

SOFTWARE LICENCE AND IMPLEMENTATION AGREEMENT

BETWEEN

ADVANCED UTILITY SYSTEMS CORPORATION

- and -

THE CITY OF REDLANDS

**Advanced Utility Systems Corporation
2235 Sheppard Avenue East, Suite 1702
Toronto, Ontario M2J 5B5**

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SOFTWARE LICENCE AND IMPLEMENTATION AGREEMENT

THIS AGREEMENT made as of the 21st day of June 2000.

BETWEEN:

ADVANCED UTILITY SYSTEMS CORPORATION
("Consultant")

- and -

THE CITY OF REDLANDS
("Organization")

RECITALS

1. The Consultant owns the Software (as defined below);
2. The Organization wishes to (a) acquire a license to utilize the Software, and (b) retain the Consultant to perform the Services (as defined below); and
3. The Consultant wishes to (a) grant the Organization a license to utilize the Software, and (b) provide the Services to the Organization, all upon the terms and conditions set out in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants set out in this Agreement and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties agree as follows:

ARTICLE I INTERPRETATION

1.1 Definitions

Throughout this Agreement, except as otherwise expressly provided, the following words and expressions shall have the following meanings:

- (a) "Agreement", "this Agreement", "the Agreement", "hereof", "herein", "hereto", "hereby", "hereunder" and similar expressions mean this Software Licence and Implementation Agreement, including all of its Schedules and all instruments supplementing, amending or confirming this Agreement. All references to "Articles" or "Sections" mean and refer to the specified Article or Section of this Agreement.

- (b) **“Completion of Services”** means that all conversion, installation, configuration, training, testing and other implementation procedures as described in the implementation process checklist and timetable attached hereto as Schedule “B” and Schedule “B1” have been successfully completed and the Software is fully operational and performing in conformity with the specifications set out herein. For purposes of this Agreement, Completion of Services will be deemed to have occurred on the date which the Organization commences using the Software as its predominate billing system.
- (c) **“Designated Staff Members”** means those staff members of the Organization designated by the Organization in Schedule “B” and Schedule “B1” as “Designated Staff Members” for the purposes of this Agreement.
- (d) **“Project Manager”** has the meaning set out in Section 3.3(c) hereof.
- (e) **“Required Programs”** has the meaning set out in Section 3.3(b) hereof.
- (f) **“Services”** has the meaning set out in Section 3.1 hereof.
- (g) **“Server Licence”** means the non-exclusive license granted to the Organization pursuant to Section 2.1(a) hereof, to configure and install the Software on the Organization’s server computers to enable Users to access and use the Software pursuant to User Licences.
- (h) **“Software”** means the utility billing and customer service computer software programs owned and developed by the Consultant, in machine readable, object code form, collectively called CIS2000, together with the media and other related materials, all as more particularly described in Schedule “A” and Schedule “A1” attached hereto.
- (i) **“Support Agreement”** has the meaning set out in Section 3.4 hereof.
- (j) **“User”** means each individual granted access to the Software pursuant to a User License.
- (k) **“User Licence”** means each license granted pursuant to Section 2.1(b) of this Agreement, to allow an individual to access the Software within the Organization’s computer network.
- (l) **“Warranty Period”** means a period of three months from the date of Completion of Services, during which time the Consultant shall correct any errors or malfunctions reported to the Consultant by the Organization in accordance with Section 4.2 of this Agreement.
- (m) **“Modification” or “Software Change”** means a change to the source code of the software that results in the addition of a feature or enhanced functionality or the correction of existing source code to improve the operation of the software.

(n) **“Change Order” means** that The Organization and Consultant may, from time to time, agree in writing upon Change Orders to change particular aspects of the Statement of Work. With respect to proposed Change Orders that do not materially impact the scope of either party's work effort required under this Agreement, the parties will cooperate in good faith to agree upon such Change Orders and will not unreasonably withhold approval of such Change Orders that are proposed by the other party. If either party causes or requests a change that materially impacts the scope of the parties' work effort required under this Agreement, such as changes in the allocation of Organization and Consultant's resources applied to a task, changes in completion schedules for individual tasks or for overall implementation, and changes in staffing that require a party to provide additional work hours, the other party may propose a Change Order to cover the additional work effort required of it. Approval of such a Change Order will not be unreasonably withheld, and any disputes regarding Change Orders shall be handled pursuant to applicable dispute resolution section contained herein.

1.2 Time of the Essence

Time shall be of the essence in and of this Agreement and every part hereof. Any extension, waiver or variation of any provision of this Agreement shall not be deemed to affect this provision and there shall be no implied waiver of this provision.

1.3 Currency

Unless otherwise specified, all references to amounts of money in this Agreement refer to U.S. currency.

1.4 Headings

The descriptive headings preceding Articles and Sections of this Agreement are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content of such Articles or Sections. The division of this Agreement into Articles and Sections shall not affect the interpretation of this Agreement.

1.5 Plurals and Gender

The use of words in the singular or plural, or referring to a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such persons or circumstances as the context otherwise permits.

1.6 Schedules

The Schedules described below and appended to this Agreement shall be deemed to be integral parts of this Agreement.

Schedule “A” -	Detailed Description of Software
Schedule “A1” -	Response to Request for Proposals
Schedule “B” -	Implementation Process Checklist and Timetable
Schedule “B1” -	Statement of Work
Schedule “C” -	Support Agreement
Schedule “D” -	Fee Structure and Payment Schedule

ARTICLE II SOFTWARE LICENCES

2.1 Grant of Licenses

Subject to the terms and conditions of this Agreement, the Consultant hereby grants to the Organization:

- (a) A non-exclusive Server Licence; and
- (b) 18 non-exclusive User Licenses to allow no more than 18 concurrent Users in the Organization to utilize the Software within the Organization's computer network.

2.2 Term of Licenses

The licenses granted herein commence on the date of this Agreement and are of indefinite duration unless terminated pursuant to the terms hereof.

2.3 Restrictions on Use

The licenses granted hereunder are restricted to use by the Organization to perform the basic functions of billing and customer service Organization, which functions are more particularly set out in the chart constituting part of Schedule "A" and Schedule "A1".

2.4 Derivation, Modification and Copyright

- (a) The Organization 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. The Organization further agrees that it will not attempt to duplicate, or permit or help others to duplicate, the source code relating to the Software.
- (b) The Organization agrees that it will not copy or otherwise reproduce the Software and that any additional copies as are reasonably necessary for the use of the Software shall be provided to the Organization through the issuance of additional User Licenses at the Consultant's then current charges, except that any additional User Licenses required by the Organization within 90 days of signing this Agreement shall be issued to the Organization in exchange for the User License fee specified in Schedule "D" to this Agreement.

2.5 Acceptance of Software

The Organization shall promptly test the Software upon delivery and shall accept such Software if it conforms to the specifications set forth in the description of the Software set out in Schedule "A" and Schedule "A1" and attached. The Organization shall be deemed to have accepted such Software if the Organization does not give a written statement of errors or malfunctions to the Consultant within the Warranty Period.

2.6

Ownership of Software and Confidential Information

- (a) The Organization acknowledges that the Software contains proprietary and confidential information of the Consultant which shall, at all times, remain the property of the Consultant. Through the grant of licenses pursuant to Section 2.1, the Organization is only entitled to use of the Software in accordance with the terms of this Agreement.
- (b) The Organization will ensure that the Universal Copyright Convention symbol and other copyright and proprietary notices of the Consultant will remain on the Software in machine-readable form. The Organization will take the same care to safeguard the Software as it takes to safeguard its own confidential information and such care shall not be any less than would be taken by a reasonable person to safeguard its own confidential information.
- (c) No third party, other than duly authorized agents or employees of the Organization authorized pursuant to the User Licenses issued hereunder, shall have access to or use of the Software.
- (d) In order to assist the Consultant with the protection of its proprietary rights with respect to the Software and to enable the Consultant to ensure that the Organization is complying with its obligations with respect to the proprietary nature and confidentiality of the Software, the Organization shall permit the Consultant upon no less than ten (10) business days' notice to the Organization, to visit during normal business hours any premises at which the Software is used and shall provide the Consultant with access to such Software. In exercising its rights under this 2.6 (d), the Consultant must act reasonably and not unduly interfere with the business of the Organization.

2.7

Escrow

- (a) The Consultant shall keep a copy of the source code for the Software (the "Source") with a third-party escrow service provider selected by the Consultant from time to time (the "Escrow Agent"). As of the date of this Agreement, the Escrow Agent is Lincoln Parry and Associates.
- (b) The Consultant hereby grants the Organization a contingent licence, subject to the conditions of Sections 2.7(c) and 2.7(d) herein, to use the copy of the Source maintained by the Escrow Agent for support purposes only.
- (c) The contingent licence referred to in Section 2.7(b) shall only be available to the Organization to the extent that the Organization has a Support Agreement in effect with the Consultant immediately prior to the occurrence of any event specified in Section 2.7(d). If no such Support Agreement is in effect, the Organization may retain the licences granted to it pursuant to Section 2.1, but will relinquish its rights to receive any updates or modification of the Software or continuing

support from the Consultant. Furthermore, the Organization will relinquish its rights to access the Source upon the occurrence of any of the events specified in Section 2.7(d). To the extent that the Organization terminates its Support Agreement, the provisions in this Agreement respecting the use of the Software and the terms of the licences granted hereby, will continue to apply following any such termination.

- (d) The contingent licence granted pursuant to Section 2.7(b) shall, to the extent it remains available to the Organization, become exercisable if and when any of the following events occur:
 - (i) the Consultant ceases to do business for any reason whatsoever;
 - (ii) The Consultant fails or refuses to perform its obligations under this Agreement or provide the Organization with support for the Software pursuant to the Support Agreement (except as a result of a failure by the Organization to comply with its obligations under this Agreement or the Support Agreement), the Organization has issued written notice to the Consultant in respect of such failure or refusal pursuant to Section 8.3(a), and the Consultant has not cured the failure or refusal indicated in such written notice or issued a written notice of its own to the Organization disputing the default alleged by the Organization;
 - (iii) The Consultant commits any act of bankruptcy within the meaning of the *Bankruptcy Act*, and fails to cure such act within 30 days of the commission of such act; and
 - (iv) The Consultant institutes or has instituted against it bankruptcy, receivership, insolvency, re-Organization, dissolution, liquidation or other similar proceedings under any federal or provincial laws and, in the case of any proceedings instituted against the Consultant, it fails to stay such proceedings or vacate or dismiss any order resulting therefrom within 60 days of the initiation of such proceedings or the issuance of such order, as the case may be.
- (e) On the occurrence and during the continuance of any of the conditions listed in Section 2.7(d), and at the Organization's request, validation of Source shall be performed as follows:
 - (i) The Consultant or a duly qualified computer programmer selected by the Organization (the "Programmer") shall retrieve the Source from the Escrow Agent and shall perform the necessary Source verification and testing procedures at the premises of the Organization on the Organization's computer systems;

- (ii) The Programmer shall proceed to carry out the steps necessary to correct any deficiencies in the existing Software utilizing the Source; and
 - (iii) Following the completion of said verification and correction procedures, the Consultant or Programmer shall return the Source to the Escrow Agent.
- (f) The provisions of this Section 2.7, and the requirement of the Escrow Agent to perform its duties in accordance with this Section 2.7, shall be subject to:
 - (i) The Organization executing any standard form documentation containing reasonable terms required by the Escrow Agent in connection with the performance of its duties and obligations hereunder; and
 - (ii) The payment by the Organization of the fees specified by the Escrow Agent from time to time, as more particularly set out in Section 0 of this Agreement.

2.8 Ownership and Disposition of Documents

The Organization shall be the exclusive owner of all materials and documents which were developed or prepared by the Consultant specifically for the Organization pursuant to this Agreement. All materials and documents which were developed or prepared by the Consultant for general use and which are not the copyright of any other party or publicly available, including educational materials, the Software and any other computer applications, shall continue to be the property of the Consultant.

ARTICLE III CONSULTING SERVICES

3.1 The Consultant's Services

Prior to the Completion of Services, the Consultant agrees, subject to the terms and conditions of this Agreement, to perform the following services (the "Services") for the Organization:

- (a) Oversee and implement the conversion from the Organization's existing utility billing and customer service system to CIS2000 substantially in accordance with the implementation process checklist and timetable attached hereto as Schedule "B" and Schedule "B1".
- (b) Install the Software, perform necessary set up and configuration operations, and perform initial testing and parallel testing as described in Schedule "B" and Schedule "B1" attached hereto.
- (c) Provide the training outlined on Schedule "B" and Schedule "B1" attached hereto to Designated Staff Members of the Organization.

- (d) The Consultant has agreed to work together with SunGard to provide an interface between SunGard's Accounts Receivable module and the Consultant's CIS2000 product. The interface will function in accordance with the final specifications written by SunGard, and agreed to by the Consultant, and signed off by the Organization..

3.2

Performance by Consultant

- (a) Manner of Performance -- The Consultant shall perform the Services in an efficient, competent and timely manner and exercise reasonable care, skill and diligence in the performance thereof.
- (b) Consultant's Discretion -- The Consultant shall determine in its discretion acting reasonably and in consultation with the Organization and based on the details outlined in Schedule "B1", the manner and means by which the Services shall be performed.
- (c) Conduct on Organization's Premises -- The Services shall be performed with the Organization's full co-operation, on the premises of the Organization or, if agreed to by both parties, at an alternative location. The Consultant agrees, while working on the Organization's premises, to observe the Organization's rules and policies relating to the security thereof, access to or use of all or part of the Organization's premises and any of the Organization's property, including proprietary or confidential information.
- (d) Inquiries by Organization -- The Consultant shall respond expeditiously to any inquiries pertaining to this Agreement from the Organization.

3.3

Performance by Organization

- (a) Co-operation by Organization -- The Organization acknowledges that the success and timeliness of the implementation process, as detailed in Schedule "B1", shall require the active participation and collaboration of the Organization and its Designated Staff Members and agrees to act reasonably and co-operate fully with the Consultant to achieve the Completion of Services.
- (b) Required Programs. The Organization acknowledges that the use of the Software requires that the Organization obtain and install additional required software programs (the "Required Programs"), as detailed in the attached Schedule "A" and Schedule "A1", and the Organization agrees that the acquisition of the Required Programs shall be at its sole cost and that the cost thereof is not included in the fees herein. The Organization further acknowledges that the operation of the Software requires the Organization's hardware to be of sufficient quality, condition and repair, and the Organization agrees to maintain its hardware in the appropriate quality, condition and repair at its sole cost and expense, in order to facilitate the achievement of Completion of Services.

- (c) Project Manager -- The Organization shall appoint a project manager (the "Project Manager") who shall work closely with the Consultant to facilitate the successful completion of the implementation process and who shall be responsible for supervising the Designated Staff Members of the Organization and their co-operation with and participation in such process.

3.4 Support Agreement

Concurrently with the execution and delivery of this Agreement, the Consultant and the Organization have entered into a support agreement (the "Support Agreement") in the form of and on the terms set out in the attached Schedule "C" which shall apply in respect of the ongoing services and support to be provided by the Consultant to the Organization following the expiry of the Warranty Period. Notwithstanding the ongoing application of the Support Agreement, the terms and conditions of this Agreement shall continue to apply and the Support Agreement is not intended to, nor will it, apply to the exclusion of this Agreement.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

4.1 Warranty of Performance

The Consultant warrants to the Organization that the Software will perform for the Warranty Period, if the Software is properly used in accordance with the Consultant's instructions. This warranty is void if the Organization or any other third party changes or modifies the Software, as defined in Section 1.1(m). Examples of such changes or modifications include, but are not limited to, data modifications from third party software, the de-compiling and modifying of the source code, and tampering with the base set-up of the system.

4.2 Intellectual Property Rights

The Consultant warrants:

- (a) That it has the full right, authority and power to enter into this Agreement and to grant to the Organization the licenses and rights conveyed by this Agreement; and
- (b) That the Software is an original work of authorship and does not infringe the intellectual property rights of others.

4.2 Corrections

The Consultant covenants that it will make corrections of program malfunctions which are reported in writing to the Consultant during the Warranty Period and which are necessary for the Software to conform to the description provided in Schedule "A" and Schedule "A1". The Organization agrees to allow the Consultant the opportunity to make repeated efforts within a reasonable time to correct programming errors or malfunctions as warranted in this Agreement.

4.3

No Other Warranties

The express warranties contained above are in lieu of all other representations, warranties and conditions, express or implied, whether arising by statute or otherwise in law or from a course of dealing, or usage of trade. Without limiting the generality of the foregoing, the Consultant does not represent or warrant and the Organization acknowledges that there are no further representations or warranties:

- (a) That the functions contained in the Software will operate in the combinations which may be selected for use by the Organization or will meet the Organization's requirements and satisfy its intended results; or
- (b) That the operation of the Software will be error free or that:
 - (i) Any programming errors will be corrected after the Warranty Period, or
 - (ii) Any updates of, or modifications to, the Software will be made available to the Organization after the Warranty Period,

in each case unless there is an effective Support Agreement in place after the Warranty Period in respect of the period of time during which any such programming errors require correction, or any updates of, or modifications to, the Software, are developed by the Consultant and made available to the other licensees of the Software.

ARTICLE V FEES AND PAYMENTS

5.1

Fees and Payments

- (a) The Organization agrees to pay the Consultant total licence fees of \$80,000.00, consisting of fees for both the Server License and the User Licenses. In addition, the Organization agrees to pay Consultant an hourly rate of \$120.00 per hour as compensation for providing the Services to the Organization. The fee structure and payment schedule is outlined in the attached Schedule "D".
- (b) The Services will be charged to the Organization at the rates and under the schedule set forth in Schedule D, on a not-to-exceed basis subject to the maximum cost to the Customer of \$173,000.00 as set forth in Schedule D. As used in this Article V, "not-to-exceed" means that Consultant will perform its obligations under this Agreement even if it is required to expend more than the number of hours used to determine the cost set forth in Schedule D and will not charge the Organization for such excess hours unless otherwise permitted under this Agreement. In no event will the cost to the Organization of the Services exceed the maximum contract price as set forth in Schedule D, unless agreed upon in advance in writing signed by authorized representatives of both parties. Services to be provided by Consultant under any duly authorized Change Orders that increase the maximum contract price will be provided at then current hourly rates.

- (c) The Organization shall reimburse the Consultant for its direct expenses, including, but not limited to:
 - (i) courier services;
 - (ii) photocopying, faxing and reproduction;
 - (iii) all reasonable travel costs including, meal expenses of not more than \$35.00 per diem (receipts provided) and a mileage charge of 32.5 cents per mile;
 - (iv) long distance telephone calls; and
 - (v) all other reasonable expenses incurred in the performance of the Consultant's duties.
- (d) In addition to all other amounts payable under this Agreement, the Organization shall pay any initial and annual fees charged by the Escrow Agent for performing its obligations under Section 2.7. The Consultant shall use its commercially reasonable efforts to negotiate the best possible fee structure with the Escrow Agent. The Escrow Agent may charge a one-time annual fee or a fee based on the number of beneficiaries entitled to access the Source. In either case, the Consultant shall be entitled to pass on to the Organization any fees relating to the Escrow Agent reasonably attributable to the Organization, provided that the Organization remains entitled to access the Source pursuant to Section 2.7(c). Upon receiving any invoice from the Escrow Agent that requires payment by the Organization, the Consultant shall submit the relevant invoice to the Organization, together with background documentation confirming the amount attributable to the Organization and evidence that the Consultant has paid the fees that are subject to such invoice. Within 30 days following receipt of such invoice, the Organization shall reimburse the Consultant for the amounts attributable to the Organization, as more particularly set out in the documentation submitted by the Consultant. The Consultant reserves the right to change the Escrow Agent from time to time in order to obtain the most appropriate package of fees and services, as determined by the Consultant, in its sole discretion. In the event that the Escrow Agent is replaced, prompt written notice of such replacement shall be provided to the Organization and the Organization shall execute any documentation reasonably required by the Escrow Agent in order to give effect to the provisions of this Agreement.
- (e) The fees herein do not include sales, uses, excise, personal property or other taxes or custom charges or duties or other duties of any locality or jurisdiction and any such taxes or duties, including the Goods and Services Tax and Provincial Sales Tax, shall be the responsibility of and be paid by the Organization.

ARTICLE VI REMEDIES AND LIABILITY

6.1 Remedies and Liability

- (a) Termination of this Agreement shall not affect any right of action of either party arising from anything which was done or not done, as the case may be, prior to the termination taking effect.
- (b) The Organization and the Consultant recognise that circumstances may arise entitling the Organization to damages for breach or other fault on the part of the Consultant arising from this Agreement. The parties agree that in all such circumstances the Organization's remedies and the Consultant's liabilities will be limited as set forth below and that these provisions will survive notwithstanding the termination or other discharge of the obligations of the parties under this Agreement.
 - (i) For breach or default by the Consultant or otherwise in connection with this Agreement, including a breach or default entitling the Organization to rescind or be discharged from the provisions of this Agreement and whether in the nature of a breach of condition or a fundamental breach, the Organization's exclusive remedy, in addition to electing if so entitled to rescind or be discharged from the provisions of this Agreement, shall be payment by the Consultant of the Organization's direct damages to a maximum amount equal to, and the Consultant shall in no event be liable in excess of, the lesser of (x) the fees payable to the Consultant provided for herein, and (y) the amount actually paid by the Organization under this Agreement up to and including the date of termination.
 - (ii) In no event shall any damages include, nor shall the Consultant be liable for, any special, indirect or consequential damages even if the Consultant has been advised of the possibility thereof. Without limiting the generality of the foregoing, the Consultant shall not be liable for lost profits, lost business revenue, failure to realize expected savings, other commercial or economic loss of any kind, or for any claim whatsoever against the Organization by any other party.
 - (iii) Clauses (i) and (ii) shall apply in respect of any claim, demand or action by the Organization irrespective of the nature of the cause of action underlying such claim, demand or action, including, but not limited to, breach of contract or tort.

6.2 Intent

The parties hereby confirm that the waivers and disclaimers of liability, releases from liability, limitations and apportionments of liability, and exclusive remedy provisions expressed throughout this Agreement shall apply even in the event of default, negligence (in whole or in part), strict liability or breach of contract of the person released or whose liability is waived, disclaimed, limited, apportioned or fixed by such remedy provision, and shall extend to such person's affiliates and to its shareholders, directors, officers, employees and affiliates.

6.3 Remedies

Where remedies are expressly afforded by this Agreement, such remedies are intended by the parties to be the sole and exclusive remedies of the Organization for liabilities of the Consultant arising out of or in connection with this Agreement, notwithstanding any remedy otherwise available at law or in equity.

ARTICLE VII INDEMNITY

7.1 Indemnity

- (a) Organization's Indemnity -- The Organization shall indemnify and save harmless the Consultant, its successors and assigns together with its officers, directors, employees, agents and those for whom it is in law responsible, only from and against any and all liabilities, damages, costs, expenses, causes of action, claims, suits, proceedings and judgments (collectively "Claims") which they may incur or suffer or be put to by reason of or in connection with or arising from any breach, violation or non-performance by the Organization of any obligation contained in this Agreement to be observed or performed by the Organization, or any wrongful act or negligence of the Organization or its agents or employees which relates to this Agreement, howsoever arising. The Organization acknowledges and agrees that this indemnity shall survive any termination of this Agreement.
- (b) Consultant Indemnities - The Consultant shall indemnify and save harmless the Organization, its successors and assigns together with its officers, directors, employees, agents and those for whom it is law responsible (collectively, the "Organization Indemnified Parties") from and against any and all Claims which they may incur or suffer or be put to by reason of or in connection with or arising from (i) any breach, violation or non-performance by the Consultant of any obligation contained in, or relating to, this Agreement to be observed or performed by the Consultant and such liability shall not exceed (other than, to the extent applicable, in respect of the acts or omissions referred to in (ii) below) the Consultant's liability under Section 6.1(b) of this Agreement; and (ii) any wrongful or negligent acts or omissions of the Consultant, its agents or employees which give rise to a tortious Claim against the Organization and, in such circumstances, the Consultant shall defend the Organization Indemnified Parties from such Claim (in addition to providing its indemnity).

The Consultant acknowledges and agrees that these indemnities shall survive any termination of this Agreement.

ARTICLE VIII GENERAL

8.1 Force Majeure

Neither party shall be liable for delay or failure in performance resulting from acts beyond the control of such party including, but not limited to, acts of God, acts of war or of the public enemy, riots, fire, flood, or other natural disaster, acts of government, strike, walkout, communication line or power failure, failure in operability or destruction of the Organization's computer (unless by reason of the negligence of a party to this Agreement) or failure or inoperability of any software other than the Software.

8.2 Confidentiality

- (a) Duty Owed to the Organization -- The Consultant acknowledges that it may receive information from the Organization or otherwise in connection with this Agreement or the performance of the Services. Except for information in the public domain, unless such information falls into the public domain by disclosure or other acts of the Consultant or through the fault of the Consultant, the Consultant agrees:
- (i) To maintain this information in confidence;
 - (ii) Not to use this information other than in the course of this Agreement;
 - (iii) Not to disclose or release such information except on a need-to-know only basis;
 - (iv) Not to disclose or release such information to any third person without the prior written consent of the Organization, except for authorized employees or agents of the Consultant; and
 - (v) To take all appropriate action, whether by instruction, agreement or otherwise, to ensure that third persons with access to the information under the direction or control or in any contractual privity with the Consultant, do not disclose or use, directly or indirectly, for any purpose other than for performing the Services during or after the term of this Agreement, any material or information, including the information, without first obtaining the written consent of the Organization.
- (b) Duty Owed to the Consultant -- The parties agree that if the Organization shall breach any term of Section 0 of this Agreement entitled "Ownership of Software and Confidential Information", then the Consultant shall have the right to terminate this Agreement and the grant of licences herein forthwith without giving notice as set forth in Section 8.3(b).

8.3

Termination

- (a) If the Consultant should neglect to perform the Services properly or otherwise fail to comply with the requirements of this Agreement, the Organization must notify the Consultant in writing of such default (a "Default Notice"). Upon receipt of a Default Notice, the Consultant must either correct the default at no additional cost to the Organization, or issue a written notice of its own disputing the alleged default, in either case within 15 days immediately following receipt of a Default Notice. If the Consultant fails to correct the default, or issue a notice disputing the alleged default, in either case within 15 days following receipt of the Default Notice, the Organization may terminate the part of this Agreement relating to the provision of Services and in such case will be responsible for payment to the Consultant of only that part of the fee earned by the Consultant for those Services performed up to the time of communication of such notice of termination to the Consultant.
- (b) If the Organization should fail to comply with its obligations under this Agreement, the Consultant must notify the Organization in writing of such default (a "Default Notice"). Upon receipt of a Default Notice, the Organization must correct the default at no additional cost to the Consultant, or issue a written notice of its own disputing the alleged default, in either case within 15 days immediately following receipt of a Default Notice. If the Organization fails to correct the default, or issue a notice disputing the alleged default, in either case within 15 days following receipt of the Default Notice, the Consultant may terminate the whole of this Agreement including the grant of licence to the Software and in such case the Organization will be responsible for payment to the Consultant of only that part of the fee earned by the Consultant for that part of the Services performed in accordance with this Agreement up to the time of communication of such notice of termination to the Organization.

8.4

Procedure on Termination

If this Agreement is terminated prior to the Completion of Services, then within 15 days following such termination, the Organization shall return the Software to the Consultant and shall certify, under the hand of a duly authorized officer of the Organization, that all copies of the Software or any part thereof, in any form, within the possession or control of the Organization have been returned to the Consultant. If this Agreement is terminated following the Completion of Services, then the Organization may retain the copy of the Software in its possession as of the Completion of Services but it shall not be entitled to any additional User Licences, nor will it receive updates of, or modifications to, the Software made by the Consultant. Finally, it will not be entitled to access the Source through exercise of the licence granted pursuant to Section 2.7 of this Agreement. Notwithstanding the foregoing, the Organization will remain subject to the obligations imposed upon it pursuant to this Agreement with respect to the Software, including, but not limited to, such obligations relating to ownership of the Software and confidentiality.

8.5

Dispute Resolution

The parties will make a good faith effort to resolve any dispute relating to or arising under the Agreement before commencing any formal proceedings within five (5) business days of a written notice of a dispute sent by either party. The Consultant Account Manager and the Organization Project Manager will meet to discuss the issues involved in the dispute. If the dispute is not resolved within five (5) business days of the meeting of the Consultant Account Manager, the Organization's Project Manager, the Consultant Senior Client Services Manager responsible for the Project and the Organization's Contracting Officer will meet on site to attempt to resolve the dispute. If the dispute is not resolved within ten (10) business days of the meeting, the Consultant Senior Client Services Manager responsible for the project and the Organization's Contracting Officer, the parties will mutually retain a representative from the American Arbitration Association (AAA) to act as a neutral third party mediator to seek a consensus resolution in outside mediation. Outside mediation shall occur within twenty (20) business days of the date of internal mediation impasse reached between Consultant Senior Client Services Manager and Organization's Contracting Officer. If such consensus cannot be reached within fifteen (15) business days of the commencement of the mediation, the parties then may resort to other legal means to resolve such dispute. The parties shall bear their own respective costs and Attorney's fees in connection with the mediation. Notwithstanding the foregoing, either party may file suit to seek temporary injunctive relief at any time in the event of actual or threatened breach of the Agreement justifying such relief. The prevailing party in any injunctive proceeding shall be entitled to recover its reasonable attorney's fees and costs from the other party.

8.6

Accounts and Records

The Consultant shall:

- (a) Keep proper and detailed accounts in accordance with accepted accounting practices of all factors entering into the computation of the amounts payable pursuant to this Agreement; and
- (b) For a period of two years from the date of Completion of Services by the Consultant, preserve all accounts and other documentation relating to the Organization and keep them available for inspection by the Organization or its representative, at any time. The Consultant agrees that this obligation shall survive any termination of this Agreement.

8.7

Addresses for Notice

Any notice required or permitted to be given to any party to this Agreement shall be given in writing and shall be delivered personally, mailed by prepaid registered post or sent by facsimile to the appropriate address or facsimile number set out below. Any such notice shall be conclusively deemed to have been given and received on the day on which it is delivered or transmitted (or on the next succeeding business day if delivered or received by facsimile after 5:00 p.m. local time on the date of delivery or receipt, or if delivered or received by facsimile on

a day other than a business day), if personally delivered or sent by facsimile or, if mailed, on the third business day following the date of mailing, and addressed, in the case of the Consultant, to:

ADVANCED UTILITY SYSTEMS CORPORATION

2235 Sheppard Avenue East, Suite 1702
Toronto, ON, M2J 5B5

Attention: Patricia Sorbara, President
Telephone: (416) 496-0149 ext. 225
Fax: (416) 496-0319

and in the case of the Organization, to:

CITY OF REDLANDS

35 Cajon Suite 15A
Redlands, California, 92373

Attention: The Municipal Utilities Director
Telephone: 909-798-7698
Fax: 909-798-7670

Each party may change its particulars respecting notice, by issuing notice to the other party in the manner described in this Section (b).

8.8. Assignment

- (a) This Agreement is not assignable by the Organization without the prior, express, written permission of the Consultant, which may not be unreasonably withheld. The licenses granted hereunder and the Software may not be sublicensed, assigned or transferred.
- (b) Without derogating from the Consultant's right to withhold its consent to an assignment of this Agreement, no permission shall be granted unless the assignee executes an assumption agreement in favour of the Consultant, in form and substance satisfactory to the Consultant. Furthermore, as a condition to granting its consent to any assignment of the Agreement by the Organization, the Consultant may require that the assignee agree to pay an additional server license fee based on any additional User Licenses it purchases within a one year period following the assignment. The Server License fee set out in Schedule "D" hereto has been established on the basis of the Server License supporting approximately 18 User Licenses. To the extent that the Agreement is assigned by the Organization, and the assignee requires additional User Licenses to support its customer base, then in addition to the then applicable User License fee, the Consultant shall be entitled to receive, and the assignee shall pay, an additional Server License Fee equal to the Consultant's then prevailing prices.

8.9 Insurance and Worker's Compensation

At all times during its performance under this Agreement, the Consultant will maintain in force, insurance in the following forms of coverage and minimum amounts specified below. Said Commercial General Liability insurance policies must contain an endorsement that the Organization is named as an additional insured with respect to the work covered hereunder and must provide sixty (60) days notice be given to the Organization prior to cancellation or material reduction in coverage of the policy. The Consultant must then seek and secure replacement coverage in the same form as stated in this section within the 60 days or will be deemed in material breach of this Agreement. Should the Organization secure coverage on its own so as to avoid a lapse in coverage, the full amount of the premium shall be debited from any amounts due the Consultant. The Consultant will provide the Customer with certificates of insurance evidencing this coverage prior to the commencement of work.

- a. Worker's Compensation – The Consultant warrants that it has met all statutory requirements under the Worker's Compensation Act of Ontario.
- b. Comprehensive General Liability - \$1,000,000 per occurrence and \$2,000,000 in the aggregate for public liability, property damage, and personal injury.
- c. Professional Liability - \$500,000 per occurrence and \$1,000,000 in the aggregate.

8.10 Venue

In any action relating to this Agreement, each of the parties irrevocably consents to the exclusive jurisdiction and venue of the federal and state courts located in the State of California.

8.11 Binding Agreement and Enurement

This Agreement shall be binding upon the parties hereto and their respective successors and assigns. This Agreement shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.12 Entire Agreement

This Agreement shall constitute the entire agreement between the parties pertaining to the provision of Services, and will supersede all prior and contemporaneous agreements, understandings, negotiations and discussions between the Consultant and the Organization whether oral or written in respect of this matter. There are no representations, warranties, collateral agreements, conditions or other agreements between the parties hereto in connection with the subject matter hereof except as specifically set forth herein.

8.13 Governing Law

This Agreement shall be construed and enforced in accordance with the laws of the State of California applicable therein.

8.14 Invalidity

The invalidity or unenforceability of any provision or covenant contained in this Agreement shall not affect the validity or enforceability of any other provision or covenant herein contained and any such invalid provision or covenant shall be deemed to be severable.

8.15 Waiver

A term or condition of this Agreement may be waived or modified only by written consent of both parties. Forbearance or indulgence by either party in any regard shall not constitute a waiver of the term or condition to be performed, and either party may evoke any remedy available under the Agreement or by law despite such forbearance or notice.

8.16 Counterparts

This Agreement may be executed in counterparts (whether by facsimile signature or otherwise), each of which when so executed shall constitute an original and all of which together shall constitute one and the same instrument.

8.17 Further Assurances

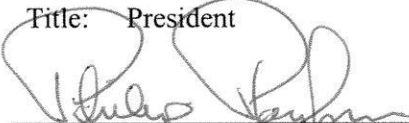
The parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party shall provide such further documents or instruments required by any other party as may be reasonably necessary or desirable to effect the purposes of this Agreement and carry out its provisions.

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement on the day and year first written above.

**ADVANCED UTILITY SYSTEMS
CORPORATION**

Per: 

Name: Patricia Sorbara
Title: President

Per: 

Name: Philip Playfair
Title: Vice-President

THE CITY OF REDLANDS

Per: 

Name: Pat Gilbreath
Title: Mayor

ATTEST:

Per: 

Name: Lorrie Poyzer
Title: City Clerk

SCHEDULE "A"

DETAILED DESCRIPTION OF SOFTWARE

1. The Software

CIS2000 is 32 -bit object-oriented software that operates in a Windows 95/NT environment.

The basic CIS2000 package is comprised of the following individual modules and sub-modules that perform the basic functions of a billing and customer service operation and includes all media and other materials related thereto:

Modules and Sub-Modules	
• Arrangement System • Billing (Water, Sewer, Electric) - Cycle Billing - Final Billing - Itron Billing - Manual Billing - Flat Rate Billing - Meter Add/Remove - Rate Code Changes - Sentinel Light Billing - Service Add/Remove - Water Heater Billing • Cash - Adjustment Entry - Cash Register - Deposit Adjustment Entry - Deposit Entry - Payment Entry - Penalty Processing • Collections and Inquiries	• Collections • Customer Service Inquiries • Deposits • G/L System • Letter System • Meter Inventory • Move In/Move Out Process • New Service System • Period End Routines • Post Billing Functions - Bill Cancel and Re-bill - Bill Cancellations - Bill Inquiries - Bill Reprint • Pre-Authorized Payment • Security/Menu System • Service Order System • User Task System • Transformer Inventory

2. Required Programs

- Windows 95/98/NT
- Appropriate Network Software
- P.C. Anywhere 9.0 (and any subsequent upgrades)

SCHEDULE “A1”
RESPONSE TO THE REQUEST FOR PROPOSALS
(ATTACHED)

Functional Category: Cashiering

F = Fully Provided "Out-of-the-Box"
M = Provided with Modification
C = Custom Development Required
TP= Third Party Software Required

R = Provided with Reporting Tool
NV = Provided in Next Version
NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
	Cashiering Design		
CS 1	Ability to create user-defined screens for cashiers.	F	
CS 2	Require a valid operator code in order to process a receipt.	F	
CS 3	Ability to secure registers at various levels (clerk, manager, etc.) depending on the function being performed.	F	
CS 4	Ability to generate a customer receipt as well as an internal transaction tape for each transaction processed. The internal transaction tape will be used to balance the drawer at the end of the day.	F	
CS 5	Ability to capture the transaction time of day on each transaction.	F	
CS 6	Ability to enter, track separately, and process simultaneously the following tendering situations: cash, check, charge card, and money orders and direct deposits..	F	
CS 7	Ability to process split or mixed tendering situations.	F	
CS 8	Ability to inquire into all of a customer's outstanding invoices/fees when receiving payments for any type of invoice/fee.	F	
CS 9	Ability to support dual cash drawers.	F	

Functional Category: Cashiering

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Reference Number	System Requirements	Vendor Response	Comments
CS 10	Ability to allow offline payment processing using PCs.	F	
CS 11	Ability to maintain default general ledger accounts for specific types of payments or receipts.	F	
CS 12	Ability to provide a user override of the default general ledger account(s) by an authorized user.	F	
CS 13	Ability to distribute payments or cash receipts to multiple general ledger accounts and funds.	F	
CS 14	Maintain user-defined cashier security tables for each cashier to be able to accept payments or receipts.	F	
CS 15	Accepts any type of cash receipt including utility payments, accounts receivable, building permits, other miscellaneous permits, licenses, fees, taxes, etc..	F	
CS 16	The ability to provide the option to have more than one operator working at a work station based upon security.	F	
CS 17	Provide on-line account number validation for accounts receivable payments.	F	
CS 18	Ability for cashier to collect payments for items that are not prebilled in any system (e.g., licenses, permits, etc.)	F	
CS 19	The ability, at the end of a cashier's scheduled work day, to produce a close-out report to be balanced with the cash, checks, money orders, etc. in the operator's drawer.	F	

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Reference Number	System Requirements	Vendor Response	Comments
CS 20	The ability to void a receipt through proper security.	F	
CS 21	Receipt Processing	F	
CS 22	Require a valid operator code in order to process a receipt.	F	
CS 23	Ability to process various types of receipts including:	X	
CS 24	Cash	F	
CS 25	Check	F	
CS 26	Money order	F	
CS 27	Bank card	F	
CS 28	Direct deposit	F	
CS 29	Allow for multi-line descriptions to be entered on each receipt.	F	

Functional Category: Cashiering

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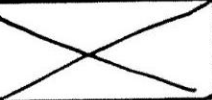
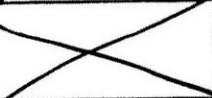
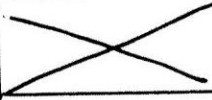
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Reference Number	System Requirements	Vendor Response	Comments
CS 30	Interface with a dog license or license statement	M	Minor Modification

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Reference Number	System Requirements	Vendor Response	Comments
	General Design		
UB 1	Customer Information System has the ability to provide the following information:		
UB 2	Customer service level information		
UB 3	Utilities service delivery information		
UB 4	Customer related service delivery assets information		
UB 5	Ability to support an unlimited number of billing cycles per month.	F	
UB 6	Ability to record performance measurement data (I.e., street sweeping frequency).		
UB 7	Ability to support multiple billing categories and rate algorithms in the following service categories:		
UB 8	Water	F	
UB 9	Sewer	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 10	Solid Waste	F	
UB 11	Miscellaneous (Household hazardous waste, street cleaning, etc.)	F	
UB 12	Internal Service (Billing)	F	
UB 13	Ability to accommodate workflow.	F	
UB 14	Ability to define an unlimited number of transaction charge codes.	F	
UB 15	Ability to update different general ledger accounts by charge code.	F	
UB 16	Ability to mark specific charge codes as higher/lower priority for partial payment distribution.	F	
UB 17	Ability to support multiple banks/bank accounts and designate deposits by charge code.	F	
UB 18	Ability to designate the sequence of printing on a bill of all charges.	F	
UB 19	Ability to exempt all or a portion of a charge code from penalties.	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 30	Exemption information (tax, penalties)	F	
UB 31	Telephone number	F	
UB 32	Indicator	F	
UB 33	Owner	F	
UB 34	Renter	F	
UB 35	Other (Management company, family member)	F	
UB 36	Special needs indicator	F	
UB 37	Non-resident code	F	
UB 38	Summary account balance	F	
UB 39	Cash only indicator	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 40	Social Security number	F	
UB 41	Number of NSF with date	F	
UB 42	Notes (including ability to maintain a chronology of note entries)	F	
UB 43	Customer Type (resident, multifamily, etc.)	F	
UB 44	Bill to address	F	
UB 45	Ability to set a minimum penalty amount.	F	
UB 46	Ability set certain charges to be exempt from penalties.	F	
UB 47	Ability to create an unlimited number of charges to be created for a service address with a specific stop or begin date.	F	
UB 48	Ability to allow for real-time account adjustments.	F	
UB 49	Ability to provide for a single inquiry into all meters at a service address.	F	

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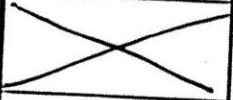
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Reference Number	System Requirements	Vendor Response	Comments
UB 50	Ability to send a duplicate bill to an alternate address (landlord).	F	
UB 51	Ability to calculate consumption based upon user-defined units.	F	
UB 52	Ability to accept full, partial and pre-payments. Distributes payments (could be between funds) received on a prorata basis of what is owed based on user-defined formula.	F	
UB 53	Ability to create deferred payment plans, which produce cutoff notices when payments to the plan are delinquent. (Payment plan to be independent of the regular collection process.)	F	
UB 54	Ability to create user-defined customer classification codes (i.e., residential, commercial, etc.).	F	
UB 55	Ability to define normal consumption ranges by categories with ability to override for specific accounts.	F	
UB 56	Ability to add user-defined fields.	M	
UB 57	Ability to interface with GIS systems such as ArcInfo.	F	Currently a client interfaces with Archview
	Services/Rate Tables	X	

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Reference Number	System Requirements	Vendor Response	Comments
UB 58	Ability to create user-specified and maintained rate tables.	F	
UB 59	Ability to create base charges for non-metered services such as sewer on water consumption from customer's water consumption.	F	
UB 60	Ability to vary rate structure to accommodate an unlimited number of rate tables for each service.	F	
UB 61	Ability to flag customers where wrong rate schedules are being applied.	F	This would be done using C/S2000 Advanced Search.
UB 62	Ability to accommodate flat rate billings or one time special charges.	F	
UB 63	Ability to provide for bank draft option for customers. Bills marked "Paid by Draft" should be printed for customers on bank draft. An ACH file should be created by the system on magnetic media or by modem to send to the appropriate bank for processing.	F	
UB 64	Ability to bill an average bill for a specific quarter and the next quarter after receiving a reading to bill based on consumption adjusted for the estimated meter reading.	F	
	Penalties/Late Notices		
UB 65	Ability to send out past due notices automatically under user-defined thresholds.	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 66	Ability to automatically add late penalties or interest charges to delinquent accounts according to a flexible rate structure determined by the user.	F	
UB 67	Ability to create a cut-off list after printing a preview report which can be reviewed for possible revisions.	F	
UB 68	Ability to track and rebill delinquent customers who move away.	F	
	Bad Debt	X	
UB 69	Ability to select accounts for write-off using user-defined criteria.	NV	
UB 70	Ability to export data to tape or diskette transfer to an outside agency for subsequent collection activity.	F	
	Customer Transfers	X	
UB 71	Ability to maintain the date of the transfer and the account transferred to or from.	F	
UB 72	Ability to view when a new customer has moved into an existing service address.	F	
	Billing Features	X	

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Reference Number	System Requirements	Vendor Response	Comments
UB 111	Ability to maintain audit trail information for all processing activities.	F	
	Order Planning and Scheduling	X	
UB 112	Ability to require departments requesting work to encumber funds in the General Ledger and other modules if applicable.	TP	CIS2000 would interface with the accounting package
UB 113	Ability to estimate order costs for planned work based on resource estimates.	TP	
UB 114	Ability to schedule personnel and equipment to accomplish work orders.	NA	CIS2000 could link to financial and scheduling software to accomplish this.
UB 115	Ability to schedule various work order tasks based on available resources.	NA	
UB 116	Ability to warn of potential resources scheduling conflicts.	NA	
UB 117	Ability to notify employees of tasks to complete as scheduled.	F	
UB 118	Ability to protect work order details from outside non-furnishing departments.	NA	
	Order Costing	X	

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Reference Number	System Requirements	Vendor Response	Comments
UB 119	Ability to maintain notes or logs by employee as work progresses and relate it to the work order.	F	
UB 120	Ability for requisitioning department to inquire online as to progress of requested work.	F	
UB 121	Ability to inform requisitioning department when requested work has been completed.	F	
UB 122	Ability for multiple entities to charge costs to a work order.	F	
	Inquiry	X	
UB 123	Ability to transfer data from queries in third party software formats (i.e. Excel). Data dictionary is provided with software.	F	
UB 124	Ability to look up accounts by meter serial number. If more than one metered service exists (i.e. water and sewer), the system should prompt the user for the metered service. The meter lookup feature should accept a partial meter number	F	
UB 125	Ability during data entry, inquiry, or maintenance of any data/files, to access any related files for inquiry.	F	
UB 126	Ability to create, 30, 60, 90, and 120 day aging reports.	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 127	Ability to display consumption history for an unlimited number of years by month (including both actual meter readings and computed consumption). Average annual consumption for each meter displayed on consumption history screens.	F	
UB 128	Ability to display credit history for past three years by month including number of returned checks each year.	F	
UB 129	Ability to create and print on demand user-defined customer service letters. This feature should provide the ability to set up an unlimited number of form letters for selection (i.e. welcome, letter of credit, etc.).	F	
UB 130	Ability to support customer inquiries via the Internet or telephone menuing system.	NV	
	Reports	X	
UB 131	Ability to print a billing register containing but not necessarily limited to the following information on each account:	X	
UB 132	Account number	F	
UB 133	Customer name	F	
UB 134	Service address	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 135	Charges for each service	F	
UB 136	Totals	F	
UB 137	Previous and current meter readings	F	
UB 138	Consumption by account, class, or category	F	
UB 139	Flags for disconnected accounts, finaled accounts, accounts on hold	F	
UB 140	Grand totals for all routes within the billing cycle	F	
UB 141	Cycle totals by customer class	F	
UB 142	Cycle totals by rate table	F	
UB 143	General ledger posting journal	F	
UB 144	List of new accounts	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 145	List of transfer accounts	F	
UB 146	List of disconnected accounts	F	
UB 147	New meter listing	F	
UB 148	List of credit balance accounts	F	
UB 149	List of accounts on hold	F	
UB 150	List of manually billed accounts	F	
UB 151	Meter Reading Report: Should print in route and account number order account number, service address, customer name, meter serial number, previous and current meter readings, consumption, expected consumption and note for meter reader.	M	
UB 152	Account Master Report: User-defined parameters should include print sequence (alpha, numeric, service address), billing cycle(s), route(s), customer class(s), status(s), and yes/no option to print accounts with zero balances.	F	

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Reference Number	System Requirements	Vendor Response	Comments
UB 153	Account Information Report: Should print on a single account basis all pertinent information on a selected customer's account. Should include, but not be limited to, account number, name, billing address, status, customer class, last bill date, last bill.	F	
UB 154	Consumption Summary Report: User-defined parameters should include metered services and date range with ability to select number of accounts with consumption between user-defined ranges of consumption.	M	
UB 155	Cutoff Listing: User-defined parameters should include selection by age of past due amount, minimum balance and billing cycle. Should print list of accounts on cutoff list including account number, customer name, service address, balance, past due amount.	F	
UB 156	Meter Report: Should print user-defined data on installed meters and/or meters in inventory. User-defined parameters should include installed and/or uninstalled, service range of dates purchased, range of dates installed, range of dates last repaired.	F	
UB 157	Meter Read Sheets: Should be printed by route on pre-printed forms or on blank paper. Should include account number, service address, meter serial number, meter location description, customer name, space to write current meter reading and option to print.	M	
UB 158	New Customer Report: User-defined parameters should include account status and range of dates. Report should include account number, customer name, service address, status and date of service.	F	

Functional Category: Customer Information System/Utility Billing

F = Fully Provided "Out-of-the-Box"
M = Provided with Modification
C = Custom Development Required
TP = Third Party Software Required

R = Provided with Reporting Tool
NV = Provided in Next Version
NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
UB 159	Detailed Transaction History Report: User-defined parameters should include billing cycle, route number, oldest posting date desired. Reports should print detailed transaction history for selected customer(s).	F	
UB 160	Label Print: User-defined parameter should include print sequence, cycle(s), route(s), start date, line per label and option to print account number. Label should include customer name and mailing address.	M	
UB 161	Ability to print user-defined messages on bills.	F	
UB 162	Ability to design bill or invoice formats	F	
UB 163	Ability to include any billing field in the bill or invoice design.	F	
164	Ability to generate ad-hoc reports on all fields in customer information system/utility billing system	NV	
165	Ability to download data to GIS applications	MTP	ODBC
166	Ability to download data to other Windows based applications	TP	ODBC
	Solid Waste Functions	X	

Functional Category: Customer Information System/Utility Billing

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Reference Number	System Requirements	Vendor Response	Comments
UB 167	Ability to Maintain the following files:	X	
UB 168	Customer file	F	
UB 169	SIC code file	F	
UB 170	User Charge Rate file	F	
UB 171	Residential Occupancy File	F	
UB 172	Customer History Billing File	F	
UB 173	Customer Invoice History File	F	
UB 174	Ability to provide a User Charge bill (based upon formulas).	F	
UB 175	Ability to enter flows and file number used in calculation of bills.	F	
UB 176	Ability to accommodate the following billing data:	X	

Functional Category: Customer Information System/Utility Billing

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NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
UB 177	Collection day(s) and frequency	F	
UB 178	Route no	F	
UB 179	SIC	F	
UB 180	Route type and number	F	
UB 181	Bin capacity	F	
UB 182	Bin or container locations	F	
UB 183	Service type	F	
UB 184	For commercial service the waste types collected and the ability to manage shared bins, including who shares, size and location of bin, and ability to bill for actual percentage of bin share (in cubic yards)	F	
UB 185	Ability to provide a detail summary report of each client for user charges.	F	
UB 186	Ability to provide a report which summarizes monitoring workload.		

Functional Category: Customer Information System/Utility Billing

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NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
UB 187	Ability to provide a report which shows wasteloads by class.	F	
UB 188	Ability to provide revenue report (printed or online):	F	
UB 189	by invoice date and number	F	
UB 190	by invoice date and number for each municipality	M	
UB 191	by billing time frame and invoice number	M	
UB 192	compares current revenue to previous revenue on yearly basis comparison	F	
UB 193	compares current rates to proposed rates	F	
UB 194	Ability to provide reports for compliance checking.		
UB 195	Ability to provide a report which summarizes sampling monitoring reports.		
UB 196	Ability to provide a noncompliance report.		

Functional Category: Customer Information System/Utility Billing

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C = Custom Development Required
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R = Provided with Reporting Tool
NV = Provided in Next Version
NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
UB 197	Ability to modify or revoke a permit.		
UB 198	Ability to provide a list of different reports from industries.		
UB 199	Ability to provide a listing of Discharge Permit Summary.		
UB 200	Ability to provide reports for:		
UB 201	Hauler detailed Disposal report		
UB 202	Listing of permitted vehicles		
UB 203	Sampling data		
UB 204	Mailing labels		
	Meter Service Functions		
UB 189	Ability to display a history of all work orders related to a service address should be displayed on the inquiry screens at the service address.	F	

Functional Category: Customer Information System/Utility Billing

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M = Provided with Modification
C = Custom Development Required
TP = Third Party Software Required

R = Provided with Reporting Tool
NV = Provided in Next Version
NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
UB 190	Ability to maintain service records independently for long term services analysis.	F	
UB 191	Ability to establish a new customer account in the Customer Information System/Utility Billing System and create work order for turn-on on services.	F	
UB 192	Ability to maintain the following meter data:	X	
UB 193	Type service	F	
UB 194	Meter serial number	F	
UB 195	Size	F	
UB 196	Type	F	
UB 197	Make	F	
UB 198	Note	F	
UB 199	Multiplier	F	

Functional Category: Customer Information System/Utility Billing

F = Fully Provided "Out-of-the-Box"
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C = Custom Development Required
TP = Third Party Software Required

R = Provided with Reporting Tool
NV = Provided in Next Version
NA = Not Available

Reference Number	System Requirements	Vendor Response	Comments
UB 200	Price	F	
UB 201	Date purchased	F	
UB 202	Date installed	F	
UB 203	Last date repaired	F	
UB 204	Number of dials	F	
UB 205	Deductive meter	F	
UB 206	Type of service for meter	F	
UB 207	Ability to have up to five meters associated with one account. Some of these meters may be on while others are flagged with a special "off" rate table.	F	

SCHEDULE "B"

IMPLEMENTATION PROCESS CHECKLIST AND TIMETABLE

I. DESIGNATED STAFF MEMBERS

As per Schedule "B1"

II. COMPLETION OF SERVICES – GLOBAL TIMETABLE

1. Project Commencement Date: As per Schedule "B1"
2. Estimated Project Completion Date: As per Schedule "B1"
3. Consultant's Project Manager: As per Schedule "B1"
4. Organization's Project Manager: As per Schedule "B1"
5. Project Schedule: As per Schedule "B1"

III. COMPLETION OF SERVICES – KEY PHASE TIMETABLES

1. Conversion Process

Projected Commencement Date: As per Schedule "B1"
Projected Completion Date: As per Schedule "B1"
Estimated Hours Required: 250

Description	Estimated Hours
Diagnose existing system	30
(a) Determine what data is available	
(b) Determine what data is not available	
(c) Determine what data is reliable	
Map data fields from old system to new system	55
Programming/testing of conversion code on the old system	60
Identify exceptions and problems in conversion	50
Perform two full conversions and ensure data mapping is correct	40
Formulate a "going-live" strategy	25
Total:	250

2. Installation/Set-up

Projected Commencement Date: As per Schedule "B1"
Projected Completion Date: As per Schedule "B1"
Estimated Hours Required: 255

Description	Estimated Hours
Install Server Software	10
Install Client Software 18 Users)	15
Configuration of the control files	50
Set up the accounting interface with existing accounting package	30
Test billings/cash processing/adjustments with installed settings	50
Operate new system parallel with current system for one month. AUSC staff onsite for two weeks. The City of Redlands staff to test system for two weeks.	100
Total:	255

3. Training

The parties will agree upon an appropriate training schedule based on, among other things, the modules in respect of which training is required and the skills and availability of Designed Staff Members.

Total Training Hours required, based on 18 Users 270

SCHEDULE “B1”
STATEMENT OF WORK
(ATTACHED)

City of Redlands
Statement of Work
JUNE 12, 2000

- 1) SOFTWARE FUNCTIONALITY
- 2) IMPLEMENTATION METHODOLOGY,
STAFFING AND WORKPLAN
- 3) TECHNOLOGY ARCHITECTURE
- 4) TRAINING STRATEGY
- 5) MAINTENANCE & SUPPORT
- 6) PROJECT ASSUMPTIONS
- 7) APPENDIX

Section 1: Software Functionality

Advanced Utility Systems is offering the City of Redlands Version 1.6 of its Utility Billing and Customer Information Software called CIS2000. The software operates as a comprehensive total solution to enable a municipal water utility to effectively and efficiently manage its customer relations. Based on the City of Redlands RFP, CIS2000 base functionality “fully provided” over 85% of the City’s requirements. Adding in the City’s ad-hoc reporting needs increases this figure even higher. These responses have not changed from the time of RFP completion.

Therefore we will use this section to predominantly explain base functions. At the end of this section we provide information on those responses in the RFP that require a modification.

There were also 3 requirements that were indicated as available with Advanced Utility Systems’ next release. This release, Version 2.0, is scheduled for beta release in July of this year, and full rollout to follow in the fall.

Core Requirements

Specific modules, or specific functional areas included within CIS2000 can be summarized below:

(i) Arrangement System

CIS2000 automatically tracks payment arrangements and their current status, initiates collections procedures (call, notice and print) and assigns follow-up tasks.

(ii) Billing

- Cycle Billing
- Final Billing
- Regular Billing
- Manual Billing
- Flat Rate Billing
- Meter Add/Remove
- Rate Code Changes
- Service Add/Remove

With CIS2000 all billing processes including manual, estimated, budget, flat rate and rental are simplified. Real time transactions eliminate the need for day-end processes. The integration of the customer information component with the billing component of CIS2000 makes processing adjustments, estimates and final bills quick and easy. You can define your own exception parameters and processes, make special discount and credit arrangements for individual customers and implement alternative tax rates and apply multiple taxes.

CIS2000 provides you with simplified billing processes, including cancel and rebill, bill re-print based on revised consumption history, single bill print from archives and re-print bill register. Bill registers are archived electronically. And, with the unlimited reading history provided, you have greater precision for exception checking, usage quoting and estimating.

The system can be configured to offer different estimating procedures for each service. Bills, deposits and equalized billing can be estimated based on any formula you define, for example the amount of the last bill, the average of the last six months or year or two years, same as the bill six months ago, last year or two years ago. With CIS2000 you can also track the history of the service address and previous customer's history for greater estimating precision.

CIS2000 can currently save bills as an html format for e mailing. As well Advanced Utility Systems is working with a number of large financial institutions and have written interfaces to accept certain forms of electronic payments.

Efforts are currently underway, to extend this functionality. As a result the City of Redlands can anticipate that bill payment via the Web will be easily handled in the future by the CIS2000 solution.

(iii) Bill Journal/Cash Journal Archive

Within CIS2000 a bill journal/cash journal is maintained.

(iv) Collections

Collections procedures including penalty pick up are automated, based on collection parameters you define. CIS2000 will build credit ratings based on your specifications. CIS2000 stores unlimited collection history for each account which is quickly accessible through the customer information screen.

(v) Contact Management System

The comprehensive integrated contact management system allows you to assign tasks and to generate them automatically for most aspects of your utility's business. The system provides a tool supervisors and managers can use to manage workflow. All contact with a customer is available from one tab including notes, tasks, payment arrangements, letters, service orders, notice history, contact history and inquiry history. A simple click of the mouse allows you to view all of the customer's history at once.

You can use your control files to configure CIS2000 to automatically assign tasks for most types of activity. You can assign tasks to specific users or to departments, set the date for the task to be performed and have the system track the task to ensure completion.

Integrated with the contact management component of the system, the service order system can be configured to automatically generate service orders in response to other activity within the system as a whole. For example, CIS2000 will automatically issue a service order for a final meter reading on an account when the move out is entered.

Whether generated automatically or manually, the service order system will schedule the service order, assign it to a user or department and track it through the entire CIS system until completion.

The system can store unlimited customer information including multiple names on accounts, all service address information including lot, plan concession and roll number, phone numbers for home, business, fax, cellular, pager, employer, lawyer and more, as well as email and web addresses. You can use CIS2000 to track customer demographic information. The open data structure allows for data exchange and integration with Interactive Voice Response.

(vi) Correspondence System

CIS2000 supports and tracks all correspondence. It automatically imports customer information into your word processing program for the creation of individual letters or for generating form letters. All types of correspondence can be faxed or emailed directly from the system if the utility's internal network support these functions.

(vii) Deposits

Collection parameters are specifically designed for deposits. CIS2000 can be configured to provide automated interest pick up with interest applied to either the deposit or the account.

(viii) Inventory

- Electric Meter
- Gas Meter
- Instrument Transformer
- Remote
- Transformer/Loading
- Water Heater
- Water Meter

The meter inventory functionality of CIS2000 supports multiple meter changes and tracks meters in the field, in stock, and scrapped. Through the automated link to the contact management system CIS2000 generates services orders for reverification or repairs and produces reports for service orders and replacements.

The transformer inventory component of CIS2000 stores an unlimited amount of transformer history including transformer location, transformer type and analysis. As part of the transformer inventory you can also make use of load tracking and reporting capabilities.

(ix) Menu System

Menus are not hard coded, they are dynamic. So, you can decide what you call files, which way the menus are organized and even which menus go on which desktops.

(x) Move In/Move Out Process

With the automated contact management system in CIS2000 processing move in/move out is simplified. With the completion of a move in/move out entry on CIS2000, the meter reading is automatically scheduled, the necessary service orders are generated and all information for processing deposits and final bills are prepared.

(xi) Payment Processing

- Adjustments
- Cash Register
- Deposits
- Payments
- Penalties
- Post Dated Checks

Whether it's a one-time cash payment from a non-utility customer or a pre-authorized payment plan through a bank draw for a regular customer, CIS2000 gives you the flexibility you need to handle all payment types. You can define the parameters for each payment type through control files as well as defining aging and setting up multiple accounts receivable. Integrated with payment processing, the point of sale component of CIS2000 offers you a wide range of options for product payments including payment plans with interest, as part of the customer's regular utility bill or billed separately. As with all other forms of payment processing, you can accept any payment type you choose.

Our point of sale package gives you the option of using a fully featured cash register including touch screen and cash drawer. CIS2000 is compatible with OCR (Optical Character Recognition) scanners and interfaces with third party software and processing systems including payments from banks.

(xii) Post Billing Functions

Bill Cancellation and Re-bill
Bill Inquiries
Bill Reprint

(xiii) Pre-Authorized Payment

You can offer five different types of pre-authorized payment plans with CIS2000, including equalized and actual billing. CIS2000 interfaces with all major financial institutions. You can define your equalized payment quote formula based on consumption history. The system will automatically reconcile payment plan accounts and produce reminders and/or labels.

Modifications/Customizations – Effort Required

Update June 12, 2000: The City of Redlands has indicated their intention to not proceed with any of the customization items referenced in the chart below, as all items will be available in the final release of version 2.0, expected to be in place prior to the live date.

<i>Ref #</i>	<i>RFP Item:</i>	<i>Further Clarification:</i>	<i>Costs</i>
CS 30	Interface with Dog License or License statement	Cash payments for "other GL" entries can be taken through the existing cash register program available from CIS2000. Items are summarized on the cash journals and are then input into the GL package.	Nil
UB 56	Ability to add user defined fields	Currently, there are several user-defined fields in the system. Users can change the name of the field through the control files to make them utility specific. Our policy is that if a field is required to track a specific piece of information, we will add the field to the system at no charge to the customer.	Nil
UB 92	Service Order System – Ability for furnishing departments to maintain sub-order number files which is associated with a work order number.	It has been identified that 20hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, and creation of documentation and back and forth through testing.	\$2,400
UB1 51	Meter Reading Report – Should print in route order and account number order, service address, customer name, meter serial number, previous and current meter readings, consumption, expected consumption as compared through historical data and note for meter reader.	Will be available through ad-hoc reporting due for release Fall 2000. Otherwise: Utility specific report. It has been identified that 10hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, and creation of documentation and back and forth through testing.	\$1,200

Ref #	RFP Item:	Further Clarification:	Costs
UB1 54	Consumption summary report – User-defined parameters should include metered services and date range with ability to select number of accounts with consumption between user-defined ranges of consumption.	Will be available through ad-hoc reporting due for release Fall 2000. Otherwise: Utility specific report. It has been identified that 20hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, and creation of documentation and back and forth through testing.	\$2,400
UB1 57	Meter Reading Sheets – Should be printed by route on pre-printed forms or blank paper. Should include account #, service address, meter serial number, meter location description, customer name, space to write current meter reading and option to print.	Will be available through ad-hoc reporting due for release Fall 2000. Otherwise: Utility specific report. It has been identified that 30hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, creation of documentation and back and forth through testing.	\$3,600
UB1 60	Label Print – User-defined parameter should include print sequence, cycle(s), route(s), start date, line per label and option to print account number. Label should include customer name and mailing address.	Will be available through ad-hoc reporting due for release Fall 2000. Otherwise: Utility specific report. It has been identified that 10hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, creation of documentation and back and forth through testing.	\$1,200
UB1 90	Ability to provide revenue report (printed or online) by invoice date and number for each municipality.	Will be available through ad-hoc reporting due for release Fall 2000. Otherwise: Utility specific report. It has been identified that 10hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, creation of documentation and back and forth through testing.	\$1,200
UB1 91	Ability to provide revenue report (printed or online) by billing time frame and invoice number.	Will be available through ad-hoc reporting due for release Fall 2000. Otherwise: Utility specific report. It has been identified that 10hrs will be necessary for this modification to the current system. This time estimate would require programming time, training, creation of documentation and back and forth through testing.	\$1,200

Third Party Software Requirements

CIS2000 is an extensive, full scope application. Third party software requirements are necessary to facilitate our installation, report generation, and on-line help. Within Section II we discuss the implementation methodology. It is necessary for the City of Redlands to have the latest version of **PC Anywhere** installed. This software allows our conversion team to operate from our offices, saving the City extensive travel costs. In addition we suggest the City may wish to install **Crystal Reports 6.0** to generate ad-hoc reports. To access on-line help **Adobe Acrobat Reader 4.0** is necessary.

The City of Redlands also must meet minimum technical specifications outlined in Section III. This requires a Windows environment with **Microsoft Office Suite** of tools.

Reports

Unlimited access to your data allows you to design and generate your own reports using any Windows 95 compliant third party database, report writer or spreadsheet program. CIS2000 has a standard set of reports written in R&R Report Writer which include billing, summaries, validation, exception, aging and statistics.

The software includes embedded reports written in Crystal Reports. With the purchase of a copy of Crystal Reports or R&R, and the availability of the appropriate expertise you can modify these standard reports to suit your specific requirements.

A listing of *standard reports* is listed below:

<i>Report Name</i>	<i>Report Criteria Options</i>	<i>Description</i>
Active Supplier	Account Status Account Type Company Service Supplier Start Date Range	Produces a detailed listing of all customers with an active service supplier.
Active Water Heaters	Meter Status Meter Type Company	Produces a detailed listing of all customers with an active water heater.
Aged Arrears	Account Status Account Type Cycle Company	Produces a listing of Customers with a current A/R balance and 30,60, and 90 aged arrears total. (This report uses the aging formulas as set up on the system).
Block Summary	Month Year Cycle Company	Produces a summary report for all consumption and revenue, Broken down by service and block within each service.
Completed Task By Staff	Assigned To Company Date Completed Range	Produces a detailed listing of all completed tasks by staff.
Contact Credit Rating	Cycle Company Credit Rating Range	Produces a detailed listing of all customers by their credit rating.
Customer AR listing	Account Type Account Status Cycle Company	Produces a detailed listing of all customer A/R balances.

<i>Report Name</i>	<i>Report Criteria Options</i>	<i>Description</i>
Customer AR Summary Listing	Account Type Account Status Cycle Company	Produces a summary listing of all A/R balances by cycle (1 page report).
Customer By Bill Code Detail	Bill Code Account Status Company	Produces a detailed listing of all customers with a bill code.
Customer By Bill Code Detail	Bill Code Account Status Company	Produces a summary listing of all customers with a bill code.
Customer Deposit Interest Listing	Account Type Account Status Cycle Company	Produces a detailed listing of all customers with deposit interest.
Customer Deposit Interest Summary	Account Type Account Status Cycle Company	Produces a summary listing of all customers with deposit interest
Customer Deposit Listing	Account Type Account Status Cycle Company	Produces a detailed listing of all customer deposits.
Customer Deposit Summary Listing	Account Type Account Status Cycle Company	Produces a list of all customer deposits in summary format, by cycle (1 page report)
Customer Moving List	Cycle Company Effective Date Range	Produces a listing of all customers moving in and out.
Customer Detail Listing	Account Type Account Status Owner/Tenant Company	Produces a list of customer #, account #, name and service address.
Customer Transaction Information	Transaction Code Range Month Year Cycle	Produces a detailed listing of all customer transaction.
Flat Rate Bill Codes and Rates	Bill Code Company Effective Date Range	Produces a reference listing of all Flat Rate Bill Codes with the corresponding rate.
Flat Rate and Rental Detail	Service Bill Code	Produces a detail listing of flat rate and rental accounts, consumption and charges
Flat Rate and Rental Summary	Company Month Range	Produces a summary report of flat rate and rental accounts, consumption and charges
GL Element Daily Detail	Company Transaction Date	Produces a detailed daily listing of all GL Element transactions.
GL Element Monthly Detail	GL Number Range Company Date Range	Produces a detailed monthly listing of all GL Element transaction broken down by day.

<i>Report Name</i>	<i>Report Criteria Options</i>	<i>Description</i>
GL Element Monthly Summary	Month Year GL Number Range	Produces a monthly summary listing of all GL Transactions.
GL Element Yearly Detail	Year Range Company	Produces a yearly summary listing of all GL Transactions.
Letter Of Credit	Account Status Account Type Company Letter of Credit Type	Produces a detailed listing of all accounts with a letter of credit
Meter Change Listing	Date Removed Range	Produces a detailed listing of all accounts that have a meter change.
Notice Exempt Customer	Account Status Account Type Company	Produces a detailed listing of all accounts that are notice exempted.
Other Bill Code And Rates	Effective Date Range	Produces a listing of other bill codes and their rates.
Outstanding Task By Staff	Assigned To Company Due Date Range	Produces a detailed listing of all outstanding task assigned
PAP – List with AR Balance	Plan Type Cycle Account Status Company	Produces a list of all customers on a payment plan, summarized by payment plan.
Rental Equipment Bill Codes and Rates	Bill Code Effective Date Range	Produces a reference listing of all Rental Equipment with the corresponding rate.
Service Order Cancelled	Service Order Type Company	Produces a detailed listing of all cancelled service orders.
Service Order Completed	Service Order Type Company Completed Date Range	Produces a detailed listing of all completed service orders.
Service Order Pending	Service Order Type Company	Produces a detailed listing of all pending service orders.
Service Order Printed	Company Print Require Date Print Date Service Order Number Range	Produces a detailed listing of all printed service orders.
Service Orders	Service Order Type Created By Assigned To User Assigned To Department Print Require Date Print Date Service Order Number Range	Produces a detailed listing of all service orders.
Sewer Bill Code and Rates	Effective Date Range	Produces a reference list displaying the charges for the Sewer Bill Codes.
Tax Exempt Customers	Account Status Account Type Company	Produces a detailed listing of all accounts that are tax exempted

<i>Report Name</i>	<i>Report Criteria Options</i>	<i>Description</i>
Transaction Code Listing		Produces a reference list of all transaction codes in the system. It will Display the code, the description, the debit and credit GL numbers, the element number and the transaction type.
Transaction Daily Summary	GL Number Transaction Code Company	Produces a detailed listing of daily transactions.
Transaction Monthly Detail	GL Number AR Code Company Date Range	Produces a detailed listing of monthly transactions.
Transaction Monthly Summary	Transaction Month Transaction Year Transaction Code GL Number	Produces a summary listing of monthly transactions.
Transaction Yearly Summary	Transaction Year	Produces a summary listing of yearly transactions.
Unbilled Accounts	Account Type Company Billing Date Range	Produces a detailed listing of all unbilled accounts
Unbilled Revenue	Date Range	Produces a listing by cycle of estimated unbilled revenue.
Water Bill Code and Rates	Effective Date Range	Produces a reference list displaying the consumption by blocks and charges for the Water Bill Codes.
Water Meter by account	Account Type Account Status Meter Status Company	Produces a detailed listing of all accounts with a water meter
Water Meter by Cycle	Account Type Account Status Cycle Company	Produces a detailed listing of all water meters, by cycle.
Water Meter by Meter	Meter Status Meter Type Company	Produces a detailed listing of all water meters by meter number.
Water Meter by Meter Type	Meter Status Meter Type Company	Produces a detailed listing of all water meters by meter type.
Water Meter by Remote Type	Meter Status Remote Type Company	Produces a detailed listing of all water meters by remote type.
Water Meter By Subgroup	Meter Status Subgroup Company	Produces a detailed listing of all water meters by subgroup.
Water Meter By Test Year	Meter Type Company Test Date Range	Produces a detailed listing of all water meters that need to be tested for a specific date range.
Water Meter Inactive	Meter Type Meter Status	To list all inactive water meters.

Customized Reports

Custom Reports that are “utility specific” and that are not available among the standardized reports in the system will be handled outside the contract. Specifics and samples should be forwarded for analysis and a discussion with the project manager will occur prior to development to ensure that the report will suit the needs of the utility.

Without specifically knowing what will be necessary, although most utilities find the standardized reporting sufficient, we can state that the following costs may be incurred:

(i) Development

On average, approximately 5 hours x \$120 / hr, for a total of \$600 per custom report. This includes any back and forth necessary through the testing phase.

(ii) Training

Training is usually unnecessary as the reporting interface is standardized, however time is spent with training staff if the processes are unclear during the implementation. These costs are included in the training offered in the implementation costs.

Ad-Hoc Reports

Ad-hoc reporting is due for release in the next version of the software, Version 2.0. Users will have the ability to query any database field and create their own report formats.

As well, any ODBC compliant reporting software can be used to query the tables from outside of the program.

CIS2000 contains an ad-hoc query tool called Advanced Search. It allows a user to search on most fields within the database. The user places “operators” on the field and types in a variable to start the search. All matching records can be exported to a spreadsheet for further manipulation, or can be filtered on screen.

Section II Implementation Methodology, Staffing and Workplan

Within this section we have created an implementation template that can be used at the March 28, and 29th meetings to create a more formal implementation schedule.

(A) ORIENTATION

The key to a successful and cost effective implementation of CIS2000 is a full understanding of your specific needs and the development of a realistic schedule with clearly defined targets and built in checkpoints for both organizations. Our meetings on the 28th and 29th will fulfill many of the objectives of Orientation. However from our perspective it is valuable to ask you to work with us and complete Orientation Questionnaires.

In your Orientation Questionnaire you are asked to share with us all of your relevant processes - everything from rates, notices and bill prints to vacation schedules - the details we need to know about your utility to effectively set up CIS2000 with you.

The completion of the Orientation Questionnaire is the single most important phase of the implementation of CIS2000. This document forms the basis for all the critical decisions regarding your implementation process including the best methods for conversion, set up, installation, training and parallel testing.

(Ai)

The City of Redlands plans on having PC Anywhere operational in time for the mid-August dial in. Prior to this date we would like to begin our preliminary data conversion efforts. Therefore we suggest data be provided on a CD by July 10, 2000. Details of the Advanced Utility Systems contact, and specific format requirements will be provided in June.

(B) TEST DIAL IN

As an initial step we will proceed with a test dial-in at the City. This will accomplish two key points in the process. First, it will allow us to review the files in your currently billing system and formulate a "plan of action" in terms of accessing and converting your data to CIS2000. Second, it will ensure that the dial up is operational, allowing us direct access to our system through the implementation process. This will allow our technical staff to set up your system and to investigate problems that forwarded throughout the implementation process.

We propose to schedule the dial up test for:	w/o August 15
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We ask that the City provide the staff resources as indicated at the end of this Section.

One week prior to the target date, please fill out the following information below and fax this page to the attention of Kathryn McKay at (416) 496-3910. Once received, we will test the dial up and be ready to proceed with the remaining steps in the implementation as indicated.

<i>Dial up Phone Number</i>	
<i>Password(s)</i> Necessary to complete connection	PC Anywhere Password:

(Please be specific – e.g. PC Anywhere password and any network log-ins that have been set up for Advanced Utility Systems use)	Network Password:
On-site contact (in case of difficulty)	Name: Phone:

**** Please note** – should this information change, you should inform us of these changes as quickly as possible. We will rely on dial up access being there as we move through the implementation of CIS2000 – if we run into difficulty trying to dial in that cannot be resolved quickly; it may result in a delay of the working live date that we are attempting to meet.

(C) CONVERSION

The conversion process will average between two to six weeks, directly dependant on the current billing system and the unique database structures contained in it.

Based on information supplied to us in your Orientation Questionnaire, the conversion team will write a unique conversion utility that will enable us to re-map the data from your current billing system into CIS2000. This step can begin as soon as the dial-in procedure is formalized.

(D) APPLICATION INSTALLATION

The installation of the system will take approximately one to three days dependant on any difficulties that may arise due to the server and client machines on site. Technical specifications as indicated in Section III should be in place before installation. Meeting or exceeding the hardware specifications will ensure that this step of the implementation will proceed smoothly.

The first step required after the system is installed, using your converted data, is that Training begins. The first training necessary is Overview Training. A detailed listing of the various types of training is explained in detail in Section IV. Within Section IV we will highlight the times when training is needed.

(E) CONVERSION TEST REPORTS

Upon the completion of Overview training, Redlands staff will be prepared to complete a series of conversion test reports. These reports are an integral part of the conversion process – the feedback we receive will help us to modify the unique conversion routine that has been created for you and will ensure that all conversion issues are addressed prior to you going live on CIS2000. Examples of the types of data converted are listed on page 26.

At this phase in the implementation of CIS2000, you will begin the process of on-site verification of the data. Your staff is required to use their knowledge of the current billing system to identify anomalies in the conversion, missing data and any incorrect mapping of files. The Conversion Test Reports should be used as a tool to help you navigate through both systems during testing over the next two weeks. These reports will serve two purposes - based on the comparison of your current system and CIS2000 we can ensure that CIS2000 is performing correctly and calculating properly. As well, staff is able to use the overview training received while navigating the system thereby improving their understanding and skill of the new interface.

Once completed these results are to be forwarded to Advanced Utility Systems. You can expect that we will continue to modify and re-run conversions on an ongoing basis during your parallel

phase to ensure that data is current for comparison purposes and that all anomalies have been effectively dealt with prior to going live.

Account Type Test Reports

The account type test reports will assist you in reviewing all of your account types:

1. Residential Conversion Test Report – Please check at least twenty residential accounts (accounts with unique attributes would be best – for example, different bill codes if applicable, different cycles etc.)
2. Commercial Conversion Test Report – Please check at least twenty commercial accounts with varying bill codes / cycles (if applicable).
3. Flat Rate Conversion Test Report – Please check at least five different flat rate customers.
4. Seasonal Accounts Conversion Test Reports – If applicable, please check a few seasonal accounts – a seasonal account would be a customer that you only bill for part of a year, for example, a cottage property or ski chalet, swimming pool etc.
5. Time of Use Conversion Test Reports – If applicable, please compare all of your time of use accounts in both systems.

Customer / Account Information Reports

These reports will help to ensure that specific customer/account information is converting correctly – this information must be converted correctly in order to proceed with more in depth – process oriented training on the system

1. Deposits Conversion Test Reports – It is important that the deposits be checked – we want to ensure that all deposits are converting to CIS2000. Please check the Transaction History Tab, deposit sub-tab for deposit information when comparing the two systems and check at least 10 deposits.
2. Exemptions Conversion Test Reports – You should ensure that the exemptions are converting correctly. Please check accounts with Transformer Discounts, Primary Metering, Notice Exemptions, Penalty Exemptions and tax exemptions.
3. Payment Plan Conversion Test Report – You should also check to ensure that Payment Plan (Equalized and Variable) customer banking information is converting correctly – please check several accounts and record the results on the attached form.
4. Meter Changes Conversion Test Reports – The way that meter changes are “stored” in systems is quite different – this is often a conversion issues that will need special attention, please check accounts that have had a meter change but have not yet been billed on the old system. Find them on the new system and see what the meter information on the SERVICES tab looks like. Please record your results and forward.
5. Meter Reading Notes Conversion Test Report – The Itron Notes should be present on the METER READING NOTES tab on the main form. Please check several accounts that you know should have meter notes.

Asset Management Conversion Test Reports

The following reports will help to identify any problems with the inventory systems:

1. Electric Meter Inventory Conversion Test Report – Please check one each of all meter types you have in inventory.
2. Sub Group Conversion Test Report – Please check all of your sub-group information to ensure accuracy.
3. Transformer Conversion Test Report – Please check the transformer master file and compare results – if applicable.

In-depth training can now take place over several weeks depending on your needs. Based on our experience with previous implementations, we've developed an integrated approach to training - one that not only reflects the setup of CIS2000 at your utility but also progresses logically for your staff. As each training component is completed, your staff will be ready to run parallel with those functions.

(F) PARALLEL

After training on several processes, staff will be ready to start a parallel on the system – this is defined as performing identified processes on both systems – allowing you to monitor results on CIS2000 compared to your current billing system. During parallel testing, all functions (billing, cash, collections, new services, etc.) are run simultaneously on your current system and on CIS2000. The resulting comparison between the output from your current billing system and CIS2000 ensures that the new system is performing accurately and calculating properly.

While time consuming and demanding for your staff, the parallel testing process reinforces the training modules allowing users to practice what they've learned in preparation for operating CIS2000 live.

In order to extend the effectiveness of our training we have developed a series of Parallel Worksheets that support your staff to work through the more complex processes involved in paralleling and provide us with the information we need to adjust training and set up if necessary. These worksheets are integrated with the training process to provide your staff with full documentation to refer to as they parallel.

We also ask that you to record your progress in your Parallel Journal. At the end of each day the Parallel Journal reports should be faxed to Advanced Utility Systems to allow us to respond proactively to the ongoing needs of your staff while they are paralleling. Depending on the comfort level of your staff we can then make the decision to go live.

SOFT PARALLEL

You can begin a "soft" parallel on the system once Daily Process training has been completed. We provide Parallel journal forms to assist you in tracking results and provide staff with "worksheets" to use as they proceed with training on CIS2000.

As mentioned, the Parallel journal can be used to record daily activity, performed by staff on the system, and allows you to forward information, as necessary to my attention so that anomalies can be tracked and addressed.

The Daily process parallel journal can be used by staff to record the results of the items that they perform on both systems. This will include meter changes, customer information modifications or additions, move in / move out, arrangements etc. As staff takes customer service calls and

performs these functions on the current billing system; they should attempt to duplicate the process on CIS2000.

Additional training is required for Cash staff, which is explained in Section IV.

As mentioned above, the Parallel journal can be used to record daily activity, performed by staff on the system, and allows you to forward information to our experts so that anomalies can be tracked and addressed.

The Cash / Adjustment / Deposit parallel work sheets can be used by staff to record the results of the items that they perform on both systems. This will include cash batches, adjustments to accounts and deposit payments, transfers and refunds. This is followed by additional training for your billing staff.

The Beginning Billing work sheets can be used by staff to record the results of the billing testing that they have been asked to complete on CIS2000. This testing will give us feedback to prepare for the Hard Parallel and next phase of training. Testing calculations on a variety of customer accounts will ensure that the system is calculating and performing correctly so that the more complicated "cycle" billing parallel will proceed smoothly.

You can expect that there will be a good deal of back and forth during this phase of parallel. Based on sufficient testing by the City, you can expect most of your calculations will be working on CIS2000 at this point. The more difficult accounts will remain and this testing will ensure that all issues are identified prior to going live.

HARD PARALLEL

Now your staff can begin a "hard" parallel on the system. As with the soft parallel activities we provide forms to assist you in tracking results and will provide staff with "work-sheets" to use as they move towards going live on the system.

As mentioned above, the Parallel journal can be used to record daily activity, performed by staff on the system, and allows you to forward information, as necessary to my attention so that anomalies can be tracked and addressed.

The Billing work sheets can be used by staff to record the results of the testing that they have been asked to complete on CIS2000. This testing will give us feedback to prepare for going live... the only issues remaining will be process related – errors that occur due to transaction code set up and will help to identify any hardware issues that are impeding the billing process and that you should resolve before going live.

We would recommend that every cycle be included in this hard parallel – testing every cycle will ensure that every account will calculate correctly when you go live. A daily schedule of activity will be completed prior to the hard parallel beginning. You can expect that there will be a good deal of back and forth during this phase of parallel

The Parallel journal can be used to record daily activity, performed by staff on the system, and allows you to forward information, as necessary to our attention so that anomalies can be tracked and addressed.

Your project manager will want to keep track of the results of some key processes on both systems as you are working through the hard parallel. We supply checklists to help you to keep track of all cycles and processes.

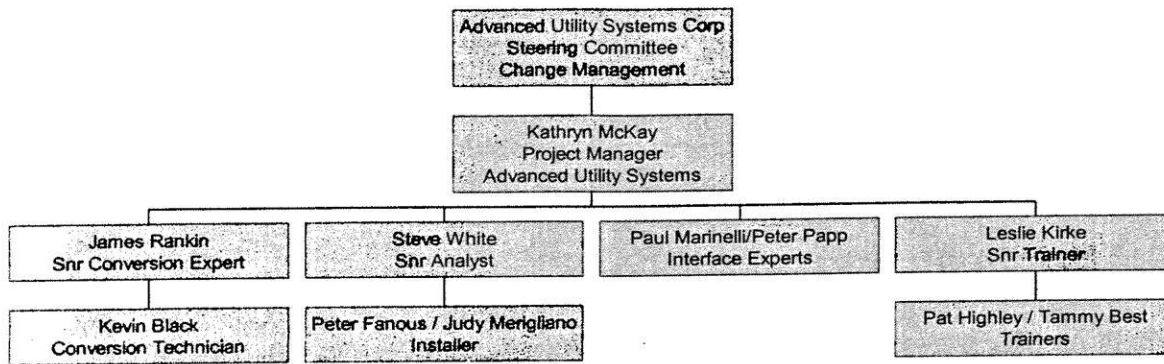
(G) IMPLEMENTATION TEAM

A successful implementation requires a commitment from Advanced Utility Systems and the City to provide expert staff to the process, and give them the tools they need to complete the task.

We propose the following individuals participate in the project. For Advanced Utility Systems we have included names and titles so that we can review their credentials with you. We do not include “resumes” of our staff, in our proposals. We would like to suggest that we assemble an implementation team, and have them meet with City officials. At that time they can review their implementation experience with you, and gain a sense of your expectations beyond what has been shared to-date.

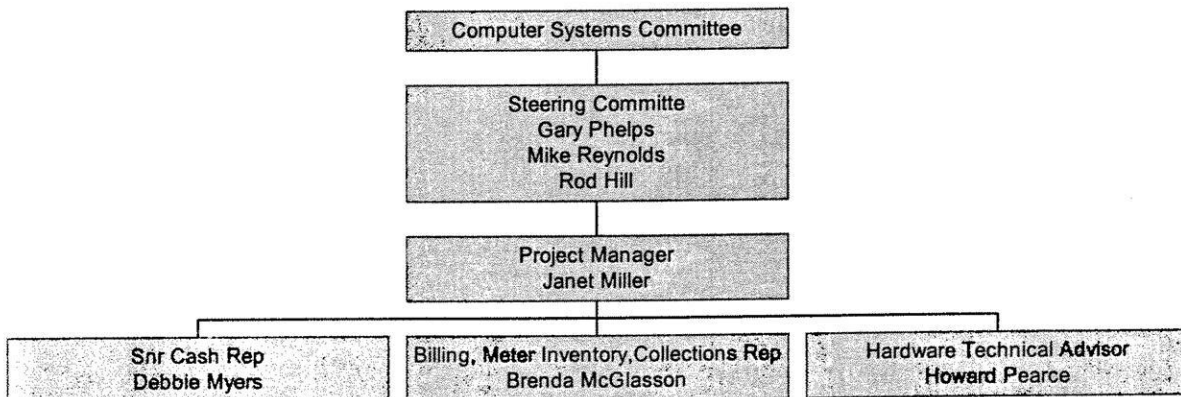
If the City is unhappy with an individual on the implementation team we suggest that it immediately be brought to the attention of our Director of Implementation Services, Kathryn McKay. She is skilled at dealing with such issues, and prefers the first steps to be informal. We have never had a problem that cannot be resolved in this manner. However we have set out an “appeal” process in the contract that formalizes the steps we propose. This process could also be used if the City were unhappy with the implementation director. For the team at Redlands we have indicated the “functional areas” that need to be represented.

Proposed Advanced Utility Systems Team



Proposed Team for the City of Redlands

(1) Structure of the Utility Billing/Cashiering System Implementation and Communication Tree.



These staff members will work with the Advanced Utility Systems team throughout the implementation. A proposed Calendar is included in **Appendix A** indicating rough timelines for each stage in the process. It is supported by the proposed schedule which indicates the resources needed on a monthly basis.

Team Roles / Responsibility – Monthly Breakdown

Assuming a July Project Commencement Date and a January 2001 Live, the tables shown on the next several pages would represent the project plan, with milestones and responsibilities outlined for both teams. It is assumed that should any of the projected timelines be missed, the project will be re-assessed by the project managers for each team and a new schedule generated.

July

Milestones	Advanced Utility Systems Team	City of Redlands Team
Needs Analysis – Week of June 26 During this week, all departments will be interviewed by Advanced Utility Systems project manager, at the City of Redlands in order to prepare a detailed needs analysis that will drive the conversion, technical set up and training phases of the project. This is the critical first step that will drive the project.	Project Manager	Project Manager Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff
Data Extraction – July 3 Technical staff at the City of Redlands will extract the first set of data and detailed information on file structures / screen prints from current UBS and forward to Advanced Utility Systems so that the conversion process can begin.		Technical Department
Conversion Week of July 10th A unique conversion utility will be prepared and conversion to the new interface undertaken. City of Redlands team identified will be available for further interview dependant on need as coordinated through the project manager from both teams.	Project Manager Conversion Team Technical Team	Project Manager Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff
Set Up Week of July 17/Week July 24 Set up of system for the City of Redlands – Control file manipulation. Again, during this period, members of the City of Redlands team will be available for further interview / clarification of processes performed as coordinated through the project managers from both teams.	Project Manager Conversion Team Technical Team	Project Manager Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff

August

Milestones	Advanced Utility Systems Team	City of Redlands Team
Installation – August 14, 2000 Installation of Conversion routine / software / data on server. Client installs for all using CIS2000. Exclusive access to server necessary and technical staff to work closely with Advanced Utility Systems installers. ** All necessary hardware to be in place and tested on network prior to installation.	Technical Team	Project Manager Technical Staff
Overview Training – August 15th – 18th Overview training (4 days) to be performed at City of Redlands. Two days is required for a complete overview, staff should be split into two groups and be available for the entire day – this allows for coverage in the office while staff participating. Sign off will be required on all training once complete.	Senior Trainer	Project Manager All Staff – City of Redlands, Utility Billing.
Conversion Testing Week of August 21st The City of Redlands will undertake a thorough review of the first run of the conversion in place. Conversion test reports will be completed and returned through Advanced Utility Systems project manager for analysis and modification of the unique conversion utility in order to correct any anomalies that may exist, prior to the begin of modular based training scheduled for the coming months. City of Redlands team identified will be available for further interview dependant on need as coordinated through the project manager from both teams. Sign off will be required prior to moving forward.	Project Manager Conversion Team Technical Team	Project Manager Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff

Milestones	Advanced Utility Systems Team	City of Redlands Team
Conversion – Week of August 28th The modified conversion utility will be uploaded and run to correct anomalies identified by the City of Redlands team. Exclusive access to server necessary and technical staff to work closely with Advanced Utility Systems installers. Re-Testing of identified issues will be necessary. Sign off will be required prior to moving forward.	Project Manager Technical Team Conversion Team	Project Manager Technical Staff Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff
Training – September 4th to 7th Training (4 days) to be performed at City of Redlands. Daily Process training (2 days for each group). All staff will be required to participate Sign off will be required on all training once complete.	Senior Trainer	Project Manager All Staff
Soft Parallel – Week of September 11th The City of Redlands will undertake a soft parallel (testing of processes learned through training). This will help to identify further conversion issues not picked up on during the conversion-testing phase and will familiarize staff with the new interface. Parallel worksheets completed and forwarded to Advanced Utility Systems project manager through City of Redlands project manager. Sign off will be required prior to moving forward.	Project Manager Senior Trainer Technical Team Conversion Team	Project Manager All Staff
Training – September 18th to 22nd Training (5 days) to be performed at City of Redlands. Cash (2 days) / Billing (3 days). (Sign off will be required on all training once complete).	Senior Trainer	Project Manager Billing Staff Cash Staff

Milestones	Advanced Utility Systems Team	City of Redlands Team
Soft Parallel –Week of September 25th The City of Redlands will undertake a soft parallel (testing of processes learned through training). This will help to identify further conversion issues not picked up on during the conversion-testing phase and will familiarize staff with the new interface. Parallel worksheets completed and forwarded to Advanced Utility Systems project manager through City of Redlands project manager. Sign off will be required prior to moving forward.	Project Manager Senior Trainer Technical Team Conversion Team	Project Manager Billing Staff Cash Staff
Training – October 3rd, 4th, 5th Training (3 days) to be performed at City of Redlands. Billing (completion 1-day) / Collections (2 days)	Senior Trainer	Project Manager Billing Staff Collections
Soft Parallel Week of October 9/Week October 16 The City of Redlands will undertake a soft parallel (testing of processes learned through training). This will help to identify further conversion issues not picked up on during the conversion-testing phase and will familiarize staff with the new interface. Parallel worksheets completed and forwarded to Advanced Utility Systems project manager through City of Redlands project manager. This will be the last opportunity for soft parallel to expose any conversion and process related issues prior to the beginning of the hard parallel. Sign off will be required prior to moving forward.	Project Manager Senior Trainer Technical Team Conversion Team	Project Manager Billing Staff Collections Staff
Training – October 17th to 19th Asset Management Training (1 day). Reports Training (1/2 day). Month End / Year-End Processes (1/2 day). Service Order System training (1 day) Sign off will be required on all training once complete.	Project Manager Senior Trainer Technical Team Conversion Team	Project Manager Metering Department Accounting Staff

November/December

Milestones	Advanced Utility Systems Team	City of Redlands Team
Conversion – October 23 A new, refreshed data conversion will be run to bring both systems to the same timeframe. New data will be extracted and forwarded to Advanced Utility Systems staff on , end of day at month end close off of the current billing system. Accounting staff will be required to run a trial balance (detailed) in order to proceed with the next step. The conversion of the new data will take place on by Advanced Utility Systems conversion staff in order to proceed. Exclusive access to server necessary and technical staff to work closely with Advanced Utility Systems installers.	Project Manager Conversion Team	Project Manager Technical Staff Accounting Staff
Trial Balance - Week of October 23rd A trial balance will be necessary to ensure that all dollars (A/R and Deposit) are being transferred through the conversion process. The trial balance will mark a key milestone in terms of moving forward to the hard parallel. This will be performed at the City of Redlands by the staff indicated. Advanced Utility Systems staff will work with City of Redlands team to ensure that there is a system balance (to the penny aside from identified, unavoidable, agreed upon issues that arise) as the live date approaches.	Project Manager Senior Analyst Senior Trainer	Project Manager Accounting Staff

Milestones	Advanced Utility Systems Team	City of Redlands Team
Hard Parallel – November/December The City of Redlands will undertake a hard parallel that will include all processes being compared in both systems – old and new. Parallel worksheets completed and forwarded to Advanced Utility Systems project manager through City of Redlands project manager. This will include all interface testing / parallel that is necessary (meter reading systems, accounting interface, GIS interface). This will include finalization of bill print, notice, letters and service order output. Advanced Utility Systems staff will work with City of Redlands team to perfect the operating system as the live date approaches. Sign off will be required prior to moving forward.	Project Manager Senior Trainer Technical Team Conversion Team Training Team	Project Manager Technical Staff Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff

January

Milestones	Advanced Utility Systems Team	City of Redlands Team
LIVE Thursday January 1, 2001 Final Balance will be achieved on the down day (January 1st) and sign off of balance obtained. Final check of all control files and clearing of temporary files from testing will be cleared. This down day will ensure that the final checks are in place prior to moving to the LIVE on the system. Sign off will be required prior to moving forward.	Project Manager Senior Trainer Technical Team Conversion Team Training Team	Project Manager Technical Staff Cash Staff Billing Staff Collections Staff Technical Staff Metering Staff Accounting Staff
Post – LIVE January / February/March 2001 A post-live strategy will be developed during the project. This will include any outstanding implementation issues. This will also include any post-live training necessary on any re-designed or new processes that are necessary. Advanced Utility Systems will re-visit and be on site for the first billing to ensure a smooth transition.	Project Manager	Project Manager

Milestones	Advanced Utility Systems Team	City of Redlands Team
The project managers from both teams will monitor post live activities through the warranty period to ensure that all outstanding issues are addresses and to ensure that the transition to the new billing system runs smoothly.		

Section III

Technology Architecture

MINIMUM HARDWARE SPECIFICATIONS (FOR EXISTING HARDWARE)

Server:	Pentium II 300 9 gig of disk space (SCSI) 256 megabyte of ram 10/100 megabit network Windows NT 4.0 operating system
Workstations:	Pentium II 200 64 megabyte of ram (128 is recommended for billing staff) 15" monitor (17" is recommended for customer service staff) 2 megabyte video cards, minimum resolution of 1024 x 768 pixels
Printer:	Laser (high capacity, high volume)
Networking:	10/100 megabit Network cards and cabling

PREFERRED HARDWARE SPECIFICATIONS (IF BUYING NEW)

Server:	Pentium III 600 18 gig of disk space (SCSI) –(RAID) 512 megabyte of ram adequate tape backup 100 megabit network Windows NT 4.0 operating system
Workstations:	Pentium III 600 128 megabyte of ram(256 is recommended for billing staff) 15" monitor (17" is recommended for staff who deal directly with customers)
Printer:	Laser (high capacity, high volume)
Networking:	100 megabit Network cards and cabling

Files Needed For Data Conversion

The data from the City of Redlands existing billing system will be converted into an ASCII fixed length file by a City of Redlands representative and provided to Advanced Utility Systems Corporation with detailed file layouts, according to mutually agreed upon dates.

In order to fully complete data conversion we will require almost all of your files. This generally includes:

- All master files containing data relevant to customer information - names, addresses, telephone numbers.
- Pre-authorized payment information, customer comments, or comment history.

- All master files containing data relevant to premise information - meter numbers, current reading date, current meter reading.
- All history files containing the history of transaction items affecting the balance of accounts.
- All history files containing the history of meter reading information.
- All meter inventory information, including meter numbers and all parameters of the meters.

Interface Requirements

Accounting

As noted in the documentation provided by the City of Redlands, Bitech Software has been selected as the ERP Vendor. As such the interface between Advanced Utility Systems billing solution and the accounting package is critical.

This interface would include the ability for cashiering staff to perform the following at the front counter:

Utility Billing Payments
 Business License Payments
 Yard Sale Permits
 Dog License Payments
 Traffic Ticket Payments
 Building Permit Payments
 Development Impact Fee Payments
 Check Cashing
 Taxable Sale Receipts (Point of Sale Items)
 Miscellaneous Revenue Receipts to both Revenue and Expenditure GL accounts
 Electronic Transfers - City receives notification from the bank that they have received a wire transfer. Treasurer's Office then processes the wire transfer through Cash Receipting.
 Accounts Receivable - The Finance Department prepares invoices to customers for a variety of transactions. The City wants the ability to accept payment on these invoices in the Cashiering System and through the interface, post them to the GL by the actual invoice number in the A/R system of the Finance System.

Advanced Utility Systems has a policy of developing interfaces with accounting software packages at no cost to the client. Therefore all development of the accounting interface would be absorbed by Advanced Utility Systems.

GIS

Advanced Utility Systems has extensive experience interfacing with GIS systems. In particular one of our key developers has over 6 years working with GIS systems. Without knowing the level at which the City of Redlands would like to link their software it is difficult to quote the hours needed to complete the functionality. Nonetheless, based on our experience, we would

recommend that the City of Redlands budget from 40 to 80 hours development to complete a satisfactory link between the GIS and Billing software.

Dog License

Assuming the interface would consist of Advanced Utility Systems Corporation's customer service and billing software accepting payments for licenses this is included in the base functionality but would require minimal set up. If it were to interface real time to a licensing software package we would require additional information on the package in order for an accurate quote to be given.

Barcoding

Advanced Utility Systems will include a bar code or OCR based payment bar code when working with the City of Redlands on the bill print format. This will ensure that payments can be scanned into the cash register system when processing cash receipts. Redlands has to purchase any necessary third party software, hardware and font.

Section IV

Training Strategy

Overview Training

This initial stage of training takes place when CIS2000 is first installed at your site, with your converted data. This training focuses on navigation of the CIS2000 user interface and is designed to support users to search for accounts on the system and analyze the results of the initial conversion of data.

Two sessions are recommended (9a.m.to 11: 30 a.m. and 1:30 p.m. to 4:00 p.m.). This will allow sufficient time for all staff to have exposure to these functions on the system. All staff should be encouraged or scheduled to participate in this phase of training.

<i>PROPOSED DATE(S) – TBD</i>	4 days, (2 days per group)
<i>ITEMS COVERED IN TRAINING</i>	Logging In Searching for Customers Editing / Adding and Deleting Review of the Main Customer Inquiry Form
<i>Participants-</i>	All Staff – Maximum 8 per day

Once this training has been completed, staff will be prepared to complete a series of conversion test reports. These reports are an integral part of the conversion process – the feedback we receive will help us to modify the unique conversion routine that has been created for you and will ensure that all conversion issues are addressed prior to you going live on CIS2000.

User acceptance checklists are handed out during two phases of the implementation. The first is after the install and overview training has taken place. Conversion testing reports are distributed. These tools help staff to step through CIS2000, comparing the current billing system to the new billing system and will help to identify any conversion issues that may exist.

In-Depth training

Daily processes Training –Part 1

This first phase of hands-on-training focuses on the simpler aspects of daily processes including logging in, move in/move out, final bill service orders, meter changes and letters. Right away, after only one training session your staff can begin the process of paralleling some of their daily work on CIS2000.

This will allow sufficient time for all staff to have exposure to these functions on the system. Staff that have direct contact with customers or who are expected to access the system to inquire on customer information should be encouraged or scheduled to attend this phase of training.

<i>PROPOSED DATE(S)</i>	4 days (2 days per group)
<i>ITEMS COVERED IN TRAINING</i>	Meter Changes Move IN / OUT Processing Final Bill Service Orders Adding Comments Contact Management Setting up Exemptions (Tax/Penalty/Notices) Task System Quoting Deposits Arrangement Processing Pre-Authorized Payment Plans Meter Changes New Services
<i>Participant details</i>	All Staff – Maximum 8 per class

Cash Training Session

Cash staff are now ready to learn more detail-oriented cash processing on CIS2000 including payments, adjustments to accounts and cash register. Cash training typically only takes a half-day after which your staff will be fully prepared to run parallel on all cash processes.

<i>PROPOSED DATE(S)</i>	2 days
<i>ITEMS COVERED IN TRAINING</i>	Cash Processing Cash Register Processing Processing Post Dated Transactions Processing Adjustments Processing Deposits
<i>Participant details</i>	Cashiers – All staff that use the cash system. Maximum 8 per class

Billing Training Session

Now that your billing staff has been trained on the basics of CIS2000 they are ready for a more detailed process-oriented training on Billing. This will include final bills and manual bills, canceling bills as well as re-printing bills and reviewing journals. By the end of this session your staff will have a thorough understanding of how bills are processed on the CIS2000 system.

<i>PROPOSED DATE(S)</i>	1 day
<i>ITEMS COVERED IN TRAINING</i>	Manual Bills Final Bills Cancelled Bills Removing a Request to Cancel Editing in a Billing Batch Hiding transactions on a Customers' Bill Adding a Bill Message Reviewing Billing Journals Printing Bills Updating Bills
<i>Participant Details</i>	All Billing Staff Maximum 8 per class

Automated Billing Training Session

In this module all aspects of processing hand held meter reads to generate bills will be covered (including DCI and DCO). Your staff will be able to parallel every single bill from now on, ensuring that by the time they go live they will do so with confidence.

<i>PROPOSED DATE(S)</i>	4 days
<i>ITEMS COVERED IN TRAINING</i>	Processing a DCI File Processing the Reading File (DCO Processing) Regular Billing (automated cycle billing) Using the Billing Check list Exceptions Processing Reviewing Exception Reports Editing the Billing Batch
<i>Participant Details</i>	All Billing Staff, Maximum 8 per day

Daily Process Training –Part 2

Having already developed complete competence with CIS2000 your staff are trained to handle the more complex daily functions specific to your utility. Typically this includes processing pre-authorized payment plans and the creation of a bank file as well as all final processes including bill print, notices, penalties, collections and adding new services. Once training is completed you should then be able to run your current system parallel with CIS2000 with confidence.

These items may be handled one-on-one with staff that have specific responsibility for these items and could run anywhere from 1-2 hours per session.

<i>PROPOSED DATE(S)</i>	7.5 days
<i>ITEMS COVERED IN TRAINING</i>	Processing Bank Files ½ day Post Dated Transaction Routines ½ day Notices 1 day Penalties ½ day Reports 1 day Asset Management 2 days Control File Training 2 days
<i>Participant Details</i>	Staff responsible for each item should attend. No limit on class size, 1 on 1 recommended.

We propose that this training be held on-site. At this early stage we cannot say with certainty who your trainers will be, however we can provide the following detail:

- Our core trainers have over 20 years of utility experience.
- Each trainer has experience with the unique operating conditions of water utilities.
- Each trainer consistently wins “excellent” approval ratings from their classes.
- Our training team, including management, oversaw the training needs of over 20 new clients in 1999 and the upgrade training process for over 30 clients in the first few months of 2000.

Section V

Maintenance and Support

Maintenance Plan

Details of Advanced Utility Systems maintenance and support plans are included within the Draft Contract, Section C.

Support – Future Product Upgrades

Attached in the Appendix is an upgrade guide issued upon the release of our current version of CIS2000. It is representative of what we would offer on an ongoing basis.

Section VI

Assumptions

Throughout each section we indicate the assumptions we made in preparing the preliminary Statement of Work. In this section we reiterate the main assumptions.

- 1) The City of Redlands will have the required hardware installed prior to the installation of Advanced Utility Systems utility billing and customer service software.
- 2) It is our understanding that there will be multiple software packages installed simultaneously. In order for a smooth installation we will require scheduled time with sole access to the server. In addition we will require the City to provide the monthly staffing resources as setout in Section II.
- 3) The software application "PC Anywhere" will be purchased and installed and the modem number provided to Advanced Utility Systems Corporation for exclusive auto answers access throughout the implementation and post implementation for support.
- 4) Business Processes and Procedures documented through the completion of the Orientation Binder are not altered. The Orientation Binder will detail the process and rules that will allow the correct set up and installation of CIS2000. To facilitate this process, a business analyst can be provided at an additional cost to discuss business process re-engineering and its impact on your day to day business.
- 5) The data from the City of Redlands existing billing system will be converted into an ASCII fixed length file by a City of Redlands representative and provided to Advanced Utility Systems with detailed file layouts, according to mutually agreed upon dates.
- 6) Any changes to the original Statement of Work (i.e. items not identified by the City of Redlands) prior to the beginning of the implementation or changes to business practices by the City of Redlands will be escalated to the Steering Committee of each company for resolution. This will include costing and changes to the implementation milestone dates if applicable.

Appendix A

Attached is an implementation schedule as set out in a monthly calendar format.

May 2000

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

July 2000

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

June 2000

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	
NEEDS ANALYSIS 						

June 2000

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

August 2000

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

July 2000



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1
2	3 DATA EXTRACTION	4	5	6	7	8
9	10 CONVERSION	11	12	13	14	15
16	17 SET UP	18	19	20	21	22
23	24 SET UP	25	26	27	28	29
30	31					

July 2000

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

September 2000

S	M	T	W	T	F	S
						1
3	4	5	6	7	8	2
10	11	12	13	14	15	9
17	18	19	20	21	22	16
24	25	26	27	28	29	23
						30

August 2000

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
	INSTALLATION	OVERVIEW TRAINING <i>Group #1</i>	OVERVIEW TRAINING <i>Group #1</i>	OVERVIEW TRAINING <i>Group #2</i>	OVERVIEW TRAINING <i>Group #2</i>	
20	21	22	23	24	25	26
	CONVERSION TESTING					
27	28	29	30	31		
	CONVERSION					

August 2000

S	M	T	W	T	F	S
			1	2	3	4
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

October 2000

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September 2000

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4 TRAINING Daily Process Training Group #1	5 TRAINING Daily Process Training Group #1	6 TRAINING Daily Process Training Group #2	7 TRAINING Daily Process Training Group #2	8	9
10	11 SOFT PARALLEL	12	13	14	15	16
17	18 TRAINING Cash Training	19 TRAINING Cash Training	20 TRAINING Billing Training	21 TRAINING Advanced Billing Training	22 TRAINING Advanced Billing Training	23
24	25 SOFT PARALLEL	26	27	28	29	30

September 2000

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

November 2000

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October 2000



Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 TRAINING Advanced Billing Training	4 TRAINING Collections Training	5 TRAINING Collections Training	6	7
8	9 SOFT PARALLEL	10	11	12	13	14
15	16	17 TRAINING Asset Management Training	18 TRAINING Reports Training / Month End / Year End Processes	19 TRAINING Service Order System Training	20	21
22	23 CONVERSION / TRIAL BALANCE	24	25	26	27	28
29	30	31				

October 2000

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

December 2000

S	M	T	W	T	F	S
						1
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November 2000

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

HARD PARALLEL

November 2000

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

January 2001

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

December 2000

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

HARD PARALLEL

December 2000

S	M	T	W	T	F	S
	3	4	5	6	7	1
10	11	12	13	14	15	2
17	18	19	20	21	22	9
24	25	26	27	28	29	16
31						23

February 2001

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

January 2001

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 LIVE	2	3 	4	5	6
7	8	9	10	11	12	13
14	15	16	17 POST - LIVE 	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

January 2001

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

March 2001

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

February 2001

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

POST - LIVE

February 2001

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28			

April 2001

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

March 2001

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

POST - LIVE

Appendix B

City of Redlands

Clarification and Comments arising from RFP Matrix

The attached material addresses questions in the RFP that were not answered at the time of our initial response. These items were left blank for one of two reasons. Either we did not understand the request well enough to comment, and needed more clarification as to what was required, or the answer could not be clearly explained using the scale provided, and we wanted to provide a more detailed explanation.

In some of these cases we now have received more information and can provide more complete answers. However for some of the areas we still need to talk with the appropriate technical or functional expert from the City to be sure we understand the need.

The material below repeats the question from the RFP as shown in blue, with the accompanying answer.

(A) General Design Section

"Customer System has the ability to provide the following information:"

1) UB2- Customer Service Level Information - In Section I -Software Functionality, we provide a listing of standard reports pertaining to all service-order customer service activity. Other data must be accessed through ad hoc queries.

2) UB3 -Utilities Service Delivery information – Many levels of information are available relating to service delivery

3) UB4 - Customer Related service delivery assets information - The system tracks a range of meter inventories as well as tracking of non-billing equipment such as backflow devices.

4) UB6 - Ability to Record performance measurement data - The system records and maintains a wealth of customer information and historical data that can be used in performance measurement.

(B) Billing Features

5) UB83- Ability to accept meter readings from outside sources - Meter readings generally are sent from an external source to the meter reading software. We create an interface with the meter reading software so that readings can then be uploaded/downloaded between the systems. Therefore, depending on the outside sources your meter reading application will be critical in evaluating this question.

(C) Solid Waste Functions

- 6) UB186 ability to produce a report, which summarizes monitoring workload – The system has reports that measure staff workload.
- 7) UB194 -190ability to provide reports for compliance checking, sample monitoring reports and non-compliance – These reports can be generated using Ad Hoc reporting functionality.
- 8) UB 197 -199...ability to modify or revoke a permit, provide a list of different reports from industries, list of discharge permit summary - The system has numerous general functions that may be able to handle these requirements. More detail is required before we can provide a definitive answer.
- 9) UB 201 -204 ...reports for Hauler detailed disposal report, listing of permitted vehicles, listing of sampling data, listing of mailing labels - While more information is needed, in general the system does not capture and store this information.

(D) Questions for which CIS2000 is “Not Applicable”

The requirements identified in UB 114- UB 118 cannot be handled by a Customer Information System. Generally they are housed within work-order management software. As the project commences we would be happy to use our experience to assist you in seeking out answers to your needs in this area.

SCHEDULE "C"

SUPPORT AGREEMENT

This support agreement (the "Agreement") is entered into pursuant to a software license and implementation agreement (the "Software License and Implementation Agreement") dated June 21, 2000, between Advanced Utility Systems Corporation ("Consultant") its principal place of business at 2235 Sheppard Avenue East, Suite 1702, Toronto, Ontario, M2J 5B5, and The City of Redlands ("Organization"), with its principal place of business at 35 Cajon Suite 15A, Redlands, California, 92373 and becomes effective immediately upon the expiry of the Warranty Period.

Unless otherwise defined herein, all defined terms used herein shall have the meaning ascribed to them in the Software License and Implementation Agreement.

1. Subject to the terms and conditions of this Agreement, Consultant shall provide subscription and support service which includes revisions, updates and enhancements to CIS2000 and related materials for the version of CIS2000 specified in Schedule "A" and Schedule "A1" attached to the Software License and Implementation Agreement.
2. Subject to the terms and conditions of this Agreement, the Consultant shall provide software support via telephone, remote dial in access, electronic mail, and site visits when necessary, seven days per week, twenty-four hours per day, excluding Consultant observed holidays. Emergency situations and after-hour assistance provided by the Consultant will be available to the Organization by pager number and electronic mail. The Organization is required to advise the Consultant of its intentions to require formalised after-hours support, 48 hours prior to when the support may be required. To enable Consultant to provide effective support, the Organization will establish a dedicated auto-answer modem to allow the Consultant to access the Software effectively.
3. In consideration for the support services specified in Section 2, Organization shall pay the Annual Support Fee set forth in Schedule "D" attached to the Software License and Implementation Agreement. Consultant may change the Annual Support Fee from time to time, provided that any such change must be made for all clients of Consultant. In addition to the Annual Support Fee, Organization shall reimburse Consultant for its direct expenses in providing support services pursuant to this Agreement, including, but not limited to:
 - (a) courier services;
 - (b) photocopying, faxing and reproduction services;
 - (c) all reasonable travel costs, , meal expenses of not more than \$35.00 per diem (receipts provided) and a mileage charge of 32.5 cents per mile;
 - (d) long distance telephone calls; and
 - (e) all other reasonable expenses incurred in the performance of Consultant's duties hereunder.

Consultant may update its reimbursement policies from time to time, in which case such updated policies shall apply for purposes of this Agreement, provided that such updated reimbursement policies must generally apply to all clients of Consultant.

4. All support services provided by Consultant to Organization other than those specified in Section 2 (such as, but not limited to, on-site support), shall be provided to Organization by Consultant at Consultant's then prevailing prices, hourly rates, policies and terms. For certainty, any updates of, or enhancements to, the Software will be made available to Organization free of charge (with respect to the actual updates or enhancements), but all services provided by Consultant with respect to such updates or enhancements will be subject to the Consultant's then-prevailing prices, hourly rates, policies and terms, meaning that such then-prevailing prices will apply to matters such as set-up and training relating to such updates or enhancements.
5. All payments hereunder shall be in U.S. dollars and shall be net of any taxes, tariffs or other governmental charges.
6. The initial term of this Agreement shall be for one year beginning on the date set out above. The Agreement shall continue thereafter on an annual basis provided that Organization shall pay the then prevailing Annual Support Fee set forth in Schedule "D" attached to the Software License and Implementation Agreement, unless terminated by either party upon giving to the other not less than 90 days notice in writing prior to the end of the first year or any subsequent anniversary of such date. If the Support Agreement is terminated by Organization, it shall be entitled to retain the Software licenced to it as at the date of such termination, but it will relinquish its rights to receive upgrades of, or enhancements to, the Software, services for the Software, or access to the Source in escrow upon the occurrence of any event specified in Section 2.7(d) of the Software Licence and Implementation Agreement. For certainty, and without mitigating the application of the Software Licence and Implementation Agreement during the term of this Support Agreement, the terms and conditions of the Software Licence and Implementation Agreement will continue to apply to Organization following the termination of this Agreement.
7. Title to and ownership of all proprietary rights in the Software and all related proprietary information shall at all times remain with Consultant, and Organization shall acquire no proprietary rights by virtue hereof.
8. Unless terminated pursuant to Paragraph 6 hereof, this Agreement shall remain in full force and effect except as terminated as follows:
 - (a) if either party neglects or fails to perform, observe or cure within (30) days of written notice of such failure to perform any of its existing or future obligations.
 - (b) If Organization attempts to assign this Agreement or any of its rights hereunder, or undergoes a re-Organization, without complying with the Software License and Implementation Agreement.

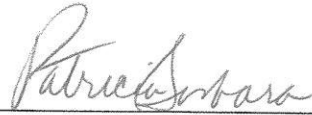
9. Unless otherwise agreed to by the parties, all notices required hereunder shall be made in accordance with the provisions of the Software License and Implementation Agreement.
10. Either party's lack of enforcement of any provision in this Agreement in the event of a breach by the other shall not be construed to be a waiver of any such provision and the non-breaching party may elect to enforce any such provision in the event of any repeated or continuing breach by the other.
11. A valid contract binding the parties hereto shall come into being only upon execution of this Agreement by a duly authorized agent, officer or representative of both parties.
12. This Agreement is the exclusive statement of the entire support agreement between Consultant and Organization. No change, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing and signed by the party against whom the same is sought to be enforced.
13. The parties hereto agree that the terms and conditions contained herein shall prevail notwithstanding any variations on any orders submitted by Organization.
14. The particular provisions of this Agreement shall be deemed confidential in nature and neither Organization nor Consultant shall divulge any of its provisions as set forth herein to any third party except as may be required by law.
15. Portions of the data supplied by Consultant may be proprietary in nature and will be marked as such. Organization will abide by the terms of such markings and will be liable for all loss or damage to Consultant from any failure to so abide by such markings or from all unauthorized disclosure of such proprietary data to any other party. Consultant retains for itself all proprietary rights in and to (1) all designs, engineering details, and other data pertaining to CIS2000 (2) all original works, computer programs, discoveries, inventions, patents, know-how, and techniques arising out of work done wholly or in part by Consultant in connection with this Agreement, and (3) any and all product(s) developed as a result of such work, including the sole right to manufacture any and all such Products(s).
16. In no event will Consultant be liable to Organization for any special, indirect or consequential damages arising from this Agreement. Without limiting the generality of the foregoing, Consultant shall not be liable for lost profits, lost business revenue, failure to realize expected savings, other commercial or economic loss of any kind, or for any claim whatsoever against Organization by any other party arising out of or in connection with this Agreement or the use or performance of the Software whether in an action based on contract or tort, including negligence.
17. This Agreement shall be governed by, subject to and construed in accordance with the laws of State of California.
18. This Agreement may not be assigned by the Organization unless, concurrently with any such assignment, the Organization assigns its rights under, and complies with the provisions of, the Software License and Implementation Agreement.

19. This Agreement shall be binding upon the successors and assigns of the parties and enure to the benefit of the successors and permitted assigns of the parties.
20. This Agreement is to be read and construed as an ancillary agreement to the Software and Implementation Agreement. If a conflict or inconsistency exists between a provision of this Agreement and a provision of the Software and License Agreement, then the provisions of the Software and Implementation Agreement shall prevail.
21. Time shall be of the essence of this Agreement.
22. The invalidity or unenforceability of any provision or covenant contained in this Agreement shall not affect the validity or enforceability of any other provision or covenant herein contained and any such invalid provision or covenant shall be deemed to be severable.
23. The parties shall do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party shall provide such further documents or instruments required by any other party as may be reasonably necessary or desirable to effect the purposes of this Agreement and carry out its provisions.

24. This Agreement may be executed in counterparts (whether by facsimile signature or otherwise), each of which when so executed shall constitute an original and all of which together shall constitute one and the same agreement.

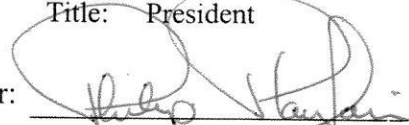
IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the date first written above.

**ADVANCED UTILITY SYSTEMS
CORPORATION**

Per: 

Name: Patricia Sorbara

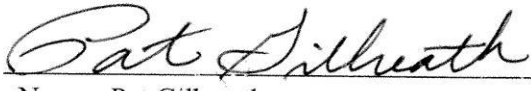
Title: President

Per: 

Name: Philip Playfair

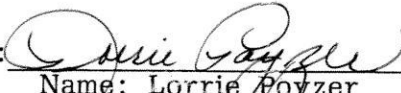
Title: Vice-President

THE CITY OF REDLANDS

Per: 

Name: Pat Gilbreath

Title: Mayor

Per: 

Name: Lorrie Boyzer

Title: City Clerk

SCHEDULE "D"

FEE STRUCTURE AND PAYMENT SCHEDULE

Note: Fees for Services listed below are based on best estimates of the number of hours of work required to complete the Services outlined on Schedule "B" and Schedule "B1" to this Agreement. Accordingly, the total of such fees will increase or decrease, as the number of actual hours worked is greater than or less than such estimates.

Item	Amount	Sub-Totals	Total
<u>Licences</u>			
Server License	\$35,000.00		
User Licenses	<u>\$45,000.00</u>	<u>\$80,000.00</u>	
Upsize to Oracle Database	<u>\$0.00</u>	<u>\$80,000.00</u>	
<u>Services</u>			
Conversion	\$30,000.00		
Set-up and Install	\$30,600.00		
Training	<u>\$32,400.00</u>	<u>\$93,000.00</u>	
Total:			\$173,000.00

Payment Schedule:

A. Licence Fees:

1. On execution of this Agreement: (25% of license fee)\$20,000.00
2. On completion of Set-up and Installation:(75% of licence fee)\$60,000.00

B. Consulting and Training Fees:

Invoiced bi-weekly on the basis of actual hours of work to the completion of the project.

C. Annual Support Fee\$20,000.00

D. Upsize to Oracle Database.....\$0.00

