

STAFF REPORT

To: Coastside County Water District Board of Directors

From: Mary Rogren, Assistant General Manager

Agenda: August 8, 2017

Report

Date: August 4, 2017

Subject: Authorize Entering into an Agreement with WaterSmart Software

Recommendation:

Authorize General Manager to enter into a professional service ("Software as a Service") agreement with WaterSmart Software for an analytics dashboard and customer engagement portal.

Key Terms:

- 39 Month Agreement – either party may terminate with 30 day's notice
- Pricing: Not to exceed \$51,190
 - One-time fee for setup: \$8,000
 - Year 1 Program Fee: \$12,730
 - Year 2 Program Fee: \$12,730
 - Year 3 Program Fee: \$12,730
 - Single sign-on integration (optional): \$5,000

Background:

Although the District's Advanced Metering Infrastructure (AMI) system includes a backend cloud portal for conducting diagnostics, the District requires a customer-friendly web portal that can be used by our Customer Service team and eventually by our customers to check on water usage patterns, to respond to potential leaks, and to provide tools for conserving water. In addition, the District requires a database tools to analyze water usage data.

The District evaluated several web portals, including WaterSmart, AquaHawk, Smart Utility Systems, and Valore Water Analytics. WaterSmart and AquaHawk appear to be the best fit for the District's key priorities. Both companies had similarly outstanding reference checks, and both portals are comparably priced. (Aquahawk's year 1 pricing is \$21,980 for setup and year 1

fees; and \$12,480 thereafter.) In the end, staff preferred the WaterSmart interface. Also, the WaterSmart support team is based in San Francisco, and appear to be very accessible.

The District plans to first implement the web portal internally, and then ultimately roll out the portal to our customers with our implementation of AMI.

WaterSmart was founded in 2009 and is a venture capital backed company. Clients include Alameda County Water District; BAWSCA; City of Mountain View; Town of Hillsborough; City of Morgan Hill; Contra Costa Water District; City of Bend, Oregon; Glendale Water & Power; City of Huntington Beach; City of Santa Monica; City of Oakdale; and Park City, Utah.

Hanson Bridgett has reviewed the proposed agreement with WaterSmart.

The proposed agreement with WaterSmart is attached.

Fiscal Impact: FY2017/18 Operating Budget includes funds to cover setup and the annual cost of the program.

Services Agreement

This agreement is made between WaterSmart Software, Inc. ("WaterSmart"), a Delaware Public Benefit Corporation, and Coastside County Water District ("District"), a public agency. The Scope of Work describing services to be provided by WaterSmart and cooperation required of the District, is attached as Exhibit A (the "Scope of Work"). In addition, for the protection of the District and WaterSmart, certain customary legal terms are set forth below and on the "Software-as-a-Service Provisions" attached as Exhibit D. This services agreement and its incorporated attachments are together referred to as the "Agreement".

1. TERM

The term of the Agreement begins when signed by the District and shall end 39 months (Initial Term) from such date if not extended as provided for herein.

2. PAYMENT

Payment by the District under this Agreement, inclusive of all fees and reimbursed expenses, shall not exceed \$51,190 for the Initial Term specified above, as outlined in Exhibit B. WaterSmart shall invoice the District upon signing of the Agreement and be compensated as set forth in Exhibit C, and the District shall pay invoices within 30 days of receipt.

3. TERMINATION

At any time during the term of the Agreement, either party has the right to terminate the Agreement upon 30 days written notice to the other party. Upon receipt of such notice, neither party shall commit to any further expenditure of time or resources. If the Agreement is terminated for any reason other than a default by WaterSmart, the District shall pay to WaterSmart all sums actually due and owing from District for all services performed and all expenses incurred up to the day written notice of termination is given, plus any costs reasonably and necessarily incurred by WaterSmart to effect such suspension or termination. If the Agreement is terminated for default, the District shall remit final payment to WaterSmart in an amount to cover only those services performed and expenses incurred in full accordance with the terms and conditions of this Agreement up to the effective date of termination.

4. INDEPENDENT CONTRACTOR

WaterSmart is an independent contractor, and shall not be considered an officer, agent, or employee of the District.

5. STANDARDS OF SERVICE

WaterSmart shall perform its services in a timely and professional manner consistent with standards generally and reasonably expected of software-as-a-service vendors serving water utilities in the United States. WaterSmart and its pertinent contractors have and shall maintain any applicable licenses or authorizations necessary to provide their services to the District.

6. SOFTWARE AS A SERVICE PROVISIONS

The Software-as-a-Service Provisions attached as Exhibit D are incorporated by reference and include terms covering intellectual property rights, confidentiality, cooperation of the parties, limitation of liability, and certain other terms. Also included are terms applicable to bill payment, leak alert and group messenger services if such services are elected by the District.

7. RESPONSIBILITY: INDEMNIFICATION

To the fullest extent permitted by law, WaterSmart shall indemnify, keep and save harmless the District, and its directors, officers, agents, engineer, and employees against any and all suits, claims, actions, damages, liabilities, costs and expenses for any personal injury (including death, bodily injury, emotional or mental distress, and loss of consortium), property damage, intellectual property infringement, disclosure of District PII (District PII means any personally identifiable information (PII) relating to District's customers), injury to persons or property that may occur or that may be alleged to have occurred arising from any disclosure of District PII, or financial or economic loss that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the WaterSmart, its employees, subcontractors, or agents in the performance (or non-performance) of services under this Agreement, except if the claim is caused by the sole negligence or willful misconduct of the District. This duty to indemnify includes any proceedings, actions, damages, and penalties arising out of the violation of any governmental law or regulation, compliance with which is the responsibility of the WaterSmart, its employees, subcontractors or agents. WaterSmart further agrees to defend any and all such actions, suits or claims and pay all charges of attorneys and all other costs and expenses relating to the investigation, defense, negotiation, or settlement of any action, suit, or claim, and to reimburse the District for any and all legal and other costs and expenses incurred by the District in connection with the defense of such actions, suits, or claims. If any judgment is rendered against the District or any of the other individuals enumerated above in any such action, WaterSmart shall, at its expense, satisfy and discharge the same. Under no circumstances or event shall WaterSmart's total cumulative liability for losses or damages of any kind arising under or relating to this Agreement and under any theory (contract, tort, defense and indemnity, or otherwise), exceed (i) the total contract value, or (ii) available insurance proceeds from WaterSmart's carriers, whichever is higher. The foregoing general defense and indemnity provisions shall not apply to contexts excluded by other express terms of this Agreement. This indemnity shall survive the termination of this Agreement.

8. INSURANCE COVERAGES

Unless otherwise specified, WaterSmart shall maintain the following policies of insurance in full force and effect during the term of the Agreement in the amounts shown below.

Commercial General Liability Insurance (policy as broad as the standard ISO form)	\$2,000,000 per occurrence / \$4,000,000 aggregate per policy
Professional Liability (errors and omissions)	\$3,000,000 per claim
Automobile Liability Insurance including hired, and non-owned vehicles	\$2,000,000 per accident
Workers' Compensation	As required by statute
Data Privacy and Network Security Liability	\$3,000,00 per occurrence / \$3,000,000 aggregate per policy

9. PRIMARY INSURANCE

All insurance coverages of WaterSmart are primary insurance as to the District.

10. INSURANCE CERTIFICATES

Upon request by the District, a certificate of insurance shall be promptly provided by WaterSmart confirming the coverages above.

11. CONFLICT OF INTEREST

WaterSmart shall comply, and upon request shall certify its compliance with, any conflict of interest avoidance requirements of the District.

12. EXTENSION

The District may extend or expand the agreement beyond the initial term provided for above by signing a mutually acceptable extension agreement prior to the expiration of the initial term. WaterSmart's current form of term extension agreement is attached here as Exhibit G.

13. COMPLETE AGREEMENT

This Agreement may be executed in counterparts. It states the complete agreement of the parties concerning its subject matter, and it may be extended or amended only in a writing signed by both parties.

14. ASSIGNMENT

WaterSmart shall not assign any of the rights nor transfer any of its obligations under the Agreement without the prior written consent of the District, which will not be unreasonably withheld.

15. USE OF SUBCONTRACTORS

WaterSmart shall not subcontract any services to be performed by it under this Agreement without the prior written approval of the District. WaterSmart shall be solely responsible for reimbursing any subcontractors and the District shall have no obligation to them.

16. CHANGES

The District may, at any time, by written order, and with thirty (30) days prior notice, make changes within the scope of work and services described in this Agreement. If such changes cause an increase or decrease in the Contract Amount or the time required for performance of the work, an equitable adjustment as mutually agreed shall be made in the limit on compensation or in the time of required performance, or both. The pertinent changes shall be expressed in a written supplement to this Agreement prior to implementation of such changes.

17. FAILURE TO COMPLETE CONTRACT – EFFECT

In case of failure on the part of the WaterSmart to complete the Agreement within the specified time or within authorized extensions thereof, or if WaterSmart breaches a material term of this Agreement and fails to remedy the breach within ten (10) days after the District notifies the WaterSmart of the breach, the Agreement may be terminated and the District shall in such event not thereafter pay or allow to the WaterSmart any compensation for any labor, supplies or materials

furnished by him under said Agreement; and the District may proceed to complete this Agreement by other means, and the WaterSmart shall be liable to the District for all loss or damage which it may suffer on account of the WaterSmart's failure to complete this Agreement within the required time. If the Agreement is terminated pursuant to this section, the District shall remit final payment to WaterSmart in an amount to cover only those services performed and expenses incurred in full accordance with the terms and conditions of this Agreement up to the effective date of termination.

18. DISTRICT REPRESENTATIVE

Except when approval of other action is required to be given or taken by the Board of Directors of the District, the General Manager of the District, or such person or persons as he shall designate in writing from time to time, shall represent and act for the District.

19. COMPLIANCE WITH LAWS AND REGULATIONS

During the progress of the work, WaterSmart shall fully adhere to all applicable State and Federal laws and county, municipal or District ordinances and regulations which in any manner affect those engaged or employed in the work, or the materials and equipment used in work, or which in any way affect the conduct of the work. WaterSmart, and any subcontractors performing any work under this Agreement, shall hold such licenses and certifications as may be required by the State of California or any local jurisdiction for the performance of the work specified in this Agreement.

20. NOTICES

All notices and communications deemed by either party to be necessary or desirable to be given to the other party may be given by personal delivery to the representative of the parties or by mailing the same postage prepaid, addressed as follows:

If to the District:	Coastside County Water District 766 Main Street Half Moon Bay, CA 94019 Attn: General Manager
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If to WaterSmart:	WaterSmart Software 20 California Street, Suite 200 San Francisco, CA 94117 Attn: Chief Operating Officer
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The address to which mailings may be made may be changed from time to time by notice mailed as described above. Any notice given by mail shall be deemed given on the day after that on which it is deposited in the United States Mail as provided above.

21. ATTORNEY'S COSTS

If any legal proceeding should be instituted by either of the parties hereto to enforce the terms of this Agreement or to determine the rights of the parties thereunder, the prevailing party in said proceeding shall recover, in addition to all court costs, reasonable attorney's fees.

22. APPLICABLE LAW

This Agreement, its interpretation and all work performed thereunder, shall be governed by the laws of the State of California and the venue for resolving any disputes will be the County of San Mateo.

23. BINDING ON SUCCESSORS

All of the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

24. OWNERSHIP OF DATA

All data provided by the District to WaterSmart under this Agreement and all District PII ("Data") shall be the property of District. District shall be entitled to access to and copies of this Data subject to reasonable advance notice. Any such Data in the hands of WaterSmart or in the hands of any subcontractor upon completion or termination of services hereunder shall be immediately delivered to District.

25. RELEASE OF INFORMATION

WaterSmart shall not release any reports or other materials prepared in connection with this Agreement without approval of District's General Manager, unless required by the scope of work.

26. SEVERABILITY

Should any provision herein be found or deemed to be invalid, this Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect, and to this end the provisions of this Agreement are declared to be severable.

27. MAINTENANCE, AUDIT AND INSPECTION OF RECORDS

WaterSmart will permit the authorized representatives of the District to inspect, audit, make copies and transcriptions of books and all data and records of the WaterSmart relating to its performance under this Agreement subject to reasonable advance notice.

28. DATA PRIVACY

WaterSmart may have access to PII in connection with the performance of the Agreement. PII is any information that identifies or describes a person or can be directly linked to a specific individual. Examples of PII include, but are not limited to, name, address, phone or fax number, signature, date of birth, e-mail address, utility usage data, and method of payment. District PII means any PII relating to District's customers.

WaterSmart must ensure and maintain the confidentiality, security, safety, and integrity of all District PII, including physical, electronic, and procedural safeguards designed to prevent unauthorized access or use and protect against known or anticipated threats to the security or integrity of such data. This includes, but is not limited to, the secure transport, transmission and storage of District PII used or acquired in the performance of this Agreement. This Section will survive termination or expiration of this Agreement.

29. DATA SECURITY

WaterSmart must provide administrative, physical, and technical safeguards for protection of the security, confidentiality, integrity, and availability of District PII consistent with the current industry standards of care. In addition, WaterSmart agrees to comply with the provisions set forth in Exhibit E, WaterSmart Data and Security Policy, attached hereto and incorporated herein by this reference.

Customer data are kept in primary database, backup repository, and secondary backup repository. Data from different utilities are segregated from one another and never intermingled. Backups are performed locally within the hosted SSH-key protected environment, then encrypted using PGP privacy, and pushed securely over SSL to RackSpace's CloudFile storage system. An additional copy of the encrypted backup is pushed to Amazon Web Services S3 storage system for redundancy. No data is stored on WaterSmart's premises. Daily backups are stored for 30 days. After 30 days, weekly backups are stored for several months. Monthly backups are stored for one year. At the completion of the project, WaterSmart will properly dispose of any District data obtained during the project and will certify in writing when District data have been properly disposed of. Data destruction includes all data sent to WaterSmart by the utility including customer account information and meter read data, and information provided to WaterSmart by District end-users through the Customer Portal. Backups of these data stored on separate servers will also be deleted within 10 working days of notice to dispose.

30. NOTICE OF SECURITY BREACH

In addition to following the requirements set forth in Exhibit F, WaterSmart's Breach Response Plan, attached hereto and incorporated herein by this reference, WaterSmart must immediately notify District when it discovers that there may have been a data security incident that has or may have resulted in compromise to District PII. For purposes of this Section, immediately is defined as within twenty-four hours of discovery. WaterSmart must immediately take such actions as may be necessary to preserve forensic evidence and eliminate the cause of any suspected breach or security vulnerability—and must promptly alert District of any such circumstances, including information sufficient for District to assess the nature and scope of any suspected data breach. In the event of an unauthorized disclosure of District PII, per WaterSmart's Data Breach Response Plan WaterSmart will investigate if the breach warrants making a claim against WaterSmart's data breach insurance policies, and if so, begin insurance claim proceedings. Subject to limits of liability and available insurance proceeds, WaterSmart will use the data breach insurance proceeds to pay for the following costs to remediate any such unauthorized disclosure:

- A. The reasonable cost of providing notice of the breach to individuals affected by such breach;
- B. The reasonable cost of providing required notice of the breach to government agencies, credit bureaus, and/or other required entities;
- C. The cost of providing individuals affected by such breach with credit protection services designed to prevent fraud associated with identity theft crimes for a specific period not to exceed 12 months; and
- D. Any other service required by applicable law.

Subject to limits of liability and available insurance proceeds, WaterSmart must provide any information and/or support to District in issuing the actual notification and, at District's sole

discretion, WaterSmart must itself provide actual notification if District desires. This Section will survive termination or expiration of this Agreement.

31. CONFIDENTIALITY

Notwithstanding any language to this contrary in this Agreement, the following terms apply: The California Public Records Act (Cal. Govt. Code § 6250 et seq.) mandates public access to government records. Therefore, unless the information is exempt from disclosure by law, the content of any request for explanation, exception or substitution, response to these specifications, protest or any other written communication between the District and WaterSmart shall be available to the public.

If WaterSmart believes any communication contains trade secrets or other proprietary information that WaterSmart believes would cause substantial injury to the WaterSmart's competitive position if disclosed, WaterSmart shall request that the District withhold from disclosure the proprietary information by marking each page containing such proprietary information as confidential. WaterSmart may not designate all communications as confidential.

If WaterSmart requests that the District withhold from disclosure information identified as confidential, and the District complies with WaterSmart's request, WaterSmart shall assume all responsibility for any challenges resulting from the non-disclosure, indemnify and hold harmless the District from and against all damages (including but not limited to attorneys' fees that may be awarded to the party requesting WaterSmart information), and pay any and all costs and expenses related to the withholding of WaterSmart information. WaterSmart shall not make a claim, sue or maintain any legal action against the District or its directors, officers, employees or agents in connection with the withholding from disclosure of WaterSmart information.

If WaterSmart does not request that the District withhold from disclosure information identified as confidential, the District shall have no obligation to withhold the information from disclosure and may release the information sought without liability to the District.

32. AGREEMENT DOCUMENTS

This Agreement consists of the following documents:

1. This Agreement.
2. Exhibit A, Request for Quotations
3. Exhibit B, Payment Terms
4. Exhibit C, Schedule of Performance
5. Exhibit D, Software as a Service Provisions
6. Exhibit E, WaterSmart Data and Security Policy
7. Exhibit F, WaterSmart Breach Response Plan
8. Exhibit G, WaterSmart Extension of Services Agreement

In the event of conflict between or among the terms of the Agreement documents, the order of precedence shall be the order of documents listed above, with the first-listed document having the highest precedence and the last-listed document having the lowest precedence.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized representatives as of the day and year first above written.

IT IS SO AGREED.

WATERSMART SOFTWARE, INC
20 California Street, Suite 200
San Francisco, CA 94111

By: _____
Erik Andersen, Head of Sales
Date:

COASTSIDE COUNTY WATER DISTRICT
766 Main Street
Half Moon Bay, CA 94019

By: _____
David Dickson, General Manager
Effective Date:

Exhibit A

PROGRAM AT A GLANCE

Program Overview

- Program Length: 15 month first term, plus 2 additional 12 month terms
- Current Accounts: All accounts, approximately 7,500.
- Meter Data: All meters, including all of those transitioning to Aclara AMI

Dashboard and Portal

- Customer Portal:
 - Access for all accounts
- District Analytics Dashboard:
 - Profiles and Analytics for all accounts
 - Lists and Group Messenger included

Customer Letter

- Not selected

Water Reports

- Not selected

Special Circumstances:

- The District anticipates requesting that the Customer Portal be released to customers about 1 year after the Effective Date. The District may request that WaterSmart provide access to the Customer Portal (including Alerts and Notifications and Surveys, as described below) at any time after the standard 3-month implementation period.
- Upon notice to proceed, the District may request that WaterSmart establish a Single Sign-On interface between the District's online payment processing system and the Customer Portal.
- The District has selected on-site training

SECTION 1: INTRODUCTION AND PROGRAM ELEMENTS

Introduction

WaterSmart Software (“WaterSmart”) is a customer engagement and analytics platform. Coastside County Water District (“District”) has contracted with WaterSmart to implement a customer engagement program to serve its population.

The program is comprised of the following elements, which are explained in more detail below:

- District Analytics Dashboard: Analytics, customer support tools and Program performance data for District staff
- Customer Portal: Additional engagement and information for account owners
- Alerts: Leak and high usage alerts (if selected)
- Water Reports: Customized reports mailed or emailed to each participant (if selected)
- Single Sign On (SSO): We support SSO (Single Sign On) using the SAML2 protocol, as well as Facebook Connect. For SAML2 and OAuth integrations, the District must be capable of acting as a compliant Identity Provider (IdP). WaterSmart has experience working to implement SSO with cities that use InfoSend systems as several of our customers utilize these products. We have the capability to easily integrate this data with your utilities website.

As a software-as-a-service (SaaS) provider, WaterSmart will provide all major program elements to the District:

- Program setup and initialization, including data collection;
- Hosting of WaterSmart Customer Portal and District Analytics Dashboard;
- Creation and delivery of District-branded Water Reports and alerts to District water customers (if selected); and
- Measurement and verification to allow the District to evaluate the program (if selected).

The District is responsible for providing WaterSmart key program inputs including account information, regular feeds of meter data, and logos and contact information. District will also be responsible for timely feedback and input on key program elements during initialization. The District will maintain responsibility as the primary contact for customer inquiries and technical assistance.

WaterSmart and the District shall each designate a single person as Program Manager for the program. All District decisions shall be channeled through the District Program Manager. In addition, the District shall designate a Data contact who is responsible for providing the data indicated below.

This scope of work and agreement cover services rendered over term of the agreement. The exact timing of program launch and duration of services may vary depending on District resource levels, data availability, and other unforeseeable events. WaterSmart will endeavor to adhere to the proposed schedule. The District’s responsiveness and prompt provisioning of necessary program inputs is also critical to schedule adherence.

A proposed schedule is provided in Exhibit C, Schedule of Performance.

District Analytics Dashboard

The District Analytics Dashboard is available to staff through web interface, and unlike the Portal, is not optimized for mobile. The Dashboard provides insights on customer engagement and water use efficiency, both on an aggregate level and for individual customer accounts. The District Analytics Dashboard includes data for all customer classes whose data is provided to WaterSmart. WaterSmart will host the District Analytics Dashboard and will be responsible for all maintenance and security. The District may use the District Analytics Dashboard to create individualized, separate logins for as many District staff as it wishes.

Customer Portal

The WaterSmart Customer Portal, available to customers through a mobile and web interface, allows the District to engage with its customers, deliver targeted, personalized messages about their water use, alert them about potential leaks, inform them about rebate programs, educate them on the value of water, and, if selected, allow a user to view and pay their bill. The Portal features an integrated customer survey to gather important customer details related to occupancy, appliance age, water use behavior, and other important metrics. Users or managers of multiple units, such as homeowners' associations and commercial organizations, can also see a combined view of all consumption data in a unified view. WaterSmart will host the Customer Portal and will be responsible for all maintenance and security.

Alerts and Notifications

WaterSmart can provide alerts to residential customers to notify of a potential leak, to notify a customer that they have reached a self-selected consumption threshold, or, if selected, notify a customer of a bill being available, due or overdue. Alerts and notifications can be sent through multiple channels -- email, SMS text message, or automated voice call. Customers must opt-in through the Customer Portal to receive alerts via SMS text message or automated voice call.

Customer Letter (Not Selected)

Customers who have access to the Customer Portal and/or that receive Water Reports are sent a Customer Letter to explain the program and its benefits. Through the Customer Letter sent to single-family residential (SFR) customers also directs them to an online survey to fill out their household profiles. The Customer Letter is branded for the District (including the District logo, contact information and a signature line from an appropriate the District representative) and will inform recipients about the program and what they can expect to receive.

Water Reports (Not Selected)

Water Reports are informative, carefully designed reports that help deliver targeted messages from the District to customers including messages about water efficiency, social comparisons, the value of water, and rate changes. Water Reports can be sent via mail or email, and may be targeted to certain accounts (specified in "Special Circumstances" under the Program at a Glance and subject to approval by WaterSmart), sent to randomly selected accounts as part of a randomized control trial, or sent to all of the District's customers. Content and design of all materials are subject to change over time, as WaterSmart incorporates new features.

Surveys

WaterSmart will invite enrolled accounts to respond to two surveys on behalf of the District. The first is the Customer Profile available to customers through the Customer Profile, and linked to in the Customer Letter, WaterSmart will also send a digital invitation to complete a post-launch Satisfaction Survey on behalf of the District to all accounts for which an email address is available.

Group Messenger

If selected (specified in Program at a Glance), Group Messenger is a module within the District Analytics Dashboard that allows the District to send targeted, personalized messages to groups of customers quickly. The District can select from preloaded message templates or create their own, and select recipients quickly from preloaded lists, as well as exclude certain recipients. Group Messenger tracks message delivery times, click and open rates, and other engagement metrics.

Electronic Bill Presentment (Not Selected)

WaterSmart's Bill Presentment is a tab within the Customer Portal that allows users to view their bills if they have selected this service (see Program at a glance). The District may direct users to an existing bill system, or use WaterSmart's bill presentment interface to allow users to view their bills online via their computer or mobile device, and sign up for bill reminders and alerts.

SECTION 2: PROGRAM INITIALIZATION AND MILESTONES

The initialization phase of the program will begin with Contract Signing (or Purchase Order Issue if a Purchase Order is necessary for invoicing) and will last for three months. WaterSmart will begin the (first) 12-month implementation term at the start of the fourth month after Contract Signing/PO Issue. If the District has provided the data and input necessary to launch the program early, WaterSmart will accommodate by making the Customer Portal and District Analytics Dashboard available and (if selected) sending the first Customer Letters prior to the start of the 3-month initialization phase, though the invoicing schedule will not change.

Significant delay on the part of the District during launch may result in less than 12 months of access to the Customer Portal and District Analytics Dashboard and/or fewer than the planned number of communications to be sent during the 12-month period. If the District delays approval of a renewal or extension agreement, WaterSmart may, at its discretion (assuming the renewal agreement will be retroactive to being at the previous contracts' end), maintain Customer Portal and District Analytics Dashboard access and functionality, in the interim, for up to 90 days at which time all access will be revoked until the renewal/extension has been signed.

To initialize the program, WaterSmart will work with District to set up the transfer of key data elements, discuss customized elements of the Customer Portal and Water Reports, finalize a Customer Letter, and train District employees on the WaterSmart platform. Below are the key steps for the Program Initialization Phase.

Kickoff

WaterSmart will conduct a 60- to 90-minute introductory online meeting to orient District staff involved in the Program with the Reports, Alerts and Web Applications. WaterSmart suggests the District include a representative from each functional group that will be involved with the implementation of the program: Conservation, Customer Service, Field Service, Finance, Marketing/Public Information Office, and Information Technology (IT).

Data Transfer and District Obligations

While WaterSmart has developed processes to minimize the burden on District staff to launch the program, initiative and know-how on the part of District IT staff (or contractors) is necessary. All approvals and scheduling of District IT (or contractor) time for the project should be confirmed in advance to ensure a timely, high-quality and well-supported launch. Delays on the part of the District may reduce the number of months the District and its customers are able to make use of the software platform. WaterSmart will work with District to securely transfer a dataset on accounts, including but not limited to the following data:

Account Information:

- Account Number
- Account Type
- Account Sequence Number
- Property APN, where available
- Meter Size
- Customer Mobile Number, where available
- Service Address
- Billing Address
- Customer Name
- Customer Email, where available

Consumption History:

WaterSmart will request, for at least the last two years but ideally for five to ten years in the past, such fields as, but not limited to:

- Account Number
- Account Sequence Number
- Meter I.D. (serial number)
- Current Meter Read Date
- Previous Meter Read Date
- Days in Billing Cycle
- Consumption

- Bill and water allocation details as mutually agreed

Current Consumption:

WaterSmart will also work with the District to set up a regular transfer of meter reads from the District to WaterSmart through a secure channel. This will be the same file format as the Consumption History file above. The frequency of meter data transfer will determine how frequently Water Reports are shipped (see Table 1).

WaterSmart will request, for accounts with interval data:

- Account Number
- Timestamp
- Timezone
- Consumption
- Additional details as mutually agreed

Rebate Program Participation File

Optionally, the District may provide data on rebate program participants, and those receiving citations or notifications. This file may be sent at the same frequency as the Current Consumption data, or less frequently, and should include:

- Account Number
- Program Name
- Participation Date
- Additional details as mutually agreed

Should the District implement new data management systems after the first initialization process, which require WaterSmart to re-onboard new file structures or map historical identifiers (e.g. customers, accounts, premises, service points), WaterSmart will assess an additional one-time fee not to exceed \$10,000 upon receipt of first test files from the new system.

Configuration of Customer Portal and Water Reports

WaterSmart's Customer Portal and Water Reports (if selected) contains several custom fields. WaterSmart will work with the District to customize the Water Report and Customer Portal with the District logo and contact information. WaterSmart will provide messages and recommendations for the District to review and approve for display on a targeted basis. The District will have the opportunity to approve or exclude any recommendations shown in the Water Report and Customer Portal and messages shown in the Water Report. The District will also have the opportunity at the start of the program to provide WaterSmart with information on available rebates and incentives that should be flagged within relevant water saving recommendations.

The District and WaterSmart agree to complete this process in a timely manner. The District should provide final approvals to WaterSmart no more than ten (10) business days from when initial materials are provided to the District.

For both Messaging and Recommendations, the review process is as follows:

- WaterSmart sends default content to the District.
- The District Project manager sends back a single, consolidated list of approved messages.
- WaterSmart provides proof sheet of finalized content once all data is received and portal is configured.

In addition, the District will have the opportunity to provide one custom text Water Report message per Report cycle. Content is to be provided at least ten (10) business days prior to report generation.

Finalization of Customer Letter

If selected, WaterSmart will send a Customer Letter, on behalf of the District, to accounts that will receive access to the Customer Portal or Water Reports. the District will have the ability to customize the signature and the introductory paragraph of content, within space constraints. The review process is

similar to the process for Messaging and Recommendations described above. The format, design and content of the Customer Letter will be based on existing WaterSmart documents. Content and design of all materials are subject to change over time, as WaterSmart incorporates new features. WaterSmart will send Customer Letters by email where a valid email address is available and by print otherwise.

Training

After all initial customer data has been received and program content is finalized, WaterSmart will provide District staff with training and resources to understand the features and functionality of the Customer Portal and District Analytics Dashboard. If needed, WaterSmart can hold multiple sessions to accommodate Customer Service representative shifts and availability.

A proposed schedule for the Program Initialization Phase is provided in Exhibit C: Schedule of Performance.

SECTION 3: PROGRAM DESIGN (NOT SELECTED)

Experimental and Control Group

If selected, WaterSmart will use a randomized control group design to ensure the water saved in single-family residential accounts as a result of the WaterSmart program can be accurately measured and verified. While the Residential Recipients, as specified in the Program at a Glance, will receive Water Reports the Control Group will not. This program design allows WaterSmart to compare the changes in water consumption and customer satisfaction of the participants versus the control group and provide the District with formal statistical results. While the group of Residential Recipients may expand after the first term of the project, only the first group of recipients will be used to measure results.

Water Reports

Recipients

The number of recipients (specified in the Program at a Glance) may vary slightly in any cycle of Water Reports based on the availability of valid meter data available for each account and the number of new or closed accounts in a given period. Water Reports will be sent digitally where valid email addresses are available, and by print otherwise.

Number and Scheduling of Cycles and Shipments per Report

Each enrolled account will be eligible to receive a Water Report in each of the 4, 6 or 12 cycles of reports per term, as specified in the Program at a Glance. Some accounts may receive fewer Water Reports due to a missed or incorrect reads, or a closing or opening of a new account with the District.

Each cycle of reports can be sent in one or more shipments, with each shipment going to a subset of households. WaterSmart will ship Water Reports based on the schedule that the District transfers billing data to WaterSmart. For utilities that provide account billing data to WaterSmart on a rolling basis (with billing data for a subset of accounts transferred each day or each week), WaterSmart will send out shipments for each cycle on a weekly basis. For utilities that provide account billing data to WaterSmart once per billing period, WaterSmart will send each cycle of Water Reports in a single shipment.

The schedule of these shipments is given below:

Table 1: Schedule of Water Reports Shipments

District Transfers Billing Data to WaterSmart:	WaterSmart Sends Shipments of each Report Cycle:
Daily	Weekly
Weekly	Weekly
Monthly	Monthly
Bi-Monthly	Bi-Monthly

The report delivery schedule is designed so that every customer account will be eligible to receive a report in each cycle. If the District wishes to stagger the initial set of reports over more than one cycle or in such a way that it does not correspond to the District billing data transfer schedule, these are special circumstances that must be identified in advance in the “Program at a Glance” section at the front of this Scope and are subject to approval by WaterSmart.

The delivery of the Customer Letter and the initial cycle of Water Reports will be scheduled in conjunction with the District. Email deliveries may be scheduled to arrive on, or avoid, a specific day of the week. Print deliveries are subject to postal schedules and cannot be guaranteed for specific dates. District-requested delays in sending materials may result in fewer reports per recipient than the maximum number specified in the contract.

Cohort Group

For utilities sending Water Reports to single family residential customers, WaterSmart will create cohort groups of similar residences in order to maximize the relevance of water use comparisons and potential water savings. Cohort groups may include the following variables:

- Number of occupants per home (based on user-generated information and real-estate based estimates)
- Irrigable area (e.g. small, medium, large, etc.) to be determined based on home size and lot size information contained in real estate data obtained by WaterSmart, or optionally, provided by the District if it already possesses such information
- Residence location (e.g. city, zip code, etc.) for utilities which span large areas

Post-Launch Survey

WaterSmart will send a link to a post-launch survey to accounts with email addresses. The post-launch survey typically is conducted after at least eight months of engagement. WaterSmart will provide a sample of the Satisfaction Survey invitation, including one block of content, which the District may customize. The District should provide consolidated comments and final approvals to WaterSmart no more than ten (10) business days from when initial materials are provided to the District. The results of the surveys will be used to gauge customer satisfaction and Water Report perceptions. WaterSmart will share all results of the surveys with the District.

Measurement and Verification

WaterSmart reports changes in consumption for the experimental group versus a randomized control group selected from the District’s entire population of residential households. After three Water Reports have been sent, WaterSmart will prepare an efficiency study that details the change in water usage for the experimental versus control group, and load those results into the District Analytics Dashboard. This evaluation is performed with a Fixed-Effects regression model using the consumption data for each household in the experimental and control groups. The efficiency study report will include percentage savings, GPD (Gallons per Day) savings and Acre Foot savings at the program level for all months after the

first Water Reports were sent. While WaterSmart can continue to measure results after the first term (as long as a control group is maintained), Water Report recipients added to the program after the first term will not be included in the experimental group.

SECTION 4: CUSTOMER SERVICE AND SUPPORT

Customer Service Support

The District shall have the primary responsibility for providing customer service to Customers. WaterSmart will provide a list of Frequently Asked Questions to both enrolled Customers and District staff to facilitate this process. WaterSmart also provides the Customer Support section within the District Analytics Dashboard, which is designed to help customer service representatives respond to Customer inquiries.

WaterSmart's project manager will work with the District's primary contact to assist in addressing additional customer issues. All inquiries from District customers outside the scope indicated above, including without limitation questions about water data, will be directed to the District. WaterSmart will provide service and support to the District's Project Manager regarding technical questions about WaterSmart's Customer Portal and District Analytics Dashboard Web applications and Water Reports between the hours of 7 a.m. and 6 p.m. PST Monday thru Friday, excluding federal holidays.

To further assist in answering questions, WaterSmart offers a District Analytics Dashboard feature ("Intercom") that allows District staff to communicate and engage actively with the entire Customer Success team, for a more high-level response of customer and product support in-app and through email. District staff can use the Intercom feature to ask questions and provide feedback, and can expect to receive a response within two business hours from members of the WaterSmart team.

Maintenance of Web Applications

WaterSmart will maintain commercially reasonable systems and controls designed to maximize monthly uptime and minimize unscheduled outages of the Customer Portal and District Analytics Dashboard. Excluding any down time for maintenance and/or upgrades, WaterSmart will make strong efforts to provide Customers and the District with access to their respective Web applications on a continuous basis. WaterSmart will provide advance notification of any planned outages and will notify the District without unreasonable delay if it detects or receives notice of any material problems relating to the Customer Portal and/or the District Analytics Dashboard.

WaterSmart's Web Applications include dynamic and interactive charts and tables that may not be compatible with older Internet browsers.

The Internet browser and operating system requirements are:

- Windows XP: Chrome 38+, Firefox 32+
- Windows 7, 8, 8.1, 10: IE 9+, Chrome 38+, Firefox 32+
- Mac: Chrome 38+, Firefox 32+, Safari

Data Security and Privacy

WaterSmart will not share personally identifiable customer information or customer-specific water use information with any third party without prior consent from the District. Data transferred to WaterSmart from the District will be stored in a database dedicated to the District and its WaterSmart project. The data will not be comingled with the data provided by any other entity; provided, however, that certain anonymous data may be copied and consolidated with data provided by one or more other entities for the research and product development purposes subject to the terms of the Agreement. WaterSmart's privacy policy and terms and conditions are included on every page of the Customer Portal, and are made available to District staff to share with residents as needed.

WaterSmart enacts standard controls, policies, and procedures to ensure the security of the District's data and customer provided information, including but not limited to choosing a reputable cloud-server vendor with appropriate physical security of server infrastructure, secure public-private key-based login to all WaterSmart server infrastructure, password authentication on all Web site interaction, and audit logging.

WaterSmart will provide the District with private key access to a secure FTP destination for regular delivery of the data. This secure FTP site will be hosted on WaterSmart's server infrastructure. The District agrees to send data only through this secure channel and not through any other method.

Exhibit B: Payment Terms

COMPENSATION AND DISTRICT OBLIGATIONS

For items listed in the above Scope of Services, the District shall compensate WaterSmart according to the Fee Schedule below. **The District acknowledges its responsibilities and obligations, in particular in regards to the expertise and planned IT commitment to provide data needs as described in the Data Specification file.** Delays on the part of the District may reduce the number of months the District and its customers have access to WaterSmart products and services, but does not reduce Fee Schedule.

Table 2: Fee Schedule

Program Feature	Description	Fee	Invoicing schedule
Initialization (First 3 Months of Term)	One-time fee for program setup, configuration, and on-site training	\$8,000	Upon Agreement Signing
Single Sign-On	Optional integration of Customer Portal with third party online payments system	\$5,000	Upon Completion (if selected)
SaaS and Program Fee Per 12 Month Implementation Term	Access to District Analytics Dashboard, Customer Portal (including Alerts and Notifications and Extended Group Messaging Services), Support & Customer Service	\$12,730	Due 3 months after Agreement signing
SaaS and Program Fee Per 12 Month Implementation Term	Access to District Analytics Dashboard and Customer Portal (including Alerts and Notifications and Extended Group Messaging Services), Support & Customer Service	\$12,730	Due 15 months after Agreement signing
SaaS and Program Fee Per 12 Month Implementation Term	Access to District Analytics Dashboard and Customer Portal (including Alerts and Notifications and Extended Group Messaging Services), Support & Customer Service	\$12,730	Due 27 months after Agreement signing
Total Fee		\$51,190	

CONTACT FOR INVOICES

District contact for all invoicing purposes is:

Lisa Sulzinger

Office Specialist

lsulzinger@coastsidewater.org

650-726-4405

766 Main Street, Half Moon Bay, CA 94019

For any questions regarding WaterSmart Contracts, please contact WaterSmart Accounting at business@watersmart.com, 415.366.8622 x 815. All written correspondence can be sent to:

Accounting Department

WaterSmart Software
20 California Street, Suite 200
San Francisco, CA 94111

Exhibit C: Schedule of Performance

INITIALIZATION SCHEDULE

WaterSmart proposes the following schedule to initialize and launch the program. The District anticipates that the Customer Portal will be deployed about 1 year after the Effective Date. The District may request that WaterSmart open up customer access to the Customer Portal (including Alerts and Notifications and Surveys) at any time after the following initialization schedule.

Table 3: Estimated Initialization Schedule

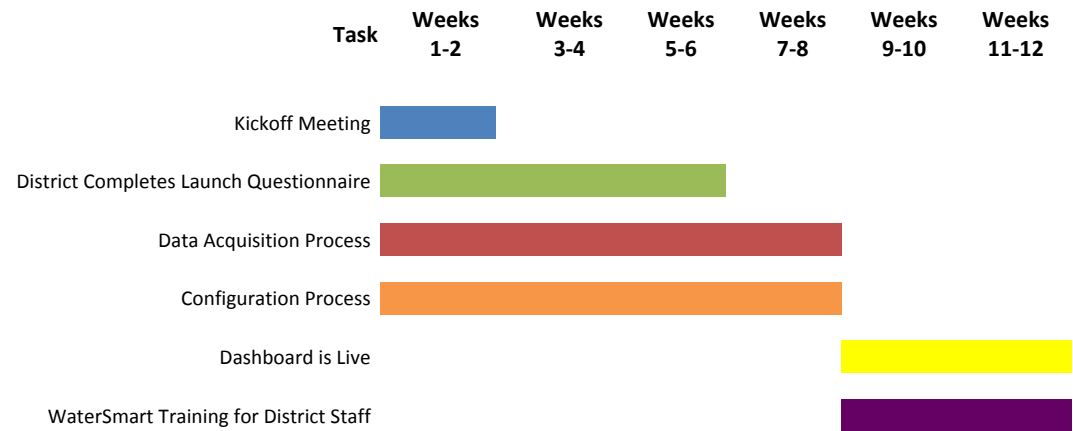


Exhibit D: Software-as-a-Service Provisions

BACKGROUND: WATERSMART's customer engagement and data analytics services are to be provided primarily by utilization of WATERSMART's proprietary software hosted on WATERSMART's computer systems and accessed by authorized users over the Internet. This is a shared cost software utilization model which enables customers to achieve substantial cost savings versus commissioning custom development of software or licensing software for installation and maintenance on customers' computer systems. Companies like WATERSMART are commonly referred to as "SaaS" or "software-as-a-service" providers. Certain supplemental provisions which are customary within the SaaS sector and essential to enabling WATERSMART's SaaS service model and providing substantial cost savings for the District, are set forth below and incorporated by reference in the Agreement. Also included below are additional terms applicable to bill payment, leak alert and group messenger services if such services are elected by the District.

A. WATERSMART's reservation of intellectual property rights

WATERSMART has created, acquired or otherwise currently has rights in, and may, in connection with the performance of this Agreement or otherwise develop, create, employ, provide, modify, acquire or otherwise obtain rights in various inventions, concepts, ideas, methods, methodologies, procedures, processes, know-how, techniques, models, templates, software, applications, documentation, user interfaces, screen and print designs, source code, object code, databases, algorithms, development framework repositories, system designs, processing techniques, tools, utilities, routines and other property or materials, including without limitation any and all subject matter protected or which may be protected under patent, copyright, mask work, trademark, trade secret, or other laws relating to intellectual property, whether existing now or in the future, whether statutory or common law, in any jurisdiction in the world ("WATERSMART IP"). The District acknowledges that WATERSMART owns and shall own all intellectual property rights in and to deliverables hereunder, the WATERSMART IP and derivative works of WATERSMART IP (whether independently or jointly conceived), regardless of whether or not incorporated in any print or electronic Water Reports, Customer Portal, District Dashboard, or other software or deliverable provided to the District by WATERSMART, and that the District shall acquire no right or interest in the same.

The District agrees to assign, and hereby does assign, any right, title and interest in any suggestions, enhancement requests, or other feedback provided by the District relating to services offered by WATERSMART. If and to the extent any such assignment is ineffective, the District hereby grants to WATERSMART a royalty-free, worldwide, irrevocable, perpetual license to use and incorporate into its services any such suggestions, enhancement requests, or other feedback provided by the District.

Subject to the foregoing, authorized employees and customers of the District may during the term of the Agreement access and use the WATERSMART SaaS services, print and electronic Water Reports, Customer Portal, District Dashboard, Extended Messaging Services, other deliverables provided to the District by WATERSMART, and applicable bill presentment and payment services, each as so specified by the Scope of Work, for purposes of the District's customer engagement program, customer billing, and for the District's internal purposes, so long as the District is current with respect to its financial and other obligations under the Agreement. WATERSMART hereby grants to the District a non-exclusive, non-sublicenseable license to the WATERSMART IP within DISTRICT's service territory, strictly limited to District's use of the WATERSMART SaaS services. DISTRICT may not build or sublicense others to build an additional work of improvement that embodies or derives from WATERSMART IP without WATERSMART's prior written consent. If the District enters into an agreement with a third party contractor of WATERSMART related to bill payment services, the intellectual property provisions of such agreement shall apply with respect to intellectual property owned or controlled by such third party. Any rights not expressly granted herein are reserved by WATERSMART and its licensors.

B. District's cooperation in providing necessary inputs

Deliverables to be provided by WATERSMART via its proprietary software require certain data from the District. the District shall provide WATERSMART with those data, records, reports, approvals and other inputs identified for the District to provide in the Scope of Work or otherwise requested by WATERSMART. The District shall ensure that such inputs are accurate and within the District's legal rights to share with WATERSMART subject to the confidentiality and other applicable provisions of the Agreement. Time is of the essence, and the District shall provide its inputs within the timeframes specified for the District by the Scope of Work. If bill payment services are included in the Scope of Work, the District shall cooperate with WATERSMART and its applicable third party partner(s) in timely providing the data, records, reports, approvals and other inputs requested for such services. WATERSMART shall not be responsible for delays outside WATERSMART's control, and deadlines for WATERSMART's performance shall be adjusted, if necessary, to accommodate delays by the District.

C. Confidentiality and WATERSMART's use of aggregated data

All data, documents and other information received or accessed by WaterSmart from the District for performance of this Agreement, including without limitation personally identifiable information and financial information, are deemed confidential. Such information shall not be used or disclosed by WaterSmart without the prior written consent of the District or owner (which may include without limitation consent by end users to share any information with additional users they authorize), except to WaterSmart's employees and contractors on a need-to-know basis for performance of this Agreement with appropriate confidentiality protections. For this purpose, protected confidential information shall not include (i) information that, at the time of disclosure, is publicly available or generally known or available to third parties, or information that later becomes publicly available or generally known or available to third parties through no act or omission by WaterSmart; (ii) information that WaterSmart can demonstrate was in its possession prior to receipt from the District; (iii) information received by WaterSmart from a third party who, to WaterSmart's knowledge and reasonable belief, did not acquire such information on a confidential basis from the District; (iv) information WaterSmart can demonstrate was independently developed by it or a third party; or (v) information that WaterSmart is legally required or compelled by a court to disclose.

The foregoing confidentiality obligations are subject to the following clarification of the parties' rights and obligations with respect to aggregated and anonymous data. The District hereby gives its permission to WATERSMART to use and disclose on an anonymous and/or aggregated basis (excluding any personally identifiable information) any data pertaining to the District end customers and their water consumption, including without limitation derivative data and data combined with the data of other utilities, for purposes of project evaluation and any research, product development, marketing, or other legitimate business purposes. This Section C shall survive any termination or expiration of the Agreement.

WaterSmart shall post and comply with WaterSmart's applicable privacy policy.

D. Software corrections and third party acts; limitation of liability for SaaS services

In the event that WATERSMART's services fail to meet specifications or other requirements specified by the Scope of Work, the District shall promptly notify WATERSMART and WATERSMART shall promptly correct any defect or substitute services, software, or products to achieve the functionality and benefits originally specified. If WATERSMART promptly makes such correction or substitution, WATERSMART shall have no further liability with respect to said defect(s), notwithstanding any other provision of the Agreement. All warranties not expressly stated in the Agreement are disclaimed. The District understands that the District's use of WATERSMART's services provided online may be interrupted by circumstances beyond WATERSMART's control involving third parties, including without limitation computer, telecommunications, network, Internet service provider or hosting facility failures or delays involving hardware, software, networks, or power systems not within WATERSMART's possession or direct control, and network intrusions or denial of service attacks (collectively, "Third Party Acts").

WATERSMART shall not be responsible or otherwise liable for any Third-Party Acts, including, without limitation, any delays, failures, or security breaches and damages resulting from or due to any Third Party Acts, provided that WATERSMART has exercised due care. However, in the case of any Third Party Act which will delay or prevent WATERSMART from providing online services to the District, WATERSMART will promptly notify the District and assist in mitigating any impact. Neither party will be liable to the other, under any non-indemnity claim relating to this Agreement, for any indirect, incidental, exemplary, special, reliance or consequential damages, including loss of profits or loss of data, even if advised of the possibility of these damages. Under no circumstances or event shall WATERSMART's total cumulative liability for losses or damages of any kind arising under or relating to this Agreement and under any theory (contract, tort, defense and indemnity, or otherwise), exceed (i) the total contract value, or (ii) available insurance proceeds from WATERSMART's carriers, whichever is higher. If the District enters into an agreement with a third party contractor of WATERSMART related to bill payment services which specifies a lower limit of liability with respect to such services, the same limit shall apply to WATERSMART's liability (if any) with respect to such services. The foregoing limited remedy and limitation of liability provisions shall apply notwithstanding any conflicting provisions or any failure of essential purpose with respect to a limited remedy or limitation of liability, and shall survive any termination or expiration of the Agreement. The District acknowledges that pricing for WATERSMART's services would be substantially higher without the aforementioned limitations.

E. Technology and services infrastructure vendors

WATERSMART as a SaaS provider utilizes the secure cloud hosting platform of a third party industry leader in cloud computing with state-of-the art security to host the data of all WATERSMART customers. WATERSMART utilizes a reputable third party vendor to perform printing and mailing services when included within the scope of WATERSMART's work. For bill payment services, including credit card, debit card, and ACH payments and authentication, WATERSMART utilizes leading edge, reputable third party vendors specializing in such functions. Since the referenced cloud hosting platform, printing and mailing vendors, bill payment services providers, and certain other vendors performing similar or related functions, are integral components of WATERSMART's technology and services infrastructure used across its pertinent customer base and are not specific to the District and services under this Agreement, the District acknowledges that such utilization is not considered subcontracting of WATERSMART's services under this Agreement.

If the District enters into an agreement with any third party contractor of WATERSMART for any services ancillary or related to the services provided by WATERSMART during the term of this Agreement, District shall first seek and exhaust all remedies from such third party contractor prior to seeking any remedy from WATERSMART with respect to such services.

F. Compliance With Laws

WaterSmart shall comply with all federal, state and local laws, regulations, regulatory rulings, and ordinances as may be applicable to the performance of services under this Agreement. The District shall comply with all federal, state and local laws, regulations, regulatory rulings, and ordinances related to this Agreement, and shall have sole responsibility for securing any necessary regulatory approvals, if any, for this Agreement and/or the services hereunder.

The District shall be responsible for obtaining from its end customers any consents and providing any notices, if any are legally required, for the services to be provided by WaterSmart hereunder.

G. Extended Messaging Services

If the District elects to utilize WATERSMART's leak alert or group messenger services, certain supplemental legal terms shall apply. These supplemental terms ("Extended Messaging Terms") are set forth below and shall prevail in the event of any conflict or inconsistency. For avoidance of doubt, the Extended Messaging Terms apply to all WATERSMART services involving automated phone calls (conventional and mobile), pre-recorded messages, text messages, and other such bulk communications

(including emails outside of WATERSMART's core customer engagement offerings) (collectively, "Extended Messaging Services").

1. The District shall be solely responsible for the content of any messages or communications to end customers which the District initiates or authorizes in connection with the Extended Messaging Services, as well as the District's selection of any vehicle (i.e., conventional phone, mobile phone, text, email) for such messages or communications. WATERSMART shall have no responsibility or liability of any kind with respect to messages or communications initiated or authorized by the District or its representatives. In furtherance of the foregoing, the District shall hold harmless, defend and indemnify WATERSMART and its officers, directors, employees, contractors, representatives and volunteers from and against all claims, damages, losses and expenses including without limitation any statutory damages, penalties, and attorney's fees, arising out of or relating to the Extended Messaging Services or any breach by the District of the Agreement including without limitation these Extended Messaging Terms. For avoidance of doubt, if the Agreement has other indemnity provisions in favor of the District such provisions shall not apply to the Extended Messaging Services, except in the event of WATERSMART's willful misconduct.
2. If the District elects to make available to its end customers Extended Messaging Services offered by WATERSMART to alert end users of potential leaks or high water usage, the pertinent end users and the District assume all risks associated with such alerts, and no indemnity provisions in favor of the District shall apply to such risks (including without limitation any liability claims for failure to alert or inaccurate alerts), except in the event of WATERSMART's willful misconduct.
3. With respect to Extended Messaging Services, WATERSMART's role is limited to delivering via its technology platform the District's communications through vehicles selected by the District; accordingly, compliance with applicable laws (which may vary by state and locale) is strictly the District's responsibility with respect to Extended Messaging Services notwithstanding any provision to the contrary.
4. The District is encouraged to consult legal counsel of its own with respect to this Agreement and in reference to Federal Communications Commission Declaratory Ruling FCC 16-88 (released August 4, 2016), any Extended Messaging Services, and compliance with applicable federal, state and local laws, regulations and regulatory rulings, and ordinances. The District shall not rely on WATERSMART or WATERSMART's representatives for legal advice or guidance concerning the content or appropriate vehicles (i.e., conventional phone, mobile phone, text, email) for communications with the District's end customers.
5. In order to provide the Extended Messaging Services at efficient cost and with optimal levels of security and reliability, WATERSMART may utilize one or more third party communications technology and communications services providers. Since such providers are utilized across WATERSMART's pertinent customer base and are not specific to the District and service choices by the District under the Agreement, District acknowledges that such utilization is not considered subcontracting of WATERSMART's services under the Agreement.

Exhibit E: WaterSmart Data and Security Policy

A. Risk Management

1. WaterSmart's IT Risk Governance

WaterSmart strives to strike a balance between opportunity and risk for our business, while minimizing risk for our customers. We govern based on best practices extracted from various frameworks. During our regular prioritization meetings, we discuss the company's appetite for risk and assess each potential initiative with respect to IT concerns. Example of the risks assessed might include: late-delivery risk, compliance risk, architecture/flexibility risk, data security risk, or service risk. These sessions often include risk review with the goal of understanding the business impact of a given scenario.

2. WaterSmart's IT Risk Life Cycle

As described above, we identify the value of business propositions, identify the risks, and assess the risks. If the project goes forward, the IT team is responsible for developing a response to any potential risk, implementing it, and monitoring the response/control/measure for its effectiveness. We often iterate on and improve risk responses over time to continually minimize risk as new information, ideas, or technologies become available.

B. Information Security Policy

1. WaterSmart's Information Security Policy

WaterSmart's Information Security Policy establishes a framework for managing risk in accordance with business requirements. At the core of our policy, we focus on:

- Tight access control, ensuring only approved users are granted appropriate access
- Encryption in transfer, to keep data secure as it flows in and out of system boundaries
- Encryption at rest, to keep data secure as it remains within our system boundaries
- Partnering with best-in-class cloud vendors for asset management and physical & environmental security
- Automation for change-management accuracy
- Daily backups with geographically distributed, redundant encrypted storage
- Documentation for business continuity
- Human resources security, to ensure all necessary controls on employees
- Policy creation, maintenance and review

Specific aspects of WaterSmart's Information Security Policy are documented in our secure online repository. We continuously update and maintain our documentation when new business requirements or risks are surfaced. As a

whole, Security Policy is reviewed with each new customer; any suggested policy improvements are documented and prioritized within our project prioritization framework.

C. Information Security Organization

1. Dependent Service Providers

Our company carefully reviews all cloud service provider partners for their security. We only select vendors with high standards regarding security, privacy, and disaster preparation. We select best-in-class vendors with multiple 3rd party verifications; for example, RackSpace and Amazon Web Services for servers and networking, SendGrid for email delivery, and Twilio for telecommunications. The verifications and certifications of our vendors are publicly available for inspection.

D. Physical and Environmental Security

1. Physical Controls

WaterSmart's servers are deployed in the secure Rackspace Cloud. Physical security includes state-of-the-art building access controls, video surveillance and 24x7 onsite security. Rackspace's facilities and security procedures are regularly subject to independent 3rd party reviews and certifications including but not limited to ISO27002 and SOC1/2/3.

2. Environmental Controls

Our servers are connected to multiple high-performance networks, uninterruptible power supplies, backup diesel generators and fire-safety systems. A full-time, on-site operations staff addresses any hardware problems.

E. Operational Security

1. WaterSmart's operational controls

Operational controls include strict access control, encryption in transit and at-rest, precise firewall configuration, access logging, application logging, real-time server metrics collection and graphical display, multi-tenant data segregation, intrusion detection, aggressive backup policy, process automation, development and production environment separation, documentation, and change-control.

Furthermore, all data transmitted between WaterSmart and a customer or cloud partner is always transferred in an encrypted fashion, using either SSL, SSH, PGP, or TLS as appropriate for the channel.

Data files delivered by utility partners are immediately encrypted and remain encrypted while within system boundaries. Personally Identifiable Information (PII) that is stored within our databases is encrypted at rest.

2. WaterSmart's monitoring of system and network activity

All access to servers, as well as to customer-facing products, is logged. System activity logs are collected in real time and displayed graphically in our operational dashboard. Our operational alert framework analyzes system data and is configured to send instant alerts to the IT team at various thresholds.

3. Intrusion detection methodology

Our servers are only accessible via individual SSH public/private key pair, and no access is allowed via password. Only members of the IT team have access to their private keys; and keys may be revoked at any time. Our alert framework monitors all access and reports immediately if it sees an unknown user. The intrusion detection framework also geolocates the IP address of each connection and alerts on any geographic anomalies. We also analyze for time-of-use anomalies, and alert on any access outside of the usual clock-pattern of access.

4. WaterSmart's data backup and restoration process

We backup all critical system configuration data and all multi-tenant customer data daily. The data is PGP encrypted and then transferred via SSL to our Cloud Files storage area within the secure RackSpace cloud as well as a secondary geographic location hosted by Amazon Web Services. Our restoration procedure is carefully documented in our operations guide; it involves downloading a specific backup and installing it as needed. The restoration process is practiced routinely. We employ a cascading fade-out backup storage scheme in which we keep daily backups for 30 days, and transition older backups to weekly or monthly snapshots. We also maintain a hot-failover backup system that is primed daily to serve product via DNS swap.

5. WaterSmart's change control process

We develop software in an agile/scrum method. On a weekly or bi-weekly basis, all requested changes are documented in our issue-tracking/scrum system. All data-related or operational changes are included in this change-request process. Data and operational changes are made only by script automation. Once changes are committed with comments to our secure source code repository, the changes are pushed to our development/test environment where they are validated. All validated changes are deployed to our live environment on-demand via automation from our repository.

F. Access Control

1. WaterSmart's access control policy

Access to servers and data by WaterSmart employees is granted only on as-needed basis, and only by individual, revocable SSH public/private key-pairs. Authorization is never granted via password or by shared key. Role-based access control (RBAC) is implemented to regulate access to computer and network resources based on the roles of individual users within the WaterSmart organization.

Editorial rights to content used in our application require an individually provisioned, revocable SSL Certificate on the physical machine of the employee.

Each new employee signs a Non-Disclosure Agreement and is subject to a background security check. We maintain written de-provisioning procedures to universally withdraw access from individuals who no longer require data access.

2. WaterSmart's privilege delegation and separation of duties policy

Group-level RBAC is used to handle privilege delegation. Some employees may have administrator rights, while others are read-only, or some have no access at all.

3. WaterSmart's inactive accounts and access revocation policy

Written procedures are followed to withdraw access from an inactive account or terminated employee. This includes but is not limited to SSH key removal, SSL certificate revocation, user deletion, and de-provisioning of all cloud-based services.

G. Software Development and Maintenance

1. WaterSmart's Software Development Lifecycle

WaterSmart is on a continuous release cycle with minor updates and improvements to the product released on a daily or weekly basis. As a hosted software as a service product all versions are the most current.

2. WaterSmart's application vulnerability assessment methodology

Application Vulnerability is handled proactively by employing best-practice authentication technology, web application frameworks designed to eliminate cross-site or injection attacks, and most importantly, code review. All

code added to our secure repository triggers our code-review automation, in which code-differences are highlighted and distributed to peers in the engineering team for review.

3. WaterSmart's application and system patching strategy.

As a web application company, we have almost no barrier to application patching. Any necessary changes are committed, tested, and rolled out to our multi-tenant infrastructure as required via an automated process that cleanly shuts-down, deploys and restarts the necessary applications. Customer-facing products enter maintenance mode during the procedure. An application deploy, on average, takes less than 30 seconds.

System level patching, including OS upgrades, occurs on an as-needed basis for critical issues and approximately quarterly for enhancements. All patching occurs first in our development and test environment. After the development patch, we complete a system-wide smoke test of our applications and infrastructure. Subsequently, we begin our production patching procedure with a full image clone of each virtual server to be upgraded, followed by the patch and test cycle.

We run only Long Term Support (LTS) versions of Linux Ubuntu on our servers, in an effort to minimize vulnerability threats.

As a cloud services company with over 50 utility customers, we do security reviews many times a year during the contracting phase. Internally, the IT team formally reviews our system security on a quarterly basis; informally we do code-reviews and read technical and vulnerability blogs on a daily basis.

H. Incident management

1. WaterSmart's incident management program

We have a 5-step incident management program. After an incident identification, (1) incidents are assigned an incident manager responsible for responding to the incident in a timely manner and pro-actively communicating incident status to all relevant internal and external parties. (2) Incidents are documented via incident management form and permanently filed in our incident repository. (3) We identify and execute corrective actions. (4) We perform a root cause analysis. (5) We feed back lessons learned to the planning function team. Throughout the incident process, we maintain open lines of communication with our customers. WaterSmart also maintains a breach response plan intended to govern the organizational structure and response in the unlikely event of a data-breach incident. This policy is available upon request.

I. Business Continuity

1. WaterSmart's Business Continuity program

WaterSmart takes several approaches to business continuity beginning with our decision to deploy image-based virtual servers in a cloud data center featuring multiple high-performance networks, uninterruptible power supplies, backup diesel generators, fire-safety systems, and a full time operations staff. New instances of our servers can be quickly deployed from bare metal via automation in case recovery is needed. We also maintain documentation and test our failover procedure in which application hosting is switched from one cluster to another with minimal customer interruption.

From a business perspective, our organization is designed to operate in a distributed fashion making use of cloud technologies such as our secure cloud document silo, an online documentation repository, and a web-managed hosting environment. Employees have unlimited access to multiple communication channels including web-based chat and video presentment tools.

Most importantly, we rigorously maintain 'how-to' documentation for running our business smoothly in a repeatable fashion whether or not an emergency is at hand. Documentation is maintained in an editable, electronic format so it can be easily updated during trial or execution.

2. Business Impact Analysis

Our business recently completed a brief business impact analysis using the assets available and recommended by [ready.gov](https://www.ready.gov).

3. Continuity Plan testing

Our continuity plan is continuously tested, on different frequencies. For example, server deployment procedures are used on a monthly basis, failover to secondary servers is tested annually, and 'work anywhere' business operations and communications are tested on a daily basis. Documentation is tested using a trade-off technique where the author passes the documentation to a second employee for validation.

J. DDoS Attack Mitigation

1. Detection

WaterSmart currently engages 24/7 monitoring of our website uptime from various access points around the globe. If an outage or latency issues is detected, our detection services immediately notify our operations team via two independent communication channels including mobile phone notification.

2. Vendor notification and partnership

In the event of a denial of service attack, WaterSmart will immediately coordinate with our hosting partner (RackSpace) in order to understand the magnitude of the problem as it affects their infrastructure, and identify resolution vectors. Rackspace's anti-DDoS arsenal includes network-level traffic analysis, server level anomaly detection, and possibilities for packet filtering and rerouting.

3. Elastic WebServer Provisioning

WaterSmart can create and deploy web servers with new external IP addresses at will. Our backstop procedure for DDoS mitigation is to deploy new web servers and reassign the public entry-point IP via a DNS change and propagation. DNS time-to-live (TTL) is set reasonably low to facilitate this type of migration.

K. Regulatory Compliance

1. WaterSmart's compliance with internal policies and standards

We regularly review our operating procedures against our organizational policies, including documentation execution 'practice sessions', maintaining a prioritization queue of desired improvements, and auditing our internal alerting and monitoring systems to make sure they are operating as expected.

We review legal requirements in the context of each Customer's contractual agreement with the help of internal counsel and the counsel of our customer-partners.

L. Privacy

1. WaterSmart's Privacy program

WaterSmart has a serious commitment to the privacy of our customer data. We do not share any personally identifiable data with anyone without the express consent of our customer. We do not store any billing data, financial data, or payment information. The extent of what might be considered private data is customer name, address, account number, email address, and water usage.

Our information security practices address the privacy of data during its entire lifecycle: storage (encrypted at rest and SSH-based server access only), usage (end-user access via HTTPS and encrypted password), sharing (never), transferring (SSH encryption), securing (SSH), retention (backups PGP + HTTPS), and destruction (delete or return-to-customer).

Exhibit F, WaterSmart's Breach Response Plan

Breach Response Plan v1.2

Revised December, 2016

WaterSmart works diligently to minimize the possibility of data breach. For more information, please review WaterSmart's information security policy, which documents our approach to security and our technical safeguards. In the case of a data breach, this document describes our core approach for responding to these events in a predetermined and organized manner across our entire organization.

A data breach is an event in which data intended to be protected from unauthorized access is inappropriately exposed.

1. GENERAL APPROACH

WaterSmart's general approach to response will include the following steps:

1. Documentation of events prior to and following discovery
2. Immediate response
3. Activation of the response team and legal counsel
4. Clear and timely communication within the company about the issue and with Utility Partner as appropriate
5. Instructions to the organization on responding to external inquiries
6. Determination of law enforcement and regulatory agency inclusion
7. Root cause analysis, remediation planning, and remediation
8. Development of messaging and notification schedule to affected parties based on legal counsel
9. Account management for the Utility Partner
10. Determination of compensatory necessity based on legal counsel

2. DISCOVERY AND DOCUMENTATION

Upon discovery of a data breach, WaterSmart will immediately record the date and time when the breach was suspected, as well as the current date and time when response efforts begin.

Once the breach has been verified to actually include PII, we begin the documentation phase.

Documentation about the breach should include everything known thus far. The necessary facts are:

- Who discovered it
- Who reported it
- To whom it was reported
- Who else knows about it
- What type of breach occurred
- When the breach occurred
- What systems are affected
- What was stolen or is missing
- Which Utility Partners, if any, are affected
- If the breach is active or on-going

After the facts are recorded, we will interview those involved in discovering the breach as well anyone else who may know about it and document this investigation. The investigation will include such facts as how the discovery was made and a distinction between what is known versus suspected.

3. IMMEDIATE RESPONSE

Depending on the nature of the breach, it may be appropriate to take some immediate response actions.

These may include:

- Securing the premises in the case of a physical breach event
- Cordoning off areas to preserve evidence
- Isolating specific machines from broader networks
- Disabling certain internal facing tools
- Disabling certain customer-facing tools or products

Additionally, we will immediately take the following technical actions:

- Replace developer system SSH access keys
- Replace machine-to-machine internal system SSH access keys
- Revoke all laptop SSL client-certificates and plan to reissue them
- Change employee passwords for key cloud-based systems

4. RESPONSE TEAM ACTIVATION

While documentation is ongoing, WaterSmart will alert and activate everyone on the response team, including necessary external resources, to begin executing our preparedness plan. A senior level manager such as the CTO or organizational unit head will be assigned as the incident manager. In accordance with our agreements with Utility Partners, if we believe a data breach includes data provided by one or more Utility Partners or their end users, we will also notify the Utility Partner of the suspected breach and provide regular updates throughout the rest of the process.

At the time of activation, the immediate priority of the response team is to assess our priorities and risks given what we know about the breach at the time. This risk assessment will provide context to inform all further decisions regarding the breach response timeline.

Our response team will include many members of our organization. The response team leadership committee includes:

Person	Role	Response Responsibilities
Douglas Flanzer	CTO	<ul style="list-style-type: none">• Coordination• Documentation• Technical Discovery• Remediation
Dominique Gomez	COO	<ul style="list-style-type: none">• Legal Counsel Liaison• Insurance Liaison• Law Enforcement Liaison• Compensatory Analysis
Robin Gilthorpe	CEO	<ul style="list-style-type: none">• Internal Communication

		<ul style="list-style-type: none"> • External Messaging
Ora Chaiken	Director of Client Services	<ul style="list-style-type: none"> • Utility Partner Notification • Client Services Team Training

The response team will also make recommendations as to the necessity or usefulness of retaining outside assistance; specifically, Legal Counsel or Technical Forensics.

These resolution partners may include:

- Silicon Valley Counsel (Legal)
- Kroll or Rackspace (Forensics)
- Law enforcement agencies including local police, the FBI, and/or the department of homeland security

At the conclusion of the response team initiation phase, we will create a high-level overview of priorities and progress, as well as problems and risks. This should include a list of upcoming business initiatives that may interfere with response efforts. The response team will decide whether to postpone these efforts and for how long, in order to focus on the breach.

5. INTERNAL COMMUNICATION

As the response team concludes the first phase of response planning, WaterSmart will communicate in a clear and timely fashion to all employees regarding the incident. The purpose of this dialog is to:

- Ensure a breach incident is never hidden
- Retain the trust of all employees with a high level of transparency
- Create an avenue for two-way communication and Q&A
- Explain to employees that the breach information must be kept confidential; no information may be communicated outside the organization at this time

6. RESPONDING TO INQUIRIES

Employees may not discuss the breach with customers unaffected by the breach, the general public, or the press until explicitly given the go-ahead to do so and provided with a response guide by the breach response team. This is to make sure that no speculative comments or unverified information is spread unnecessarily.

WaterSmart will have a single point of contact for any potential inquiries; the personnel to be assigned by the response team member with the responsibility for external communication. This response team member will also be responsible for training WaterSmart employees on inquiry response when the timing is appropriate.

7. LAW ENFORCEMENT / REGULATORY

WaterSmart, under the supervision of the response team member responsible for legal and regulatory process, will first identify its legal obligations. This includes:

- Revisiting state and federal regulations governing our industry and the type of data involved in the breach
- Based on regulations, determining all entities that need to be notified, i.e., customers, employees, the media, government agencies, regulatory boards, etc.
- Determining the correct timeline mandates for any possible notification requirements

At this phase, WaterSmart will also decide whether to retain specific assistance from legal counsel regarding the breach and its resolution. We will also decide which possible law enforcement agencies could be relevant to involve and if so, make appropriate notification.

8. ANALYSIS AND REMEDIATION

Led by the response team member with technical discovery and remediation responsibilities, WaterSmart will begin a deep dive into the breach with an attempt to fully understand the timing and risk of the exposure.

Once the extent has been discovered and documented, the team will begin root cause analysis to identify the security flaw that created a breach opportunity.

The remediation effort will consist of the following phases:

- Fix the root issue that caused the breach
- Fully audit all existing systems for evidence that anything undesired was left on any systems (such as bots, hacker tools etc.)
- Fully audit all network traffic across the DMZ boundary to ensure outbound traffic is all rightfully generated by WaterSmart systems
- Wiping and rebuilding any of the affected machines

Since WaterSmart uses an almost entirely virtual infrastructure, all machines can be easily rebuilt from scratch using our machine build automation. This includes all network configurations and security certificates.

At this phase, WaterSmart will also decide whether to retain specific assistance from a forensic specialist or data breach investigation management firm.

9. NOTIFICATION

In the event that WaterSmart is legally obligated must to notify the affected individuals of a data breach, the legal team will identify:

- The mandated timelines for notification
- The mandated channels of notification (email, print)
- The mandated requirement of a call center and other services for affected individuals
- Any specific content mandated for the notification letters
- Any timeline adjustments necessary to avoid interference with ongoing law enforcement investigation
- Any notification requirements as a result of geographical jurisdictions in which the affected individuals reside

In addition to requirements gathering, the notification team will decide the scope of the notifications, i.e., will they be sent to affected individuals or to all individuals regardless of being affected by the breach, etc. WaterSmart will coordinate these efforts with Utility Partners as appropriate.

Additional management points for consideration include:

- Management of multiple letter versions based on specific state regulations
- Professional printing that includes company logo and electronic signature
- Address validation and delivery
- Return mail management to handle and discard returned letters
- Certified address cleansing / National Change of address
- Quality assurance for printing and fulfillment
- First-class postage
- Print vendor with top-tier data security protocols
- Electronic letter copies for proof of notification
- USPS Delivery Report

10. WORKING WITH THE UTILITY PARTNERS

Due to the unique nature of WaterSmart's business, the representative on the response team responsible for Client Services will take the lead in effectively communicating information about the breach to the Utility Partner.

This will include:

- Timely notification of data breach when discovered (link pending)
- Updates and description of the breach and affected data, e.g., incident-specific FAQ when available
- Updates and confirmation of remediation steps being taken by the forensic team
- Coordination in publication of the notification plan and communication content to Utility Partner's customers
- Training for how to field inbound inquiries related to the breach and/or referral directly to the WaterSmart action number

11. COMPENSATION

WaterSmart's response team will decide if the breach warrants making a claim against our data breach insurance policies, and if so, begin insurance claim proceedings. During that process, they will also determine if any individuals affected by the breach are entitled to compensation, and if so, determine the mechanics of disbursing said compensation.

WaterSmart's business operations staff will also review existing Utility Partner contracts to determine if any contracts have specific compensatory requirements as related to data breach, and if so, determine the mechanics of acting on those special clauses.

12. CLOSURE

Once all necessary remediation activity has occurred, the breach incident can be closed. All documentation that tells the history of the breach and decisions made will be packaged electronically in a secure repository for archive purposes.

Based on new lessons from executing our breach response plan, we will make the necessary modifications to our response strategy to improve our process, as well as enhance and modify our information security and training policies so that recurrence of breaches are minimized.

13. CONCLUSION

WaterSmart's data breach response plan is intended to be a blueprint of the steps to take in the case a data breach occurs. Periodically reviewing this plan can help it stay current and useful.

On an annual basis, WaterSmart will:

- Review staff security awareness
- Update response team contact information
- Verify response plan is updated for any major changes such as changes in lines of business, departments, or data management policies
- Evaluate internal IT security to ensure proper data access controls are in place
- Ensure automated monitoring and reporting on systems is in place
- Ensure backups are stored securely
- Evaluate third-party vendors we exchange data with for their security policies

Exhibit G

Extension of Services Agreement

WaterSmart Software, Inc. (“WaterSmart”) and [FULL NAME OF UTILITY] (“Utility”) would like to confirm an extension of their Services Agreement originally dated [DATE] [and previously extended on [DATE(s)]] (the “Agreement”). The current term of the Agreement ends on [DATE]. WaterSmart and Utility agree to extend the Agreement for an additional period, which begins immediately upon the expiration of the current term and ends on [DATE].

Unless otherwise specified herein, WaterSmart provides the same services previously listed in Exhibit A, the Scope of Work, of the Agreement. Pricing for this extension term and any changes in scope are listed below. All other terms and conditions previously agreed to in the Agreement, including insurance requirements and provisions, remain in force.

Changes in Scope:

UPDATED PROGRAM AT A GLANCE

The pricing and invoicing schedule for services during this extension term are shown below in Table 1.

Table 4: Fee and Invoicing Schedule

Program Feature	Description	Fee	Invoicing schedule
Services Fee For 12 Month Extension Term	Access to Utility Analytics Dashboard and Customer Portal, Delivery of Water Reports throughout Program (if selected), and Support & Customer Service	X	[ANNUAL] (invoiced in advance)
Total Fee			

IT IS SO AGREED.

WATERSMART SOFTWARE, INC.

Date:

Erik Andersen, Head of Sales

[Name, Title]

[UTILITY NAME]

Date: