 3) Emergency Overflow – On occasions on-call customer service representatives can be overwhelmed by higher than normal call volume. In these cases the on-call customer service representatives can activate emergency messaging on the IVR system and overflow calls to a third party service.

As a result of structuring the call center around this nine point workflow, the customer information system tracks all customer information in a service and work order format. This format allows *nearly infinite reporting options, classifications of priority work orders, and actionable information to our utility managers and the City of Torrance.*

This of state of the art technology, dedication of work flow processes, and training of utility customer service representatives creates a customer experience that is unmatched in the industry.

2. Describe your company's Interactive Voice Response (IVR) System.

Global Water believes that most people would prefer to interact with a live agent rather than an IVR system. We also believe the technology must be implemented in the utility sector to improve efficiencies and have widely adopted IVR as an alternative to customer service personnel. The key is to deploy IVR in the areas where it can have the greatest impact and developed it in as user friendly a manner as possible to drive adoption. We have found that IVR is best deployed in the following areas:

- 1) Receiving and processing regular check and credit card payments – Our IVR system allows these calls to be processed 24 hours a day 7 days a week. Customers who desire to call in a payment can receive an excellent customer service experience through this automated system.
- 2) Late notice and collections – Using IVR in this manner can be a shift for utilities, but is a highly effective one. Outbound IVR is a specialty of Global Water, designing campaigns to communicate with customers and drive demand pattern changes. In our late notice and collection campaigns, customers receive a phone call reminding them that their payment is past due with an option to pay now using the IVR system. Then, beginning five days prior to disconnect the IVR system calls customers nightly informing them of the disconnect date and providing them an option to pay now or accept a payment arrangement to continue service. The program reduced our disconnect service orders and moved over 95% of our current receivables into the less than 30 day column.
- 3) Outbound Customer Service – When linked to our asset management application, customers affected by main breaks or other utility issues can be notified automatically by phone using the break trace and customer features.

Of course, customer campaigns can be designed to address a host of other issues.

Although not specifically requested in the request for proposals it is worth discussing the trend toward SMS (Text) messages and email notifications. These can be equally and sometimes more effective than IVR systems. Customers who sign up for email and SMS notifications on the Web customer care portal can receive alerts, information, and bills over these systems - a great tool for conservation management and modifying our customers water usage behavior.

3. Provide your Company's background.

Global Water owns and operates 14 regulated, private water and wastewater utilities within the State of Arizona and is one of the world's leading innovators in water management. Through multi-million dollar investments in people, processes, and technology, Global Water utilities are now some of the greenest, most efficient operations anywhere. As current

economic conditions demand that utility providers do more with less, Global Water is utilizing proven, integrated cost-saving platforms.

Global Water brings a set of core beliefs to the operation of every utility, including:

- Water is a scarce commodity that must be conserved and actively managed;
- Recycled water is a renewable resource that must be used to the benefit of our customers and the environment;
- Compliance with all regulatory structures is paramount and is in the public interest, and;
- It requires a partnership with our customers that generate water conserving behavioral changes.

These beliefs have been integrated into the deployment of over \$300 million in capital projects to support our utilities in the past five years, and a sector leading information technology (IT) platform. This IT platform optimizes utility operations by finding and managing efficiencies, increasing the level of customer service, and eliminating unnecessary expenses. Instant access to information provides management the ability to make timely decisions and drive down recurring costs (power, consumables, and labor) of utility operations to their theoretical minimums. This same commitment to efficiencies has been applied to our customer service and billing platforms.

These customer service, billing and IT platforms were constructed to be infinitely scalable. As such, we now can offer access to these systems and significant savings to the utilities we are providing services to.

Global Water customers, after receiving their bill, can pay online over their bank's Internet bill pay site, via the Web-Portal, ACH auto payment, credit cards, eCheck over the phone or Web-portal, or the integrated voice response system (IVR) via phone to make payments on their account. These services are already being provided monthly to Global Water utility customers and can be provided to the residents of Torrance using the same systems already in daily use.

Global Water currently provides the Town of Buckeye with wastewater billing services for roughly 6,000 accounts per month as part of the water billing to our existing customers. Global Water is currently providing billing, remittance management, customer service, collections and reporting for Red Rock Utilities, a private utility in Tucson, Arizona, meter reading, customer service and billing for the City of Menlo Park, California, and is in the final stages of providing our utility billing platform to the City of Covina, California as Software as a Service. Global Water was also recently selected to deploy and finance the installation of a fixed network meter reading system for their 8,600 accounts.

A list of references and projects are provided below that document Global Water's experience and expertise in providing the requested services for the City of Torrance.

4. Provide proof of financial stability (audited financial statements – past two years).

Global Water is a privately held organization with substantial resources and a balance sheet in excess of \$350 million dollars. We are not comfortable providing audited financials in a document that is part of the public record. We are, of course, capable of documenting our financial stability and do this on a regular basis with our regulators, who must deem the company and its management financially and technically capable of providing utility services.

5. Proposed delivery and installation schedule.

Global's systems were originally designed knowing Global was an aggregator of privately held utility companies. Only recently has the organization begun to offer its industry leading back office and asset management practices to the municipal sector to assist other utilities in gaining from the advances in these management systems.

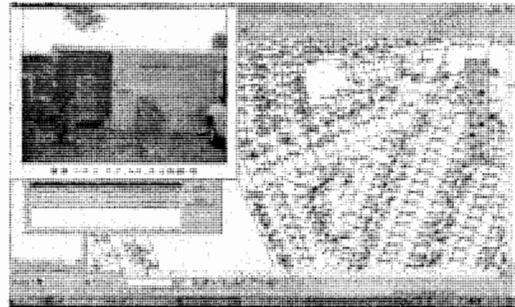
This provides us the ability to quickly deploy these systems into the municipal sector. What we realized early in systems development is that many private water companies didn't have an accurate account of their meter inventory or customer count. Customer information and permitting systems of the past, in many cases, were defeated by users or integrations and customers were lost from the system. As a result, Global's delivery and installation of the new systems minimizes the reliance on the old customer information system.

WE GO RIGHT TO THE SOURCE OF THE DATA to ensure we are billing every customer. In total, this process will consume approximately six months. Three months for the initial 10,000 customer accounts and one month for each additional 10,000 customer accounts with one month of contingency. Our implementation process is outlined below:

Implementation Work Plan

TASK 1 – Meter Audit (Paper)

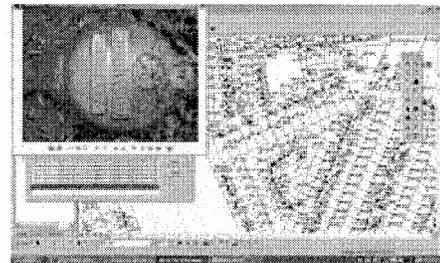
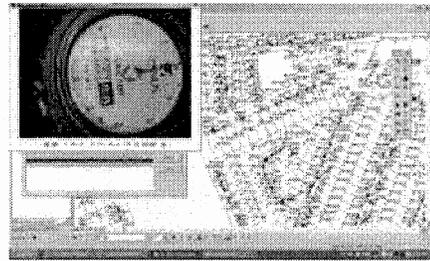
- 1) Obtain County tax records and parcel data.
- 2) Utilize tax records develop a location identifier (Service ID's) in a GIS format.
- 3) Compare existing CIS customer data to tax ID records and generate reporting on matching accounts, and potentially missing meters.



- 4) Procure aerial photograph of the area.
- 5) Synchronize the customer address file, service ID's and aerial photograph. Generate reporting on existing meters expected, missing meters, and development areas and non-water consuming parcels.
- 6) Process all addresses through the US Postal Database to correct any incorrect address information, such as streets recorded as avenues, etc.
- 7) Load data into U1 Panasonic Toughbooks and Global Water developed meter audit GIS application.

TASK 2 – Field Audit

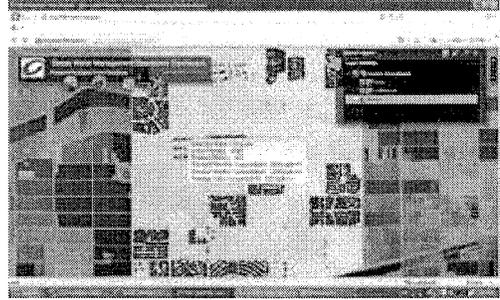
- 1) Visit each paper audit meter location or suspected meter location and photograph each meter location, meter serial number, and home or business.
- 2) Confirm and/or correct information in loaded into the meter audit application.
- 3) Utilizing our GPS enabled cameras, record each GPS location or each photograph providing GPS locations for each meter box and meter.
- 4) Synchronize paper audit to field audit.
- 5) Confirm results with City and batch load customer, location, and meter data into the system. (This is also an excellent time to review meter reading routes for optimization.)



TASK 3 – Customize CIS Application

- 1) Conduct a series of business rule meetings with the City to ensure all billing rules and policies are properly communicated.
- 2) Develop a business rule document, including rates and fees.
- 3) Submit and obtain approval from the City.

- 4) Customize and deploy the management system. (Please note our management system consists of a series of geocentric tools designed to facilitate reporting and the execution of field work. Traditional customer information systems are designed for the call center environment.)



- 5) Train City staff in the use of the Geocentric Management system and reporting. The management system is deployed to the City over the Internet and requires no IT management or equipment from the City, with the exception of an Internet connection and a standard computer.

TASK 4 – System Testing and Online Bill Pay System

- 1) Generate a testing plan for City approval, complete with mock billing run.
- 2) Collect meter readings and process into test environment.
- 3) Generate billing insert to inform customers of the billing system change.
- 4) Present online bill payment and read history data of mock customers to City staff for approval.
- 5) Upon City approval, move the system to the live environment.

6. Will you provide monthly and bi-monthly residential billings for Water, Sewer, and Refuse?

YES. Global Water's Systems have the ability to bill customers on cycles that provide an even workflow for field service personnel and customer service activities. Global Water will be able to provide cycle billing to the City which improves cash flow, customer service and field service operations.

The customer information system currently manages all of Global Water's owned utilities and several for which we provide services similar to ones requested by the City of Torrance in this proposal. Currently, all of our customers and managed customers are billed monthly to enhance remittance management and ensure collection. To the extent the City wishes to bill its customers bi-monthly, we can accommodate this request. We can also provide supplemental meter reading services to move to monthly billing. But if the City is interested in moving to monthly billing we highly recommend our full financed fixed network meter reading system. It provides 720 reads per meter per month without mobilizing a single meter reader or truck.

With full meter replacement these system can be installed for about \$4 dollars per meter per month and provides all the data you need to meet your 20% reduction in water consumption.

Global currently bills water, sewer, and refuse to customers on a monthly basis. Moving to bi-monthly is a simple configuration in the billing system and can easily be reversed when monthly billing is required.

7. Will you provide monthly billing for commercial water and sewer accounts?

YES. Global Water's system will bill your customers within 2 days of receiving the water meter read. We will even provide a schedule of customer billings and inform the City if we do not receive an expected read to bill the customer. This would be provided in the form of an electronic work order requesting a meter read for the account.

8. Provide a sample of your user friendly bill billing.

A sample bill is attached for your review. Please note that we believe as water scarcity becomes more critical that customer participation in these goals requires simplified bills that focus on consumption. As a result, we expect that bills will also need to adjust. Our approach to bill formatting is therefore somewhat different, and we focus on making it easy to modify the bill format and insert communications to the customers.

Our system can add comments to the bills at the direction of the City to inform customers of upcoming events or possible system leaks.

We also generate a complex and complete billing file for our print bill vendors. This allows the vendors to obtain all the information they need directly from the bill print file and eliminates the possibility of calculation errors and simplifies the bill print format changes.

Therefore, we can offer the City a custom bill print format designed to meet the specific needs of the City. These customer bills include City logos and can be designed to eliminate any mention of Global Water Management as the provider of these services.

We do prefer to maintain our Phoenix, Arizona return address to improve customer service levels but can be flexible if this becomes an issue for the City.

9. Will you provide and distribute messages, notifications, and bill inserts?

YES. The bill format we design together will have a distribution message block for use by the City. We can also include notifications for high usage and leakage notifications. We included four billing inserts a year in our pricing. The inserts can be either full 8 ½ by 11 inch or 1/3 inserts. We did not include the cost of printing the inserts but can accommodate this request

as well. We are currently in the process of distributing consumer confidence reports on water quality to many of our customers using this process.

10. Will you customize bills and/or management reports (unit of measure, quantities, and dollars)?

YES. The management platform for reporting generates the following standard reporting. We also have a host of other utility management reporting that is available through many of our other automatic meter reading and asset management offerings. We use this reporting to manage our utilities on a daily basis. If we don't currently have a report and it generates information that is helpful to reduce costs or increase revenue – we will create it free of charge.

Most of our standard reporting is presented in gallons to drive customer awareness. However, utility specific reporting is available in gallons and/or cubic feet. Financial reporting is available in US dollars.

Billing customization was discussed in the early section. We will work together to customize the City of Torrance bill prior to going live.

It is important to note that our reporting infrastructure is built on a Microsoft platform for easy integrations. The reports are also auto-generating and are posted to a Website we host for the City each night. This way any of the standard reporting is available for your use whenever you need it.

11. Will you accommodate multi-tiered billing, including conservation measures and/or changes in the rate structure, including proration of rates?

YES. One of Global Water's founding principles is that water is a scarce resource. One of the core methods of impacting water use is demand side management and pricing signals. So we not only build the systems to accommodate multi-tiered billing, water budgets, prorations of rates, etc. We absolutely understand why these are critical. In a recent rate case we proposed a six tiered rate structure with rebates for conserving water. Since the top tiers of this rate proposal are punitive – it is critical to communicate with the customer on a more frequent basis. AMI to detect leaks, text messages to inform customers that they are entering higher tiers, as well as Web portals to manage their water consumption.

Our regulatory and rate design teams can even help review rate structures and propose modifications that allow water conservation without impacting the need to maintain certain revenue requirements for debt and bond repayments.

We believe in water scarcity management as a tenet of our organization and our systems absolutely support us in this belief. We are offering to let them support you as well.

12. Will you provide discount rate structure for senior citizens/low income and disabled customers?

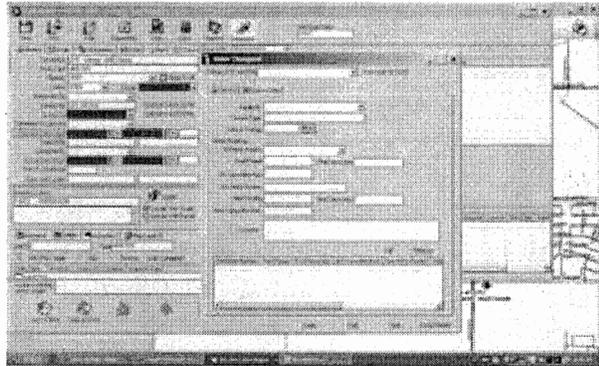
Global customer information systems will accommodate your requirement for a rate structure for senior citizens, low income and disabled customers, and any changes to these rate structures as contemplated by your pending rate study. It will also accommodate payment plan arrangements and manage these agreements to ensure the maximum amount of revenue due the City is collected.

13. Will you provide wire transfer daily cash collections?

YES. Global shall remit by either direct deposit or wire transfer to the City all remittances received by Global for the previous business day. Our remittance management separates all receivables by utility and thereby ensures all funds remain distinct.

14. Will you provide an effective and efficient interface with the billing information system (personnel, computers, and by telephone) as prescribed by the City of Torrance?

YES. It should be noted that customer information systems are designed with the customer service representative in mind. They have never been designed for management or field operations staff. As a result, we do not force our clients to obtain their information or process their work in an application that was not designed for them. As a result we provide two different



interfaces for managers and operators. The first is the dashboard for our utility master data management application. This application sources data from the customer information system and displays the data requested in an easy to use, geospatial and graphical presentment. The second application is our Cityworks work order management system designed for field work. This application allows operations to view customer information data and action work orders. It removes the need to issue paper work orders and once completed in the field the customer service team is instantly aware of the completion.

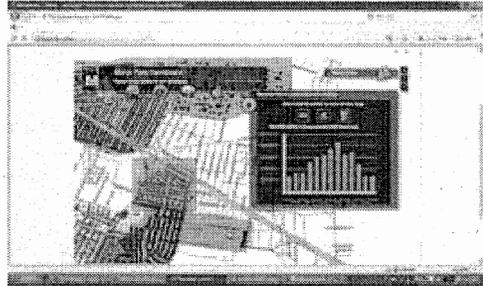
Integration into the financial billing system or other applications is facilitated with file transfers. We will generate a file transfer and upload process into the financial system as part of our deployment. These can be executed daily with the wire transfers.

We also provide a direct line for operational support calls if the City requires information from the CIS system that is not available through the reporting, dashboards, work order management systems, or file transfers.

All file transfers and reporting can be supplied in summary and or detail formats to meet all GASB and audit requirements.

15. Will you provide interface with Neptune Handheld meter reading devices and N Sight (formerly Equinox) compatible for Automated Meter Readings?

YES. Global Water is currently installing its own Neptune R450 fixed network. Once completed, Global Water will be operating three fixed networks along with drive-by systems. This Neptune system is replacing our last owned utility utilizing manual meter reads. Due to the varied nature of our meter reading systems, we have developed integrations to all major meter reading protocols.



It is impossible to generate accurate bills without accurate meter reads. Our integrations to all meter reading system have been properly testing as a result and our robust exception reporting assists with identifying non-accurate bills prior to them reaching a customer.

16. Will you provide payment service to the City of Torrance customers using the methods listed below?

- **E-Bill Paperless Billing**
 - YES, customers can elect to receive an ebill. The bill is presented in our customer portal which provides usage history, transaction history, read history, the opportunity to sign up for various notifications and view or print their bill.
- **Pay by Phone**
 - YES, customers can speak to a customer service representative or utilize the IVR system to make a payment.
- **Pay by Mail**
 - YES, all mail payments are directed to a lock box facility. The payments are opened, scanned and processed into an upload file for the customer information system. Funds are then transferred to the appropriate entity based on utility.
- **Pay by Debit/Credit Card**
 - YES, customers can pay by Debit/Credit cards as well as eCheck which allows them to use their existing checking account. Customers are charged a convenience fee of 2.85% for credit and debit cards.

- **Pay at City of Torrance**
 - Yes, Global will develop a full service center in the City of Torrance that will be staffed during regular business hours.
- **Pay a few others ways**
 - Global also provides for customers to pay using their personal bank's payment site. This requires registration with all major banks to ensure the City of Torrance appears as a billing choice. Global Water has already been approved by the banking system to offer this additional convenience to your customers. We simply will add "City of Torrance – Water" to this existing approval.
 - Global provides customers to sign up for ACH or automatic debit from their checking account. This process is available on-line through our ebilling services.
 - Global also offers a "Pay Now" feature on the customer portal. This feature allows anyone to pay their water bill without gaining access to their. It's great for parents who need to help their kids or kids helping their parents. It is also super convenient if you're on the go and with dashboard access to balances allows any City employee to assist a customer in paying their bill online.

17. Will you provide Internet payment and customer inquiry capabilities?

Global will provide the capability for customers to pay their bills over the Internet in two ways. They will be able to use the Web-portal to look up their own account balances and make payments by credit card and eCheck or they can make a payment over the Internet using their bank's Internet bill payment facilities. Global will have the City of Torrance certified to accept Internet bill payments and have these payments uploaded automatically into our CIS. This form of receiving payments is the fastest growing electronic payment segment.

18. Will you respond and answer customer inquiries within a satisfactory time frame (70% of the answered calls within 60 seconds and must maintain fewer than 7% of dropped calls)?

YES. Global Water can commit to a service level agreement that 70% of all calls are answered by a customer service representative in less than 60 seconds after the customer removes themselves from the IVR system, which answers calls immediately. After reviewing the data and customer patterns we believe we can also sign service level agreements that maintain abandon calls at less than 7 percent. Distribution system events such as line failures or low pressures would be excluded from these measurements.

Global Water has traditionally not maintained this service level as our service level targets were set slightly lower. However, we understand the need to increase service levels for this contract and as our systems were constructed to maintain a service level in excess of these requirements it is simply a manner of hiring and training additional customer service

representatives. Our six month deployment window will allow more than enough time to establish the appropriate staffing levels.

19. Will you route telephone calls to the appropriate City staff?

YES, we will be happy to route phone calls to City of Torrance personnel as required. However, our customer service representatives are trained to handle most water and wastewater related customer calls. We will work to only transfer calls to the City that reach an elevated status.

20. Will you provide the City with access to all account information including recorded time tracking, monitoring device reports etc., with licensing for five concurrent users? (Must include direct, view only, and add notes access by City employees to all functions of customer accounts).

YES. It should be noted that customer information systems are designed with the customer service representative in mind. They have never been designed for management or field operations staff. As a result, we do not force our clients to obtain their information or process their work in an application that was not designed for them. As a result, we provide two different interfaces for managers and operators. The first is the dashboard or utility master data management application. This application sources data from the customer information system and displays the data requested in an easy to use, geospatial and graphical presentment. The second application is our Cityworks work order management system designed for field work. This application allows operations to view customer information data and action work orders. It removes the need to issue paper work orders and once completed in the field the customer service team is instantly aware of the completion.

We will therefore provide the City access to its CIS data for up to five concurrent users; this access will be restricted to direct, view only with the ability to add notes to customer's accounts. A Global CIS specialist will train the appropriate City personnel on the effective and efficient operations of the management software.

21. How will you provide effective and efficient coordination and communication with the City?

We have focused on how our technology can be leveraged to increase revenue and reduce operational costs while increasing service level throughout our response. With the increase in data, it is sometimes difficult to transition this data into usable actionable information to reduce costs. Our mission is to help your City achieve the same benefits from our technology as we have - and communication is the key.

Global Water will personally review monthly reporting on customer service levels, exception reporting, water consumption and a host of reporting elements monthly with your management team. This is also an opportunity to express any items that could be working better or any performance concerns. We will trend customer service levels, water consumption, and other key metrics and review and discuss any emerging concerns.

Of course, our project manager will be easy to reach via cell phone or email, but these monthly reporting meetings are critical to achieving the best possible results from our services.

Reviewing the technology, our systems are easily accessible over air cards in laptops or simply over the Internet. We will leverage our investment in CIS, GIS, CMMS and reporting to provide you with the same levels of service we demand for our own utilities. The City of Torrance personnel will have the ability to receive work orders electronically in the field via air cards on Tough Book computers for all field customer service related work orders. This will allow the City's field service personnel to remain in the field executing work orders electronically and being able to close and report on the work orders in real time. An example of this would be if Global receives a payment from a customer that has been disconnected for non-payment. The work order will be generated in the CIS software and electronically sent to the City's field customer service personnel instantaneously to prevent the disconnect.

22. How do you provide a satisfactory response time to the customer?

Global provides satisfactory response time to customers through the careful deployment of real-time information systems, by eliminating paper based work orders and moving to electronic work order. Field service personnel can spend more time in the field executing the work and less time managing the paperwork. A good example of this is when the work order generates a financial transaction like a meter re-read or service connection. Once completed, the electronic work order will trigger the CIS to create a bill for this service and include this service on the next bill. This highly automated, integrated system eliminates redundant data entry and the errors that are introduced through these processes.

For email communication, each email is provided a tracking number to ensure a timely response. These and all open work orders are reviewed daily to ensure all customers are contacted with the status of their open request.

23. Describe how you will provide interface and electronic transfer of information between billing, meter reading, or customer service to the City.

Global Water is always pleased to work with Cities that understand in order to truly reduce the costs of operations and understand revenue, you must combine sources of data to gain new actionable information. The integration of data is incredibly powerful and we credit our integrated utility management platform with reducing labor by 40% in some utilities, and power and chemical costs by 20% a year for two years running in others.

At the most technical level, we will utilize database triggers, log shipping and file transfers to create and manage the interfaces to any other City databases.

Because our systems are deployed to the City over the Internet, much of the complexity is removed as the City is working directly in our applications and integrations are not required.

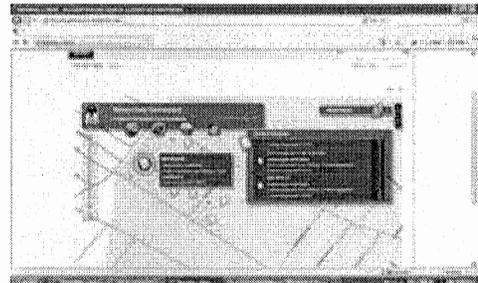
There are two critical areas of integration on this project that require discussion. The first is the meter reading file. The City will maintain the manual meter reading process. Typically, the integration process into the billing system starts with the billing system. A read file is exported from the billing system into a handheld unit for read population. The reads are populated into the handheld and a file is transferred back to the billing system. This traditional approach works well and we are fully capable of this work process. This process requires the ability to export the read file to the handheld in a format acceptable to the handheld.

We are also capable of uploading meter numbers, reads and trouble reports directly into the billing system. This allows simple integration into whatever process by which the City decides to collect reads in the future. If this process is utilized, we first take the reads into our GIS read management application and process all exceptions, issue work orders, and perfect the reads to simply the billing process.

The second critical integration point is integration into the financial system. The simplest form of this is a daily file transfer into the financial system. Our systems export and upload the file to the City and the City downloads and imports the file into the financial system. This process can of course be automated but we recommend daily updates to the financial system.

24. How will you provide electronic submission (via IVR, email, etc.) of your customer service requests to City using either City approved form or in a format that can be interfaced?

Global can email service orders directly from the CIS application to the City if requested. However, our integrations to the management platform provide for work order assignments directly to the required personnel. In this case, email is actually slower than this real time integration. We have proposed five concurrent accesses to this management platform to receive and



action all workorders. The dashboard is available to all City employees and provides a real time view of service and work orders occurring.

If the City has another platform it wishes to use to execute workorders we are happy to discuss integrating the application.

25. Will you designate personnel as a service coordinator/liaison to the City?

Global Water's project manager will personally review monthly reporting on customer service levels, exception reporting, water consumption, and a host of reporting elements with your management team on a monthly basis. This is also an opportunity to express any items that could be working better or any performance concerns. We will trend customer service levels, water consumption, and other key metrics and review and discuss any emerging concerns.

Of course our project manager will be easy to reach via cell phone or email, but these monthly reporting meetings are critical to achieving the best possible results from our services.

26. Will you incorporate the City of Torrance policy for non-payment shut off notices?

Global will integrate the City's current policy for non-payment and shut off notices as well as make any future changes to these policies and notices if and when staff makes recommendations to the Mayor and Council to change these policies.

27. How will you provide a 24-Hour call center with the ability to notify the appropriate City departments in case of emergency?

Global Water will staff the 24 hour call center as detailed in Question 1 above and repeated below. This approach will ensure that someone is available to contact the City by moving down a contact tree in case of emergency.

"After-hours support is critical to the operational readiness of our organization and yours. We employ three key strategies to ensure after hours support is available to our customers and operations teams without burdening our operations team with unnecessary requests. These include the following:

- 1) The IVR system is running 24-hours a day 7 days a week. This provides for payment and non-emergency events to be received without a live agent answering the phone.
- 2) Customer Service Representative – On-Call Rotation. We have applied our operations On-Call Rotation program to our customer service teams. This On-Call Rotation with

experienced utility customer service representatives greatly reduces the call volume being transferred to the operations teams.

- 3) Emergency Overflow – On occasion, the on-call customer service representatives can be overwhelmed by higher than normal call volume. In these cases, the on-call customer service representatives can activate emergency messaging on the IVR system and overflow calls to a third party service.

As a result of structuring the call center around the nine point workflow, the customer information system tracks all customer information in a service and work order format. This format allows *nearly infinite reporting options, classifications of priority work orders, actionable information to our utility managers and the City of Torrance.*"

28. Will you provide a policy for appeal hearings, adjustments, and/or resolutions?

We will work together during implementation to develop these policies. We have guidelines to start from but we are executing a service for the City. These policies therefore must be approved by the City for our implementation. Global currently has policy and procedures in place for these activities inside our own utility operations which can be shared openly with the City. As adjustments have financial impacts, these policies and procedures will be agreed upon in advance and communicated to the customer service personnel from Global in order to provide uniform service delivery to the residents of the City and fair and equitable means to provide appeals, adjustments and bill related resolutions.

29. Will you provide electronic customer payment policy?

Global will provide a policy around the receipt of electronic payments

30. How will you provide a full service office located in the City of Torrance for customer payments?

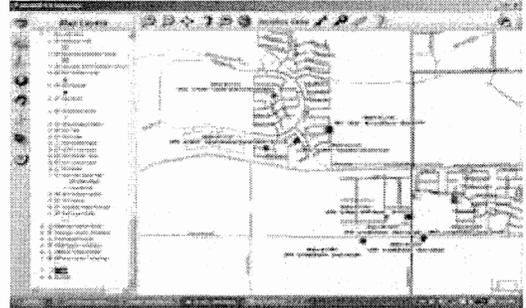
Global has explored several options to provide a local presence for customers of the City in a cost effective manner. Global has investigated the following options in order of likely cost effectiveness:

1. Install a kiosk for payments in City Hall as well as a cash drawer and personnel to assist customers with walk-in bill paying service, establishment of new customer accounts, closing existing accounts, transferring service, handling customer inquiries and complaints, and offering customers assistance regarding City water utility operations and customer service. This would be Global staff resident in the City offices or could be City personnel trained by Global and paid by Global to provide these services.

2. Establishment of a relationship with an existing City of Torrance business like a local bank or credit union or other utility provider in the City to perform these functions on behalf of Global and trained by Global.
3. Establishment of a small customer service office in the City of Torrance to provide these services to the residents of the City.

31. How will you receive payments 24 hours a day, seven days per week?

Once customers receive their bills, either by email or regular mail, they will be able to access their accounts through a Website. This Website can be linked to the City of Torrance's Website, if desired. Customers will have the ability to perform the following functions through this Web portal into the billing system. This system will be available 24 hours per day seven days per week, other than scheduled maintenance windows that will be communicated to the customers similar to when banks perform maintenance on their Internet bill payment sites.



- Review their current bill
- Review payment history
- Review their monthly usage and compare it with previous 24 months of usage
- Compare their water usage with other homes in their neighborhood (without knowing specific addresses)
- Compare their water usage with the average for the City
- Set up automatic payment plans utilizing ACH or credit cards
- Pay their bill by e-check, which is an electronic method for the customer to pay using their checking account online
- Customers will have access to make payments over the IVR 24 hours per day seven days per week

32. Will you provide customer service hours of operation at a minimum, from 7:30am to 5:30pm Monday through Friday, Pacific Standard Time?

Global will provide customer service during these hours of operation and will adjust its staff to accommodate the shift in time zones that occurs for half the year.

33. What are your customer service hours of operation?

See answer above to Question 32.

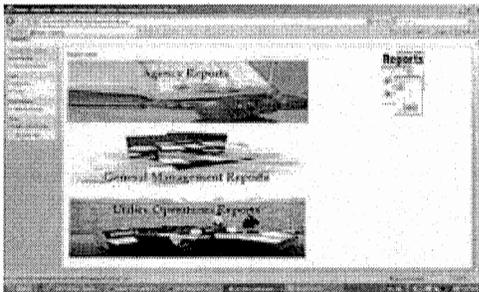
34. Do you have or will you have an answering service for non-operating hours that will notify the appropriate City staff?

Yes. See answer above to Question 27.

35. Will you incorporate the City's payment plan policy for delinquent and or slow moving accounts Incorporate City policies with the company's existing policies?

Global will accommodate payment plans for delinquent and slow paying accounts based upon the policies in place at the City.

36. Will you provide monthly and on demand reports to the City that are "Windows" based and compatible with the City's current version of Microsoft software, and have an interface link to the City's New World financial system?



Global will provide a Microsoft SharePoint site for the electronic distribution of all reports required by the City and for the management of the distribution of these reports. Many of the reports can be automatically sent to the required recipient as designed by the City. Global will provide the necessary interface to provide the New World Financial system

with general ledger transactions and make available any reports required for accounting and audit purposes.

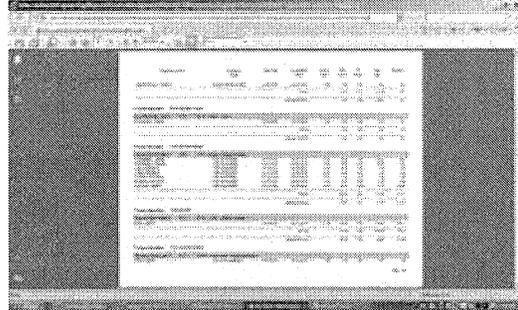
37. Provide sample of reports as requested in the RFP – Detailed collection and financial reports by geographical areas, by account, by service type, largest users, aging reports, delinquencies, etc.

We have provided a selection of reporting from the customer information system in the appendix for your review. These are the standard reports generated from the system. Reporting is continually being automated for instant delivery and available on line in dashboard views for the City. Our ad hoc reporting tools are generate from Microsoft Report Designer and are also available online for the City's use.

Our reporting tools are integrated to GIS data – so they are geographic in nature. All reporting can be executed by location.

38. Provide sample of reports as requested in this RFP – Customer service related reports which reflect the number of customer inquiries; type of customer inquiries; inquiries by location; response time to inquiries, and actions taken to complete inquiry

A select sampling of reports is provided in addition to the standard reporting document which details each of the available reports. These reports are run at the designated frequency up to daily as indicated by the City.



The screenshot displays a complex report interface with multiple sections. At the top, there are several summary statistics or key performance indicators. Below this, there are several data tables with columns and rows, likely representing different categories of customer inquiries and their associated metrics. The interface appears to be a web-based dashboard or reporting tool.

The reports are automatically posted to the City of Torrance SharePoint site by security level, of which we currently provide three. A user logs into the site, selects the report they are looking for and can either download the report in a formatted PDF document or download the form in Excel format for additional processing.

If a new report is required this will be coordinated with the project manager. Depending on the request, these new reports can be completed in a manner of hours to a manner of weeks depending on the complexity of the request.

39. Describe and show samples of your customer complaint tracking system.

We have provided a selection of reporting from the customer information system in the appendix for your review. These are the standard reports generated from the system. Reporting is continually being automated for instant delivery and available on line in dashboard views for the City. Our ad hoc reporting tools are generate from Microsoft Report Designer and are also available on line for the City's use.

Customer complaint tracking is executed in the CIS system through work and service orders. These work orders are available to staff via Cityworks for action and available to management in the dashboard for real time tracking of customer complaints and all other forms of work orders.

40. Describe how payments will be credited to the City.

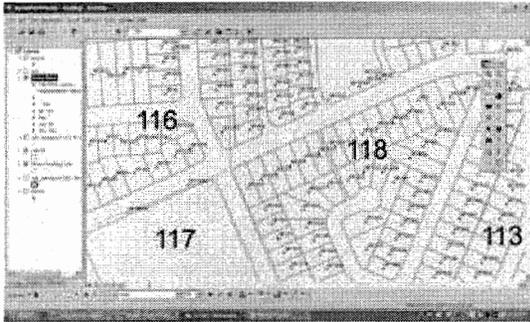
Payment will be credited to the City daily via wire transfer or direct deposit into the City's account established for this contract or one designated by the City.

41. Describe the production and coordination of trouble reports (out of range, meter or facility damage)

Global will coordinate with the City of Torrance meter readers to set a standard process for capturing trouble messaging throughout the routes. During the transition, crucial trouble messages that the meter readers should collect will include, but are not limited to: cannot locate meter, meter lid missing, serial number incorrect and incorrect number of dials. During and after the transition, meters that are not able to be read will need to be tagged with the appropriate reason – landscaping, car parked on top of the meter box, flooding, in locked fence, are a few examples.

Trouble reports and skipped reports will be reviewed daily and the appropriate work orders will be created and directed to staff who are able to resolve the issue prior to the bills being mailed. When the work is complete, and all data is collected, the CIS system will be updated.

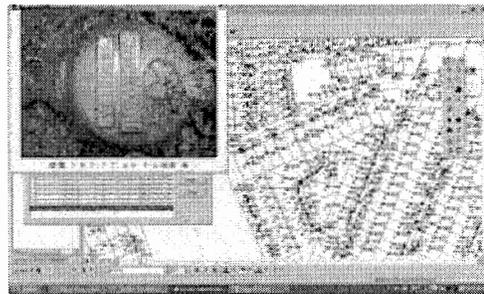
42. Describe how you handle the coordination of information into the system (new meters, route changes, customer address changes, water quality, etc.)



Global Water's systems for customer service are based on work flows as we have discussed. However, these work flows act at a most basic level either on a customer, a meter location, or the combination of a customer and meter location. The combination of a customer and meter location is the account and represents what is billed each month or bi-monthly. This

combination is created by the system and, therefore, if we manage the customer and the location data correctly we can ensure an accurate bill.

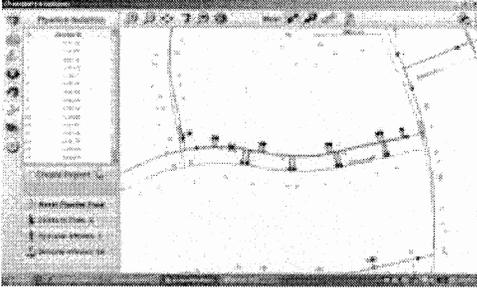
Customer data is managed by the customer service representatives. This would include establishing a new customer, recording a new mailing address, noting customer history, etc. At no time does the customer service representative manage the location information. On a quarterly basis all customer mailing addresses are checked against the US Postal Service database for any change of address information. This helps protect the customer information.



This question appears to be focused primarily on location information. This includes meter number, size, account codes, meter type, location, etc. These

assets are managed by the asset management team and loaded into the CIS system only after being checked in our GIS system. As a result, a stop meter service order generated by our customer service team will always stop in our asset management team to verify the work was completed, all fields are present, and then the new meter number is loaded into the CIS system.

This team also manages the read routes, new meter installations on previous vacant property, and even manages the most important asset, the meter read.



Meter reads are fed into the asset management teams read management application daily. The application verifies the read based on previous consumption, meter number reported and other exception reports. This ensures that the billing system obtains ready to bill reads. Work orders and rereads are generated in the work order management application by this team and if estimates are required this team uses the statistical tools in GIS to estimate the read.

The City's conduit into this team is first through our project manager. However, depending on the frequency of changes and the work orders generated, a secondary conduit into asset management team member assigned to Torrance will be established to your meter readers' supervisor. This is extremely helpful when routes need to be updated quickly or frequently.

43. Provide a sample of reports as requested in the RFP – Management reports (customer, usage, classification, billings), including staff training on how to run/create their own reports

We have provided a selection of reporting from the customer information system in the appendix for your review. These are the standard reports generated from the system. Reporting is continually automated for instant delivery and available on line in dashboard views for the City. Our ad hoc reporting tools are generate from Microsoft Report Designer and are also available on line for the City's use.

44. How will you provide notice and supporting documentation of any regulatory changes affecting either City interests?

Global can provide bill inserts and notification on the Web portal for customer service as well as email notifications to customers who have provided an email for their account.

45. Provide sample of reports as requested in the RFP – Customer service reports on how many meters were read, reread, high bill inquiries/investigation, services turn on/off, late notifications and non-payment turn-offs.

We have provided a selection of reporting from the customer information system in the appendix for your review. These are the standard reports generated from the system. Reporting is continually being automated for instant delivery and available on line in dashboard views for the City. Our ad hoc reporting tools are generate from Microsoft Report Designer and are also available on line for the City's use.

46. Describe your approach to sending the City daily cash collections.

Remittances collected via the various methods such as electronic lock-box, credit and debit cards, eCheck and cash will be deposited into a designed Wells Fargo Bank account where it can be reconciled to the CIS and source documentation. After reconciliation to CIS, the funds will be wired to a bank and account designated by the City or swept daily into an account established by the City at Wells Fargo Bank. Global uses Wells Fargo Bank's treasury services and has established automated business processes around these treasury services and would prefer to use these integrations to support efficient and cost effective service delivery for the City of Torrance.

47. Describe your policy and procedures on reconciling cash received for the City of Torrance.

Global Water's policies and procedures ensure that cash received from the City of Torrance customers is deposited directly into the City of Torrance lock-box and reconciled to the customer information system. Wells Fargo generates a payment processing file from the remittance management process. This file is uploaded daily into the customer information system and a journal entry is booked into our financial system and depending on client preference a wire transfer is initiated to the City of Torrance account of choice.

If the question is driven more at cash received in our local office, our cash collection policy loads the transaction into the customer information system and a receipt is generated for the cash paying customer. The cash register is then balanced each day with receipts for this location. The cash is then deposited daily – the process for deposit will vary based on volume of cash received.

48. Describe your policy and procedures for separating the City of Torrance monies from that of any other agencies that the proposer is now collecting for or may collect for in the future.

These monies are not co-mingled and therefore separation is not required. The City of Torrance will have a dedicated lock box and these funds will be reconciled to the customer information system billing records. If it is the desire of the City, this lock box can be held in the City's name and cash can be swept from the account at the City's conveyance.

49. How will you maintain un-collectable accounts at no more than 0.2% of total monthly revenues?

Un-collectable accounts will vary with the economy and economic status of the customers. Global's goal is to eliminate un-collectable accounts and our systems are designed to achieve this goal. Neither the City nor Global has the ability to "write the check" for delinquent customers who leave their homes without paying their bill. As a result, we must use defined processes to limit the consumption of the service without payment and protect our interest in the form of deposits. We doubt any provider will guarantee the un-collectable accounts, so the City must rely on experience to ensure all debts are collected.

Global Water operates a utility about one-half the size of Torrance, California and had its vacancy rate balloon to 13% in late 2008. With vacancy rates still above 9 percent, our management system maintains uncollectable accounts (over 120 days) to less than 0.15%. In our regions less impacted by rise in foreclosures, these accounts are less than 0.01% a mere \$18.60. In summary, we have one person in our West Valley Region who skipped town owing us \$18.60 and a school district in our Maricopa Casa Grande Region that is a slow paying customer. We anticipate that this will be collected; however it remains in our 120 days and greater account receivable aging report.

Hopefully, the fact that we can communicate to you exactly who and how much is subject to uncollectable accounts today within our 42,500 connections illustrates well that our reporting is state of the art. However, it is the policies surrounding disconnects and deposits that will determine your uncollectable revenue.

Our management team will make recommendations on these policies designed to drive uncollectable revenues as low as possible.

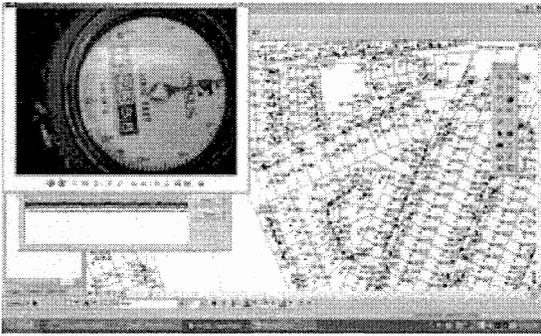
50. Describe in detail your company's policy on handling aged receivables.

After exhausting all management activities related to disconnection and deposits, some aged receivables will remain. These receivables are turned over to a collection agency to recover all possible revenue. The collections company can either add their collection fee to the receivable,

if the City allows, or deduct their fee from the collected amount. Each account will be reviewed with the City in our monthly review meetings prior to sending an account to collections.

B. EXPERIENCE

Global Water is a private regulated utility owner and operator that also own its centralized utility management company. Since its formation over five years ago, the company has provided utility management services to over 45,000 service connections. Global Water has managed the capital improvement plans, regulatory compliance, rate cases and all meter reading, utility billing, and remittance management for its fourteen utilities.



Global Water has invested heavily in meter automation and reads the majority of its meters with Fixed Networks or Automated Meter Infrastructure for collecting timely accurate read data. It utilizes its state-of-the-art utility billing system from Advanced Utility Systems to provide bills to its customers via email and print mail. After receiving their bill, customers can pay on-line over their existing Internet bill pay site, use the eCARE Website,

ACH auto payment, or the integrated voice response system (IVR) via phone to make payments on their account. These services are already being provided monthly to Global Water utility customers and can be provided to the residents of the City of Torrance using the same systems already in daily use.

Global Water currently provides the Town of Buckeye with wastewater billing services for roughly 6,000 accounts per month as part of water billing to our existing customers. It has also assumed billing, remittance management, customer service, collections and reporting for Red Rock Utilities, a private utility in Tucson, Arizona.

A list of references and projects are provided below that document Global Water's experience and expertise in providing the requested services for the City of Torrance.

Global Water Management Utility Support Services

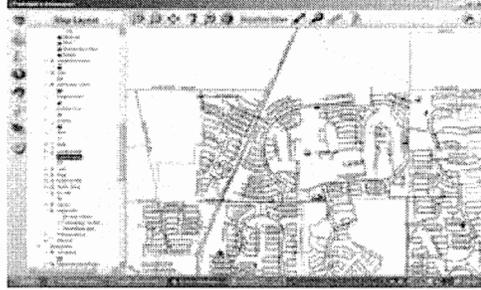
Valencia Water Company Aclara-Hexagram Fixed Network System

Project Contact Information

Ron Fleming
 General Manager
 201 East Coronado Street
 Buckeye, AZ 85326
 623.580.9600 x 146

Global Water managed a 4,600 meter replacement program for Valencia Water Company (VWC), deploying approximately \$1.2 million in capital.

The project consisted of replacing 3,400 existing Sensus meters endpoints with the Aclara AMI-fixed network solution and replacing 1,200 meters and meter boxes that had deteriorated over time. During the deployment, the project team consistently verified each meter transmission unit (MTU) to be reading and communicating to the digital collection units (DCU), this is done by utilizing the standard missing wake-up and missing programmer reports that are generated daily within the STAR dashboard. This was crucial in the deployment because it ensures no meters get lost in the conversion, it ensures each component is working properly prior to moving on to new routes, it minimizes the owners involvement with regards to gathering manual reads on uncollected meters, and also eliminates a backlog of cleanup work that would need to be rectified prior to project completion.



Aclara performed a propagation study to determine the best locations for each of the DCUs, which was determined to be 7 for the 12-square mile service area, serving approximately 5,483 meters as of May 2009. These solar powered DCUs are located at the top of water tanks that range in height from 12 to 16 feet high and there have been no problems with transmitting the data to these DCUs. With the Aclara low frequency endpoints the home density does not impact the ability for the meter data to be transmitted to the DCU, which takes reads every hour.

Ron Fleming with Valencia Water Company has stated the following improvements since the deployment of the Hexagram AMR system:

“There are four major benefits that we have seen as a direct result of implementing the Hexagram AMR system:

- We have greatly reduced operational expenses directly related to meter readings and customer account inquiries. We were able to reduce staffing of this department from 4 field customer service representative to 1 position. This saves on both labor and fleet costs.
- Customer service levels have increased immensely as each customer service representative can perform a detailed individual analysis of water consumption right in the office. Utility personnel have access to accurate, timely usage data and can provide greater assistance on all customer inquiries, without the necessity of a field visit.

- With the hourly reads, leak detection has become much easier. If the interval read never reaches 0 within a 24 hour period, then we are almost certain they have a low flow leak and we are able to notify the customer. Equally, we can easily identify high flow conditions that also indicate a potential leak.
- The AMR/AMI system is truly a green practice; it reduces carbon emissions by substantially reducing the miles driven to manage field customer service activities, it supports water conservation through leak detection, and has been integrated with other applications to create a paperless billing environment. “

Santa Cruz Water Company Itron Fixed Network System

Project Contact Information

Ed Borromeo
General Manager
22590 North Powers Parkway
Maricopa, AZ 85238
520.233.2910

Jason Thuneman
CAPEX Project Manager
22590 North Powers Parkway
Maricopa, AZ 85238
520.233.2910

Global Water deployed 15,272 Itron Automatic Meter Reading (AMR) end points for Santa Cruz Water Company (SCWC).

Itron guarantees to deliver 99% efficiency on the reads and currently is experiencing:

- 1 day misreads, 98.9%
- 3 day misreads, 99.04%
- 5 day misreads, 99.12%

SCWC is currently striving to achieve 100% reads and is constantly working to improve the read rate.

In order to determine the number of data collection units (DCUs) Global Water performed a propagation study at all SCWC sites (well sites, lift stations, water campuses, etc.) to determine the best locations for the DCUs. The collectors were also placed on secured sites in order to minimize vandalism concerns. Global Water determined that 10 DCUs would maximize reading efficiencies and ensure redundancy. Global Water owns a mobile tower van that can be driven to a location where the telescoping tower is deployed to ensure all reads are obtained in the event of an emergency.

After determining the best locations for the DCUs, Global Water obtained the necessary permits and hired contractors to complete the construction. Ultimately, Global Water completed the IT integration and brought the live read into the billing system through SCWC's radio network system.

Water Utility of Greater Buckeye Itron Drive-by Network System

Project Contact Information

Ron Fleming
 General Manager
 201 East Coronado Street
 Buckeye, AZ 85326
 623.580.9600

The Water Utility of Greater Buckeye consists of 4 public water systems and currently serves 657 meters. Global Water was the project manager for the retrofitting of the existing meters and deployment an Itron drive-by data collection system. The Itron drive-by system is in four disconnected service areas.

Water Utility of Greater Tonopah Itron Drive-by Network System

Project Contact Information

Ron Fleming
 General Manager
 201 East Coronado Street
 Buckeye, AZ 85326
 623.580.9600

The Water Utility of Greater Tonopah consists of 8 public water systems and currently serves 368 meters. Global Water was the project manager for the retrofitting of the existing meters and deployment of an Itron drive-by data collection system. The Itron drive-by system serves 9 separate water systems.

C. PROJECT TEAM

TEAM EXPERIENCE

As with any successful project, the people executing the project are responsible for the success. The Global team, outlined in the organization chart below, is the most qualified and experienced team for the Project. Our team is born of the utility business and lives its requirements daily, and our partners' experience and definition of project success is aligned with a utility provider's goals.

Team Bios

Global Water Management

Leo Commandeur
 Senior Vice President – Business Development and Client Champion

Mr. Commandeur has spent the last year meeting with municipalities and private utilities and discussing their metering and asset management issues. He has personally met with individuals representing over one million active meters. As a result, he has an excellent understanding of the issues facing utilities in these economic conditions. His role on this project is to ensure the goals of the City of Torrance are met at every step and to provide a conduit for early issue identification.

Mr. Commandeur has over 10 years in the water, wastewater and recycled water business and is one of the co-founders of Global Water.

Jason Bethke, PE
Director of Engineering & Construction

As Director of Engineering & Construction, Mr. Bethke is responsible for all aspects of engineering, construction and asset management for Global Water. Over the past five years, Global Water has deployed over 300 million dollars of capital improvement throughout 14 utilities. In conjunction with this capital deployment, Mr. Bethke oversaw the deployment of the geographical information and asset management systems. The disciplined approach to the development of these systems has resulted in a state of the art work order management system, complete with geo-referenced as-builts and infrastructure locations. These systems now link GIS data with customer information system (CIS) data to ensure every meter in Global Water is accounted for and invoiced.

Mr. Bethke has been providing water, wastewater, and recycled water engineering and construction management services in the Southwest for over 14 years. His career in the water industry began as a consulting engineer, designing water and wastewater projects with flow rates as high as 27 MGD. He has also designed over 100,000 linear feet of pipeline and completed large-scale master planning efforts. In 2005, Mr. Bethke spent a year with a small start-up equipment provider, working in research and development for arsenic and fluoride removal systems.

This wide range of industry experience, combined with excellent technical abilities, allows Mr. Bethke to offer a unique approach to design and construction that ensures facilities meet the criteria of low operating costs, ease of maintenance and/or repair, operational simplicity, and efficient use of capital dollars.

John Peckardt
Director of Information Technology

As Director of Information Technology, Mr. Peckardt is responsible for all software, hardware and networking technologies for Global Water. He architected and led the

Global Water implementation of its state of the art computing environment. He integrated leading technologies from vendors like IBM, Cisco, Network Appliance, VMWare, Citrix, Microsoft and many others to create a computing environment that supports the unique needs of each utility in a "Software as a Service" (SaaS) model.

Mr. Peckardt has been providing Information Technology services for various industries for over 20 years. He has a vast experience in hardware and software implementations in both the mid-market and Fortune 500 companies. His experiences in consulting, manufacturing, distribution, retail and utilities provide a broad array of experiences he can draw upon in both implementation and support roles. Mr. Peckardt holds both PMI, PMP, and ITIL certifications. Global Water utilized the ITIL framework to develop documented IT support processes that are reviewed, measured and used to drive continuous improvement.

Tony Taglia
Asset Management Manager

Mr. Taglia is responsible for overseeing the asset management program. Over the past two years, Global Water has deployed an Enterprise GIS integrated with a Computerized Maintenance Management System (CMMS) program and a plant engineering software solution, throughout their 14 utilities. As an integral constituent of these deployments, Mr. Taglia personally managed several projects and designed many components of the systems to facilitate the asset management program for Global Water.

Mr. Taglia has been providing services in the geospatial information technology field for various utilities (water, wastewater, electric, and gas) and municipalities across the nation for over 10 years. He has also designed and implemented procedures for large scale data conversion and data entry projects at multiple electric and gas utilities. This exposure to the broad use of geospatial technologies across various industries enables Mr. Taglia to offer a rich background to design, and to implement and deploy systems that enable organizations to make more informed decisions, increase their efficiency, and realize a quick return on investment.

RFP No. 2010- 05

Request for Proposal (RFP) to Provide Utility Billing Services for the City of Torrance

SECTION III PROPOSAL SUBMITTAL

FAILURE TO COMPLETE ALL ITEMS IN THIS SECTION MAY INVALIDATE BID.

In accordance with your "Invitation to Bid", the following bid proposal is submitted to the City of Torrance.

Proposal Submitted By:

Global Water Management, LLC
Name of Company

21410 N. 19th Avenue, Suite 201
Address

Phoenix, Arizona 85027
City/State/Zip Code

(623) 580-9600 / (623) 580-9659
Telephone Number/Fax Number

Jason Bethke, Vice President
Printed Name/Title

Jason Bethke 4/27/2010
Signature Date

Contact for Additional Information:

Please provide the name of the individual at your company to contact for any additional information

Jason Bethke
Name

Vice President
Title

(623) 580-9600 ext. 167 / (623) 580-9659
Telephone Number/Fax Number

Form of Business Organization: Please indicate the following (check one);

Corporation _____ Partnership _____ Sole Proprietorship _____ Other: LLC

Business History:

How long have you been in business under your current name and form of business organization?

7 Years

If less than three (3) years and your company was in business under a different name, what was that name?

Addenda Received:

Please indicate addenda information you have received regarding this bid:

Addendum No. ____ Date Received: _____
Addendum No. ____ Date Received: _____
Addendum No. ____ Date Received: _____
Addendum No. ____ Date Received: _____

X No Addenda received regarding this bid.

Payment Terms: The City of Torrance Payment terms are Net 30. The City does not make pre-payments, or pay upon receipt.

Do you offer any discounted invoice terms? No

Renewal Option:

Please state, if requested by the City, if your company would agree to a renewal of this contract with price, terms and conditions unchanged.

Yes X we would agree to add January 3, 2015 to January 2, 2018

Yes X we would agree to add January 3, 2018 to January 2, 2021

No _____ we would not be interested in renewing this contract.

Sub Contractors:

Do you plan to sub-contract any portion of this contract? Yes X No _____

If yes, Please provide that company information below:

ATTACHMENT 1

STATE OF CALIFORNIA
 COUNTY OF LOS ANGELES

PROPOSER'S AFFIDAVIT

Jason Bethke being first duly sworn, deposes and says:

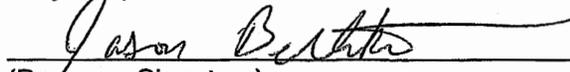
1. That he/she is the Vice President of Global Water Management, LLC
 (Title of Office) (Name of Company)

Hereinafter called "Proposer", who has submitted to the City of Torrance a proposal for

RFP No. 2010-05 Request for Proposal to Provide Utility Billing Services for the City of Torrance
 (Title of RFP)

2. That the proposal is genuine; that all statements of fact in the proposal are true;
3. That the proposal was not made in the interest or behalf of any person, partnership, company, association, organization or corporation not named or disclosed;
4. That the Proposer did not, directly or indirectly, induce solicit or agree with anyone else to submit a false or sham proposal, to refrain from proposing, or to withdraw his proposal, to raise or fix the proposal price of the Proposer or of anyone else, or to raise or fix any overhead, profit or cost element of the Proposer's price or the price of anyone else; and did not attempt to induce action prejudicial to the interest of the City of Torrance, or of any other Proposer, or anyone else interested in the proposed contract;
5. That the Proposer has not in any other manner sought by collusion to secure for itself an advantage over the other Proposer or to induce action prejudicial to the interests of the City of Torrance, or of any other Proposer or of anyone else interested in the proposed contract;
6. That the Proposer has not accepted any proposal from any subcontractor or materialman through any proposal depository, the bylaws, rules or regulations of which prohibit or prevent the Proposer from considering any proposal from any subcontractor or material man, which is not processed through that proposal depository, or which prevent any subcontractor or materialman from proposing to any contractor who does not use the facilities of or accept proposals from or through such proposal depository;
7. That the Proposer did not, directly or indirectly, submit the Proposer's proposal price or any breakdown thereof, or the contents thereof, or divulge information or data relative thereto, to any corporation, partnership, company, association, organization, proposal depository, or to any member or agent thereof, or to any individual or group of individuals, except to the City of Torrance, or to any person or persons who have a partnership or other financial interest with said Proposer in its business.
8. That the Proposer has not been debarred from participation in any State or Federal works project.

Dated this 27th day of April, 2010.


 (Proposer Signature)

Vice President
 (Title)

RFP- Submittal Requirement Acknowledgement (continued)

Proposer must complete each item in the Proposer's Comments Column by answering the question in the space provided or by indicating the item is answered on an additional sheet and referencing that page number.

Requirement	Proposer's Comments Column	Additional Sheet Reference Page #
Describe your approach to sending the City daily cash collections		
Describe your policy and procedures on reconciling cash received for the City of Torrance		
Describe your policy and procedures for separating the City of Torrance monies from that of any and other agencies that the proposer is now collecting for or may collect for in the future		
How will you maintain un-collectable accounts at no more than 0.2% of total monthly revenues?		
Describe in detail your company's policy on handling aged receivables.		

RFP Submittal - Price Proposal

Monthly Customer Service Contract	\$ 38,136
Monthly cost of operating a local payment center in Torrance	\$ 11,320
Estimated Monthly Postage	\$ 6,100
Costs of implementation (One-time cost for start-up conversion)	\$ 197,500