

**NORTH BEACH WATER DISTRICT
PACIFIC COUNTY, WASHINGTON**

RESOLUTION 14-2014

**A RESOLUTION OF THE NORTH BEACH WATER
DISTRICT OF PACIFIC COUNTY, WASHINGTON,
APPROVING PROFESSIONAL SERVICE CONTRACT
THE MASTER'S TOUCH LLC.**

WHEREAS, the Board of Commissioners (Board) recognizes the benefits of streamlining processes and reducing operating costs in all aspects of the day to day business of the District; and

WHEREAS, the Board has determined consolidated printing, processing and mailing of monthly utility bills is one way to achieve that goal; and

WHEREAS, the General Manager requested proposals from two firms advertising for consolidated printing, processing and mailing services; Databar Inc. and The Master's Touch LLC; and

WHEREAS, The Master's Touch LLC demonstrated competence and qualifications to provide the District with a consolidated printing, processing and mailing system most suited to its needs; and

WHEREAS, The General Manager negotiated a contract with The Master's Touch LLC for professional services at terms that the District, in consideration of the value of the services to be rendered as well as the scope, complexity, and its professional nature, determines to be fair and reasonable; now, therefore

BE IT RESOLVED, by the Board of Commissioners of North Beach Water District, Pacific County, Washington, to direct the General Manager to execute the Contract for Professional Services with The Master's Touch LLC attached hereto and incorporated herein as "Attachment A".

"Attachment A"

PROFESSIONAL SERVICES CONTRACT

THIS CONTRACT for Consultant services is between North Beach Water District ("District") and The Master's Touch, LLC. ("Consultant").

1. Scope of Consultant Services.

Consultant shall perform the services described in the scope of work attached hereto and incorporated herein as "Exhibit A".

2. Compensation and Payment.

District shall pay Consultant for the services as indicated below:

a. Initial Set-Up Fees:

- i. One time postal deposit 5,000 @ .39 ea. _ _ _ _ \$1,950.00

b. Semiannual billing:

- ii. #10 Window Envelop 16,000 @ \$0.34 ea. _ _ _ _ \$ 544.00
iii. #9 Regular Reply Envelope 16,000 @ \$0.031 ea. _ \$ 496.00
iv. 8.5 X 12 Laser Statements 16,000 @ \$0.022 ea. _ \$ 352.00

c. Monthly billing:

- v. National Change of Address service _ _ _ _ _ \$ 45.00
vi. Postage _ _ _ _ _ As Metered
vii. Processing Fee _ _ _ _ _ \$0.09 per processed statement
viii. PDF's of all statements _ \$0.005 per processed statement

d. Optional billings:

- ix. Inserts: 8.5 X 11 - 2 sided _ _ _ _ _ \$ 0.05 ea.
x. Inserts: 3.5 X 8.5 - 1 side _ _ _ _ _ \$ 0.033 ea.

3. Schedule of Work.

Consultant shall commence services on July 1, 2014 and will continue until July 1, 2015 without interruption or delays.

4. Subcontractors.

Consultant shall not subcontract or assign any portion of the services covered by this contract without prior written approval of District.

5. Changes.

District may, by motion and affirmative vote of its board thereon, authorize in writing changes or modifications in the scope of services to be performed under this contract. The compensation for the changes or modifications, whether a decrease or increase, shall be on the same terms and conditions as stated previously in this contract, or pursuant to terms and conditions mutually agreed to by the parties. District shall compensate Consultant only for services performed or costs incurred that are within the scope of services authorized by this contract, or any modifications to the contract in accordance with this section.

6. Insurance.

a. Consultant shall maintain throughout the performance of this contract the following types and amounts of insurance:

- i. Professional liability insurance (Errors and Omissions insurance) with limits no less than One Million Dollars (\$1,000,000).

b. The insurance policies shall:

- i. State that coverage shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;
- ii. Be primary to any insurance maintained by District, except as respects losses attributable to the sole negligence of District; and
- iii. Shall state that District will be given thirty (30) days prior written notice of any cancellation or suspension of or material change in coverage.

c. District shall be named as an additional insured on the Commercial General Liability Insurance policy with regard to work and services performed by or on behalf of Consultant, and a copy of the endorsement naming District

as an additional insured shall be attached to the Certificate of Insurance.

d. Before commencing work and services, Consultant shall provide to District a Certificate of Insurance evidencing the insurance described above. District reserves the right to request and receive a certified copy of all required insurance policies.

e. The above insurance limits do not constitute a limit on Consultant's liability to District. Any payment of deductible or self-insured retention shall be the sole responsibility of Consultant.

7. **Indemnification.**

Consultant shall protect, defend, indemnify and save harmless District, its officers, employees and agents from any and all costs, claims, injuries, damages, suits, losses or liabilities of any nature, including attorneys' fees, arising out of or resulting from the acts, errors or omissions of Consultant, its officers, employees and agents in performing this Contract, except for injuries and damages caused by the sole negligence of District.

8. **Ownership and Use of Documents.**

All records, files, drawings, specifications, data, information, materials, reports, memoranda and other documents produced or prepared by Consultant in connection with the services rendered under this contract ("Documents"), whether finished or not, shall be the property of District. Upon request, Consultant shall forward the Documents to District in hard copy and in digital format that is compatible with District's computer software programs. If District uses the Documents for purposes other than those intended in this contract, without written permission of Consultant, District shall do so at its sole risk.

8. **Termination.**

This contract may be terminated by either party upon thirty (30) days written notice if the other party fails to substantially perform in accordance with the contract.

10. **Dispute Resolution.**

a. Mediation. If any dispute, controversy, or claim arises out of or relates to this contract, the parties agree first to try to settle the dispute by non-binding mediation with the assistance of a recognized professional mediation service. The parties shall bear equally all expenses, exclusive of attorneys' fees, associated with the mediation.

b. Litigation. Thereafter, any dispute, controversy, or claim not resolved by mediation shall be resolved by litigation with venue in Pacific County. The laws of the State of Washington shall govern this contract.

11. Effective Date.

The effective date of this contract shall be the date that the contract is signed by an authorized representative of District.

12. Independent Contractor.

Consultant is and shall be at all times during the term of this contract an independent contractor.

13. Compliance with Laws.

Consultant shall comply with all federal, state and local laws, ordinances, regulations, and rules applicable to the services to be performed under this contract.

NORTH BEACH WATER DISTRICT

The Master's Touch, LLC

By: _____

By: _____

Typed Name: William Neal

Typed Name: Jim Cote

Its: General Manager

Its: President

Address: 25902 Vernon Ave., Ste. C

Address: 1405 N Ash St.

PO Box 618

Spokane WA.

Ocean Park, WA 98640

99201-2805

Telephone: 360.665.4144

Telephone: 509.326.7475

Fax: 360.665.4641

Fax: 509.326.7214

Date: _____

Date: _____



"Exhibit A"

Statement Processing Agreement For North Beach Water District

This agreement is entered into between The Master's Touch, LLC (hereafter referred to as TMT) and North Beach Water District (hereafter referred to as NBWD).

Overview

The Master's Touch, LLC will act as a full service vendor to print and mail monthly statements for NBWD. Included in this agreement will be the preprinting of the statement stock, envelopes and any additional insert(s) required. All mailing addresses will be CASS certified and PAVE presorted using the most current USPS provided address data. Single page and multiple page statements will be sealed and metered with appropriate postage and delivered to the United States Postal Service bulk mail facility with all necessary documentation and will be mailed at the lowest postage rates eligible for class and weight. All of the described services will be completed by The Master's Touch, LLC. There will be no subcontracting of any portion of the work performed.

Timing

Definition: For the purpose of this agreement, it will be noted that work days do not include weekends or postal holidays. TMT hours of operation (which implies valid notification times) will be from 8:00 am to 5:00 pm PST.

Understanding that mail dates are critical, TMT will make every effort to meet or exceed the mailing expectations of NBWD. As of this date, The Master's Touch, LLC has never missed a mail drop date, except for credit union data errors outside the control of TMT. In every case, our credit unions were grateful for the delay. Therefore, TMT abides by the policy that, if ever TMT determines the integrity of a mailing may be at stake, all NBWD mail will be held until NBWD can verify accuracy. For this reason, TMT will require a random sampling of statements be proofed prior to production of each month's mailing. Proofing is simple and quick, but considered a very important element to the verification process. Therefore, production promises are based upon proof approval times rather than receipt of data times.

After receipt of your production data, NBWD data will be processed and random PDF proofs of at least ten statements will be placed on TMT's secure ftp site for NBWD to review and approve. Every effort will be made to provide proofs on the same day data is received by TMT, but will occur no later than 24 hours after receipt of data. Notification of proof arrivals to the secure ftp site will be made by email to NBWD's designated email address. Should this address change, it is critical that NBWD notify TMT by email at mailsvc@themasterstouch.com immediately so that a new email address can be set up for proofing. NBWD will have 24 hours to review and approve these PDF proofs. After 24 hours, if no objection or correction is received by TMT, we will assume that proofs are approved and ready for production. It is highly encouraged and much preferred that NBWD email an approval every statement cycle. Within 24 - 48 hours of approval all NBWD mail will be printed, folded, inserted and delivered to the USPS bulk mail facility in Spokane, Washington.

SPOKANE OFFICE
1405 N ASH ST
SPOKANE WA 99201-2805
PHONE: 509-326-7475
FAX: 509-326-7214
TOLL FREE: 800-301-1347

KAILUA OFFICE
39 MALUNIU AVE STE 201
KAILUA HI 96734-2359
PHONE: 800-301-1347
FAX: 808-262-8809

INDIANAPOLIS OFFICE
PO BOX 30531
INDIANAPOLIS IN 46230-0531
PHONE: 765-427-1682
FAX: 509-326-7214
TOLL FREE: 800-301-1347



NOTE: Should The Master's Touch, LLC ever fail to meet these promised timetables, the extent of TMT liability will be limited to mail processing fees. Specifically, statement stock, envelopes, inserts and postage will remain due and payable as outlined in this agreement. The mail service, however, will either be discounted or waived entirely, based upon mutual agreement between TMT and NBWD. It will also be grounds for immediate termination of this agreement by NBWD, should NBWD deem appropriate.

Initial Art Set-up and/or changes for envelopes and statement stock

TMT will need NBWD to supply a high resolution electronic logo to be used for print copy on NBWD forms and envelopes. In addition, TMT will need to know the mailing address NBWD would like printed for their return address. Up to a six month supply of printed stock will be produced and stored by TMT. Stock replenishment will be initiated 45-60 days prior to the depletion of NBWD inventory. NBWD will be notified at the time of replenishment with an opportunity to request a change in print copy. If a change is required, TMT will revise art and provide a new proof prior to print production. New art should be initiated by NBWD as soon as practical so that PDF approval of revised art can be completed at least 3 weeks prior to mail date. If this time frame cannot be achieved, it may be necessary to produce a small supply of stock using existing art so that statements can be printed and mailed on time. All inventory, once printed, is NBWD-owned and will be billed upon completion. Should NBWD cancel this agreement with TMT for any reason, all remaining inventory TMT has in storage will be shipped to NBWD designated address. Freight and any handling charges will be the responsibility of the NBWD.

The Master's Touch, LLC will produce the following items in a six month supply:

1. 8 1/4 x 11 statement stock, printing up to two colors on face on a 60# white bond
2. #10 window envelope, printing up to two colors on face on 24# white wove
3. #9 Reply envelope printed black on 24# WW

Optional Inserts

**** NBWD may add up to six additional inserts ****

Pricing for additional inserts is outlined in pricing section.

A. It is highly recommended that all inserts be printed by The Master's Touch, LLC. In so doing TMT accepts full responsibility for having your inserts completed on time so that your mail is not delayed. Provided TMT has PDF proof approval 7 workdays prior to mailing date, we will guarantee on-time completion and insertion into your mailing or the insert is FREE. Quite often, TMT can prepare the printed insert in less time than this, but our "FREE" guarantee will no longer apply if PDF proof approval is received later than 7 workdays prior to mail date.

B. *inserts must meet the following requirements or receive prior approval

- a. Final finished or folded minimum size 3 1/2" x 5 1/2".
- b. Final finished or folded maximum size 3 7/8" x 9"
- c. Minimum thickness -- 60# text
- d. Maximum thickness - 12 PT gloss or 100# cover



e. All finished inserts (folded or not) must be uniform in size and thickness, per insert: (i.e. insert A must be all same size and weight. Insert B must all be same size and weight, but does not have to be same as insert A).

f. All inserts packed in boxes must be well packed in boxes with all inserts facing in the same direction to expedite processing on the high speed inserters. They must arrive in good condition so that they lay flat, uncurled and without bent corners, not damaged in any way to slow down processing.

g. Exceptions to the above specifications may be accepted, but will require an additional charge based upon the extra time required to process.

Initial Set Up and Programming for Variable Data

The Master's Touch, LLC will require sample data of no less than 100 statements, a data definition file, and a data layout map (indicating what fields print where), prior to beginning software setup. We request this information as soon as practical after signing of this agreement. In addition, it is highly recommended that NBWD include in the sample data, records that exemplify the minimum and maximum limits of every field (i.e. largest dollar amount, smallest dollar amount, longest field, longest address, any exceptions or unique fields, etc.). TMT will have initial PDF proofs ready no later than three weeks of receiving this information.

Under this agreement, TMT will work with NBWD staff to obtain these set-up specifications and sample data to set up NBWD statements. Sample PDFs will be provided to NBWD via TMT's secure ftp for review and approval. It will be the responsibility of the NBWD to carefully review the PDF file to verify data accuracy and formatting. When satisfied, NBWD will email approval to mailsvc@themasterstouch.com. Once this "test data" has been approved by NBWD and preprinted envelopes and statement stock is completed, TMT will be ready for NBWD's next cycle of "live" production data. It is recommended that one complete cycle be processed in parallel with your existing system and proofs from the entire file be provided to NBWD for a final verification. If this cycle proofs with total accuracy, TMT will be ready to "go live" on the following month's print run.

Address Updates

Only certified addresses are eligible for discounted automation postage. Non-certified mail pieces will either be returned to NBWD for mailing or will bear full fare first class postage based upon the weight of each piece. (By default, all non-certified pieces will be mailed, unless NBWD instructs TMT in writing to do otherwise). Foreign addresses must bear the name of the country in the address block or will be considered "undeliverable" and will be returned to NBWD.

In order to obtain and pass along automation postage discounts, the USPS requires that TMT certify to the best of our ability that NBWD's mail file has been processed through a move update service within the previous 95 days. There are several methods that can be used to comply with this requirement. The most effective and efficient service that TMT offers is NCOA (National Change of Address) service. Using this service satisfies the USPS requirement and enables NBWD to keep their address list up to date. TMT must purchase and maintain this software that links with the USPS Change of Address database in order to provide this service. Therefore a



small charge of \$45 per run will be charged should NBWD choose this method to address update.

If NBWD chooses NCOA as their method of compliance, then at least once every 90 days, NBWD's address file will be processed through NCOA. Once NCOA is completed, all updated addresses will be provided back to NBWD via electronic format and placed on TMT secure ftp site for retrieval. Address updates will be returned to NBWD within 72 hours of receipt of this information. It is the responsibility of NBWD to review and update addresses based on the information provided through NCOA. TMT will not monitor or be responsible if address changes are identified but are not updated by NBWD.

Production

When TMT and NBWD are ready to "go live" with production, the following procedures will be established. Within 24 hours of receipt of your production file, random PDF proofs from NBWD file will be placed on the TMT secure ftp site. An email will be sent to NBWD for notification that proofs are ready for review. TMT will assume approval if not otherwise notified within 24 hours but, in every case, would prefer written approval. Once approval is received, or after the 24 hour approval period is concluded without NBWD correction, all statements will be printed, folded, inserted and delivered to the USPS bulk mail facility in Spokane, Washington, within 24 - 48 hours. This time table is valid for approvals that occur between 8:00 AM and 5:00 PM PST, otherwise an additional 24 hours may be required. Remember that the time frame noted is for business hours only and specifically excludes weekends and postal holidays.

IMPORTANT NOTE: If NBWD is providing one or more inserts, TMT cannot properly presort the data file without an accurate sample weight. Therefore, regardless of when NBWD data is received, TMT cannot process and proof NBWD data until after receipt of NBWD insert(s). Therefore, processing and proofing times will begin upon receipt of insert(s) stock or NBWD production data, whichever is later. This is an important reason to strongly consider using TMT for printing any inserts NBWD may want to include, since it then becomes a TMT responsibility to have inserts completed on time. Still, every effort will always be made to prioritize NBWD mail so that it is completed as quickly as possible and always within the time frames promised.

Redundancy and Contingency

Our commitment to our clients is vital to us and to them. Our ability to keep those commitments is partly due to our philosophy regarding redundancy in our equipment. We will keep a minimum of four in-house high speed laser printers available for NBWD statement processing, insuring that if one becomes in-operable, at least three additional backup printers will be available. We will also keep a minimum of two in-house high speed automated inserters available to fold and insert your statements, again insuring that if one inserter becomes inoperable, a backup machine will complete the project.

In the event of a major disaster where our main facility is rendered entirely inoperable, TMT will utilize our backup facility within the headquarters of



Ennis/Block Graphics, Portland, Oregon. TMT personnel will process your statements on TMT-owned printing and inserting equipment kept powered and ready on 24 hour stand-by at this Portland facility. Ennis/Block Graphics is a national company that manufactures and prints forms and envelopes. This also insures immediate recovery for replacement envelopes and statement stock if needed.

Postage and Documentation

Current USPS automation postage rates range between 38.1 cents to 43.5 cents and will apply to all mail pieces that comply with automation rates. Every effort will be made by TMT to obtain the lowest first class rates available. TMT takes responsibility for preparing all mail according to the current USPS regulations in force at the time of mailing. In the event a mailing is refused by the USPS for automation compatibility, TMT will make every effort to correct the discrepancy to the satisfaction of the USPS and resubmit the mailing to them at the earliest possible time at no additional cost to NBWD for any additional mail preparation. TMT will not be held responsible for any other additional costs.

After completion of your mailing and within 72 hours of the mail date, TMT will provide NBWD with a copy of the #3600 postage statements presented to and accepted by the USPS bulk mail facility. In addition, a complete accounting will be provided of every piece mailed and the postage rate at which each was charged by the USPS.

Security

TMT recognizes and understands the importance of security and protecting NBWD information. As such, TMT has successfully completed a SOC I Type II audit. All NBWD data will always be transferred via secure methods, typically through our secure ftp site. NBWD will be given a login and password. All data proofs will be uploaded to NBWD folder and NBWD will be responsible to review and approve. An email notification will be sent to NBWD when files have been uploaded.

All NBWD data is encrypted on our server and will remain on our server for one extra statement cycle. This allows TMT to review and troubleshoot should a problem be discovered. Once the next production file is received, the previous production file will be deleted. In this way, NBWD data should not remain on TMT server for more than 30-35 days, depending on statement cycle.

TMT will notify customer immediately if ever a breach in our security is discovered. TMT will not be held responsible for any damages unless obvious negligence is proven. In any event, the extent of damages will be limited to the total of the previous 6 months mail service fees, not including postage or printed stock. TMT will commit to customer confidentiality beyond the termination of this agreement, but only to the extent TMT continues to have access to customer data.

Payment

Payment for mail services will be billed monthly at the conclusion of each mailing and will be due on a net 30 basis. A separate invoice for postage will also be sent to NBWD. At least two days prior to each mailing, a deposit equivalent to the estimated postage for one mailing will be required by The Master's Touch, LLC and



used for that mailing. Any postage costs not covered by your deposit will be due upon receipt of TMT postage invoice.

Term

The term of this agreement will be for one year from date of this agreement and can be extended by mutual agreement of both parties in one year increments. Renewal will be automatic, if neither party informs the other within 30 days prior to anniversary date. Termination of this agreement can be made by NBWD at any time with 30 days written notice. Any stock remaining in storage or on order will be the responsibility of NBWD. Any unpaid balance due for printed stock, along with all freight and handling charges, will be billed to NBWD and due on a net 30 basis.

Pricing and services offered per attached Addendum A:

Printed inserts will be priced upon receipt of specifications and quantity from NBWD. We guarantee our pricing is more than competitive, and we offer in-house art composition at only a small additional charge.

Processing = inserting charges for added items follows

First and second insert -- no additional processing fee*

Third and fourth insert -- add .005 cent each per piece for processing*

Fifth and sixth inserts -- add .075 cent each per piece for processing*

Postage will be charged based upon USPS automation rates and billed without markup.

No additional handling costs for no-mail statements. NBWD will be responsible for only the shipping/mailing cost for returning these to NBWD.

Jim Coté
President
The Master's Touch, LLC

North Beach Water District

Title

Date

Date



Addendum A

Confidential Proposal for:

North Beach Water District

Statement Imaging and Mail Processing (2,500/Month)

Description: CASS Certify, validate addresses through NCOA and presort customer data file. Laser print variable statement data in black to 8 ½"x 11". Letter fold statement and insert into #10 window along with #9 reply. Seal and tray for best automation postage rates. Deliver to USPS bulk mail facility along with all necessary paperwork. Mail first class at barcode automation rates.

Price: .09 each + Automation Postage*

Pre-printed stock - Approximate 6 month supply

- #10 Window envelope, printed black on face on 24# White
 - 16,000 – Normal Black ink - Price = .034 cents each
- #9 regular envelope printed black ink on 24# white wove
 - 16,000 - Price = .031 cents each
- 8 ½"x 11" laser statement, Prints blue face only with one right angle micro-perf on 60# white bond.
 - 16,000 Regular bills - Price = .022 cents each

Subtotal Print & mail without postage = \$.177 each plus postage

Inserts – Add the price noted below to \$.177 for per envelope price

- 8 ½ x 11 Water Quality printed black face & back on 60# white offset
 - 2,500 – .05 cents each (includes folding and inserting)
- 3 ½ x 8 ½ Flush schedule printed black one side on 60# white offset
 - 2,500 – .033 cents each (includes inserting)
- 3 ½ x 8 ½ Calendar of events prints black face only on 60# white offset
 - 2,500 - .033 cents each (includes inserting)

Option #1: PDF Images of every statement mailed - one master file

Price - .005 cents each

*Automation postage of .381 to .435 cents each, depends on zip sort.

*** One time programming fee is \$1000.00 -- Waived!

**** Paper prices guaranteed for at least 90 days.

Jim Cote'

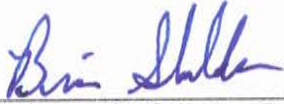
President

May 28, 2014

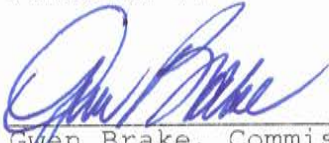
Accepted _____

Date _____

ADOPTED BY the Board of Commissioners of North Beach Water District, Pacific County, Washington at its regular meeting held on the 16th day of June, 2014.



Brian Sheldon, Commissioner
Position #1



Gwen Brake, Commissioner
Position #2



Glenn Ripley, Commissioner
Position #3

