SWEETWATER SPRINGS WATER DISTRICT

TO: Board of Directors **AGENDA NO. V-B**

FROM: Steve Mack, General Manager

Meeting Date: October 1, 2009

SUBJECT: SECOND AMENDMENT TO SERVICES AGREEMENT BETWEEN SWEETWATER SPRINGS WATER DISTRICT AND DALE DROSS FOR METER READING SERVICES

RECOMMENDED ACTION: Approve Resolution 09-23 which approves the Second Amendment to Services Agreement between Sweetwater Springs Water District and Dale Dross for meter reading services.

FISCAL IMPACT: The recommended action will increase meter reading costs by approximately seven percent in FY 2010 or approximately $2,250 for the year.

DISCUSSION:

At the September Board meeting, staff recommended approval of Resolution 9-23 which approves an amendment to the services agreement with Dale Dross for meter reading and includes a pay increase as described below and changed some language regarding insurance. At the meeting Board members had questions about the auto insurance requirements. Staff have discussed this issue with Mr. Dross and the Special Districts Risk Management Association (SDRMA) staff (the District carries insurance with SDRMA). SDRMA staff stated that with insurance more is better and for the type of services that Mr. Dross performs, $500,000 limit is appropriate. Mr. Dross has agreed with that and the contract amendment has been so changed.

Background from September Report: The District decided to hire an independent contractor for meter reading services in 2002 and entered into an agreement with Dale Dross for those services. The agreement states that Mr. Dross shall be paid $1.40 per correctly read meter. Since that time the agreement has not been changed with respect to the cost per meter. The District did enter into a contract amendment to extend the term on the contract in March 2008. Mr. Dross has approached staff with a request to increase the per meter charge. After discussions with the General Manager, Mr. Dross agreed to a three year contract extension with an increase of $.10 in the first year for a cost of $1.50 per meter, a $.05 increase in the second year for a per meter cost of $1.55 and an increase of $.05 in the third year for a per meter cost of $1.60.

The independent contracting approach to meter reading has been a success and Mr. Dross has performed these services in an exemplary manner. He has learned much about the District in the past seven years and provides the District much more than just meter reading – he locates many leaks both on the District side of the meter and on the customer side, and he identifies

other issues out in the field as well and notifies staff. A per meter cost increase in the agreement is appropriate given the increase in costs in the past seven years and Mr. Dross's knowledge of the system. With the cost increase included in this contract amendment, District meter reading is still being done cost effectively.

Resolution No. 09-23

A Resolution Of The Sweetwater Springs Water District Board Of Directors Approving the Second Amendment to the Services Agreement Between the District and Dale Dross for Meter Reading Services and Authorizing The General Manager to Execute the Agreement

WHEREAS, Sweetwater Springs Water District ("District"), entered into an agreement with Dale Dross to serve as an independent contractor meter reader for the District in November 2002; and

WHEREAS, the District approved an amendment to the contract on March 2008 extending the term of the agreement to March 2011; and

WHEREAS, the financial terms of the original 2002 contract, which are $1.40 for each correctly read meter, have not been changed since its inception; and

WHEREAS, the District's General Manager has negotiated changes in the contract which extends the contract for three years to 2012, increases the cost per meter by $.10 in the first year and $.05 per meter in each of the two ensuing years, and makes other clarifying changes to the original agreement; and

WHEREAS, the auto liability insurance requirements of the original contract have been updated to include a $500,000 limit; and

WHEREAS, the Second Amendment to the Agreement is attached as Exhibit A.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE DISTRICT that the Second Amendment to the Agreement with Dale Dross is hereby approved and the General Manager is authorized to execute in on behalf of the District.

I hereby certify that the foregoing is a full, true, and correct copy of a Resolution duly and regularly adopted and passed by the Board of Directors of the SWEETWATER SPRINGS WATER DISTRICT, Sonoma County, California, at a meeting held on October 1, 2009, by the following vote.

Wanda Smith: _____
Victoria Wikle: _____
Jim Quigley: _____
Sukey Robb-Wilder: _____
Gaylord Schaap: _____

_____
Victoria Wikle
President of the Board

ATTEST:

_____
Julie A. Kenny
Clerk of the Board

EXHIBIT A.
SECOND AMENDMENT TO SERVICES AGREEMENT BETWEEN
SWEETWATER SPRINGS WATER DISTRICT AND DALE DROSS

This Second Amendment ("Amendment") to a Services Agreement ("Agreement') is entered into by and between SWEETWATER SPRINGS WATER DISTRICT ("District") and Dale Dross ("Contractor") as of October_____, 2009.

WHEREAS, the parties entered into a Services Agreement dated effective November 14, 2002 (the "Original Agreement") for Contractor to provide meter reading and other services; and

WHEREAS, the parties subsequently amended the Original Agreement, on or about March 6, 2008; and

WHEREAS, both parties wish to further modify the Original Agreement, as amended;

NOW, THEREFORE, the parties agree as follows:

1. Subsection 1.1 of the original Agreement is now amended to read as follows:

   "1.1 Term of Services. The term of this Amendment shall begin on the date first noted above (the "Commencement Date") and shall end on the third anniversary of the Commencement Date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8 of the Original Agreement. The time provided to Contractor to complete the services required by this Agreement shall not affect the District's right to terminate the original Agreement, as provided for therein."

2. Subsections 2.1(1), 2.1(2), and 2.1(3) of the original Agreement are now amended and restated to read as follows:

   "2.1 Meter Reading Compensation
   1. $1.50 for each meter accurately read, beginning on the Commencement Date and continuing for a period of one year following the Commencement Date.
   2. $1.55 for each meter accurately read, beginning one year following the Commencement Date and continuing for a period of one year thereafter (i.e., until the second anniversary of the Commencement Date).
   3. $1.60 for each meter accurately read, beginning two years following the Commencement Date and continuing for a period of one year thereafter (i.e., until the third anniversary of the Commencement Date)."

3. A new subsection 2.8 is hereby added to the Original Agreement to read as follows:

   "2.8 Payment Terms and Limitation on Hours Worked. District agrees to pay Contractor for services actually performed in accordance with this Amendment, and in accordance with subsections 2.2 and 2.3 of the Original Agreement as full and complete compensation. In no event shall the number of hours worked by Contractor to complete the services contemplated hereunder exceed 900 in any calendar year."

4. Section 4 of the Agreement is rescinded in its entirety and replaced with the following:

   "4. AUTO INSURANCE REQUIREMENTS Contractor, at its own cost and expense, must maintain automobile liability insurance for the term of this Agreement in an amount not less than $500,000. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles. Automobile coverage must be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 1 ("any auto").

5. Subsection 6.1 of the original Agreement is now amended to delete the sentence fragment that appears at the end of that subsection and reads as follows: "The Contractor shall work no more".

Except as expressly amended herein, the Original Agreement between the District and Contractor dated November 14, 2002, is hereby reaffirmed.

The Parties have executed this Amendment as of the Commencement Date.

SWEETWATER SPRINGS WATER DISTRICT	CONTRACTOR
_____	_____
Stephen Mack, General Manager	Dale Dross

Attest: _____
Julie Kenny, District Clerk

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