City of Carson
Report to Mayor and City Council

July 15, 2014
New Business Consent

SUBJECT: CONSIDER AWARD OF PURCHASE CONTRACT FOR EQUIPMENT UPGRADES AND RELATED PROGRAMMING FOR THE COUNCIL CHAMBER'S AUDIO/VISUAL SYSTEM

Submitted by Jacquelyn Acosta
Director of Administrative Services

Approved by Nelson Hernandez
City Manager

I. SUMMARY

On November 6, 2013, the City Council awarded a purchase contract to Electrosonic for Phase I of the audio/visual equipment upgrade and for programming modifications to the video cameras and Crestron system for the Council Chambers. Phase I is now complete. This summer Phase II will be complete. Since the cost of the Phase II upgrades exceed the amount that the City Manager may approve, the City Council is being asked to approve the award of a purchase contract.

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE the bidding and proposal processes as defined by Carson Municipal Code (CMC) Sections 2604 (d) and 2610 (a).
2. AWARD a purchase contract, in the amount of $99,576.15, to Electrosonic for the second phase of the audio equipment and programming modifications to the audio and voting system for the Council Chambers, in accordance with the City's current maintenance agreement.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

PHASE I

The City Council unanimously voted yes at the November 6, 2013 meeting to award a purchase contract in the amount of $108,258.74, to Electrosonic for the upgrade of audio/visual equipment and for programming modifications to the Crestron system for the Council Chambers. The new system was designed around a 22" LED touch panel and PC-controlled modern High Definition (HD) video switcher/effects switcher. All controls of the video switcher and camera Pan, Tilt, Zoon (PTZ) were provided in a custom touch panel Graphical User Interface

(GUI). The new system added an amplifier and Digital Audio Processing (DAP) that created a separate zone for the AV Room.

The Council Chambers were shut down from December 18, 2013 through January 20, 2013 to allow Electrosonic to complete their work.

PHASE II

The Information Technology Division has received a proposal from Electrosonic for the second phase of installation of a new composite audio equipment system and programming. Electrosonic has been providing maintenance and support for the Council Chamber's audio/visual equipment for seven years. They have done all the programming of the current Crestron system (the Crestron software is a proprietary program language). They also have done all the audio/visual equipment installations for the Council Chambers. Although staff recommended the waiver of the bidding proposal process as allowed under CMC 2604 (d) and 2610 (a), other quotes were solicited by Gridworks, AudioVision 2 and State of the Art. AudioVision 2 & State of the Art was unable to quote as they are not certified to install this type of equipment and Gridworks was over $3,000.00 more than Electrosonic's quote.

The proposed dates that we recommend to shut down the Council Chambers are between August 6, 2014 and August 29, 2014, but the project is expected to be completed by August 20, 2014. The total cost for this phase is $99,576.15.

This second phase of the upgrade is designed around the audio and voting portion of the system. The new system will have a custom DaVinci control surface created for audio control. This control surface is PC based and will run on a PC provided by the City of Carson. This control will be designed as a custom audio mixer which will allow real time adjustment and viewing of audio levels in the Council Chambers. There will be controls for all zones and the ability to create custom submixes in real time.

Other new equipment combined in this proposal includes:

- One (1) Extron 60-850-01 XPA 2001-70V - Mono 70 V Amplifier - 200 Watts
- Two (2) BiAmp AudiaFLEX CM – DSP Audio Processors
- Twelve (12) BiAmp AEC Microphone Input Cards for all Microphones
- Eight (8) BiAmp Output Cards
- One (1) Custom DaVinci Control Surface for all Audio Controls
- Four (4) Shure SLX Wireless Microphone Systems with Antenna Combiner
- Parts, wiring and accessories as needed
- Two (2) BiAmp Processor w/ Cobranet
- Ten (10) BiAmp 2 Channel AEC Input Card
- Four (4) BiAmp 2 Channel Input Card
- Eight (8) BiAmp 2 Channel Output Card

- Four (4) Shure SLX Wireless System – Dual Transmitters
- One (1) Shure Wireless Antenna Distribution System
- Two (2) Shure Remote Antenna
- One (1) Crestron 16x169 DigitalMedia Switcher
- Seven (7) Crestron DigitalMedia 8G+ Input Card for DM Switchers
- One (1) Crestron BNC Analog Video Input Card for DM Switchers
- Three (3) Crestron HDMI Input Cad for DM Switchers
- Three (3) Crestron DVI/RGB Input Card for Dm Switchers
- Two (2) Crestron SDI Input Card for DM Switchers
- One (1) Crestron 1 Streaming & 4 DM 8G+ w/2 HDMI Output Card for DM-MD16X16
- Two (2) 8 HDMI w/ 8 Stereo Analog Audio Output Card for DM-MD16X16
- Five (5) Wall Plate DigitalMedia 8G+ Transmitter 200, black textured
- Two (2) Crestron DigitalMedia 8G+ Transmitter 201
- Two (2) Crestron DigitalMedia 8G+ Receiver and Room Controller 100
- Five (5) Crestron DigitalMedia 8G+ Receiver & Room Controller w/ Scaler
- Seven (7) Extron 25' HDMI-M to HDMI-M Cables
- One (1) Extron 1x6 HDMI Distribution Amplifier
- One (1) Extron UTS-100 Under Counter Shelf
- Five (5) Extron Cable Cubby 300S w/ US AC Module
- Five (5) Extron Brackets, Hardware & Spacers
- Five (5) Extron HDMI and VGA plus Audio Cables
- One (1) Misc. Installation Hardware –field
- One (1) Incidental Materials
- One (1) Installation Hardware
- Three (3) Crestron DigitalMedia 8G+ Cable, plenum, 100 ft spool
- One-Hundred (100) Crestron 8G RJ-45 Connectors

V. FISCAL IMPACT

Funding, in the amount of $99,576.15, for this equipment and programming is included in the FY 2013/14 budget. The current PEG balance of the restricted fees is $361,309.80.

VI. EXHIBITS

1. Carson Municipal Code Section 2604 (d) and 2610. (pg. 5)
2. Electrosonic Proposal dated February 17, 2014. (pgs. 6-32)
3. 1% PEG Fees Revenue & Expenditure Summary. (pg. 33)

Prepared by: Robert Eggleston, Information Technology Manager
Document1

TO:Rev07-02-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date_____ Action_____

_____

Carson Municipal Code

§ 2604 Bidding.

Unless CMC 2607 is applicable, the purchase of supplies and equipment shall be by open market procedures pursuant to CMC 2608. Bidding or proposals for services may be dispensed with only:

(a) When the City Manager finds, with the concurrence of the City Council, that such supplies or equipment are unique because of their quality, durability, availability, or fitness for a particular use and are available only from one (1) source, or, if available from more than one (1) source, can be purchased from the manufacturer for a lower price;

(b) When an emergency, as determined by the City Manager, requires that the purchase be completed within a period of time which will not permit normal bidding or quotation procedures; or

(c) When the amount of the purchase is less than $1,000; or

(d) The City Council finds that due to the nature of the supplies or equipment, bidding is not likely to result in the lowest price.

§ 2610 Services.

Procurement of services of an estimated value in the amount of $25,000 or less may, with the written approval of the City Manager, be made by the Purchasing Manager. Procurement of services of more than $25,000 shall be approved by the City Council.

(a) Minimum Number of Proposals. Procurement of services of an estimated value of less than $10,000 shall require at least one (1) written proposal; procurement of services of an estimated value of $10,000 or more but less than $25,000 shall require at least two (2) written proposals; and procurement of services of an estimated value of $25,000 or more shall require at least three (3) written proposals.

EXHIBIT NO. 1

ELECTROSONIC

February 17, 2014
Glenn Turner City of
Carson
701 E Carson Street Carson,
California 90745

Subject: Council Chambers Audiovisual Control Room Upgrade - Part 2

Dear Glenn:

Thank you for considering Electrosonic for the Audiovisual Control Room Upgrade of the City of Carson Council Chambers.

Founded in 1964, Electrosonic has always been among the first to apply new technology to create tailored, state-of-the-art solutions that meet the challenges of the professional audiovisual and digital media markets. Through ten offices located around the world and our Burbank corporate headquarters, Electrosonic combines audiovisual design excellence with high-quality products, engineering, integration and service.

Electrosonic is pleased to present this proposal to you for your review. We believe that we can provide you with a complete comprehensive solution for your project as well as service and support in the years to come.

Just a couple of reason to choose Electrosonic for you projects:

- We currently service and support the Council Chambers audiovisual and are familiar with the systems and working environment.
- We stand behind our engineering and system installations, offering a full range of post installation service and maintenance options crucial to the success of any project.
- We have exceptional relationships with all of the specified equipment suppliers and can leverage these relationships to the benefit of the project.
- We are a financially strong, privately owned AV integration corporation with a 45 year history of success in the industry.

Please feel free to contact me with any questions.

Sincerely,

Thomas Peterson Senior
Sales Consultant Control
Rooms Electrosonic, Inc.
Office: (818) 333-3600

EXHIBIT NO. 2

ELECTROSONIC

City of Carson
Council Chambers
Audiovisual Installation

Presented to:
City of Carson
Glenn Turner
701 E Carson Street
Carson, California 90745

Presented By:
Electrosonic, Inc.
Thomas Peterson
Senior Sales Consultant
3320 N. San Fernando Boulevard
Burbank, CA 91504

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General Overview

The City of Carson has expressed a need to perform upgrades to various aspects of their Council Chamber audiovisual system. Meetings with Glenn Turner have indicated that they wish to upgrade the functionality of the Council Chambers by adding or changing the following systems.

- Audio System Upgrade
    - The audio system shall be upgrade to a digital (DSP) based audio system. This will allow greater flexibility with audio routing, reinforcement and processing.
    - The system shall provide two (2) direct feeds, electrically isolated from the main audio system, controlled by the operator in the control room for use by visiting press personnel.
    - The system shall have a PC based (DaVinci) control interface that will allow precise control of sources, outputs an equalization in real time.

- Video System Upgrade
    - The video system shall be upgraded to a Crestron DM, digital video system. This will allow digital video (HDMI, DVI and Display Port) to be routed and displayed along with current analog video sources.
    - Extron cable cubby's shall be installed to facilitate connections to the video and audio system. There shall be digital and analog connections in each box.

- Voting System Upgrade
    - The Crestron e-Vote interface shall be re-written to log to a text file on a remote server. (OFE)
    - The user interface shall be updated to reflect new graphics and logging capability.

Scope of Work

Electrosonic shall provide, install and program the following solution at the City of Carson Council Chambers. Installation will include all necessary cabling, connectivity and programing to assure a fully functioning system.

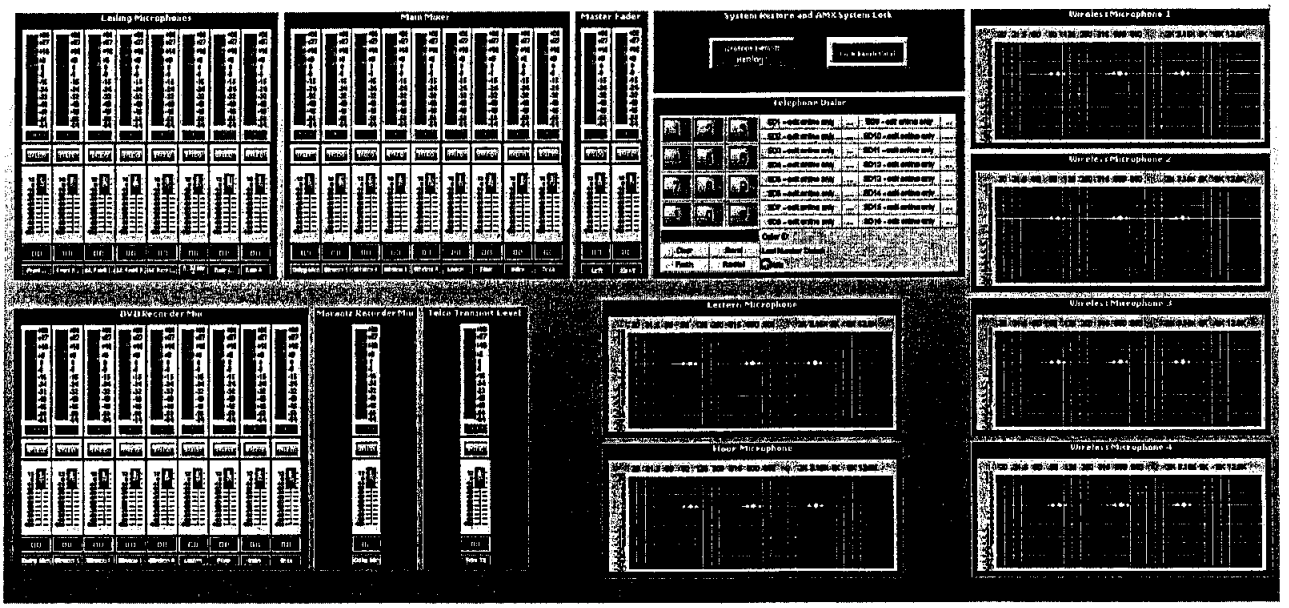
Audio System

The new system adds an amplifier and digital audio processing (DSP) that will create separate zones for the Council Chamber and Pressroom. The DSP will be installed post existing video switching equipment and will provide processing for all audio inputs and outputs as well as the pressroom audio. This addition will utilize the existing speakers, microphones and cables.

- One (1) Extron 60-850-01 XPA 2001-70V - Mono 70 V Amplifier - 200 Watts
- Two (2) BiAmp AudiaFLEX CM – DSP Audio Processors
- Twelve (12) BiAmp AEC Microphone Input Cards for all Microphones
- Eight (8) BiAmp Output Cards
- One (1) Custom DaVinci Control Surface for all Audio Controls
- Four (4) Shure SLX Wireless Microphone Systems with Antenna Combiner
- Parts, wiring and accessories as needed

The new system will have a custom DaVinci control surface created for audio control. This control surface is PC based and will run on an OFE PC provided by the City of Carson. This control will be designed as a custom audio mixer which will allow real time adjustment and viewing of audio levels in the Council Chambers. There will be controls for all zones and the ability to create custom submixes in real time.

An example of a DaVinci control surface is shown below.



Crestron DM Video Switching System-

The Crestron DM system will be installed as a new digital video system in place of the current analog system. This will allow the users to now choose between existing analog computer and video sources and also be fully compatible with the new digital video sources, such as HDMI, Display Port, DVI and HD/SDI. New cabling will be installed to all inputs and all outputs. Display devices will have new video scalers and control boxes located nearby so digital video can be distributed to their location.

This system is fully compatible with the new and existing Crestron control systems and will also be integrated in place of the analog video system.

There shall be 16 inputs and a maximum of 16 outputs to the system. There will be 5 inputs located in the Council Chambers and the remaining inputs will be located in the equipment room. There shall be 12 outputs to the system. There shall be 5 outputs for displays and the remaining outputs shall be located in the equipment room.

The new video production shall system shall be integrated into the DM system and will allow full switching of non-encrypted HD video content.

The system shall comprise the following:

- One (1) Crestron DM-MD16x16 Switcher Frame
- Eight (8) Crestron DM Input Cards
- Four (4) Crestron DM Output Cards
- Seven (7) DM Endpoint Devices
- One (1) Extron HDMI Distribution Amplifier for Council Monitors (Monitors are OFE)
- Parts, wiring and accessories as needed

Extron Cable Cubby's-

There shall be Extron Cable Cubby's that will be installed in Owner Determined locations in the Council Chamber furniture. These will need to be installed by a cabinet professional that will be contracted by Electrosonic Inc.

The Cable Cubby's will have power, dedicated HDMI and VGA with Audio Cables installed in them. They will be controlled by the Crestron control system for source selection and display. Connection to power is the responsibility of the Owner.

The Cable Cubby's shall comprise the following:

- Five (5) Extron Cable Cubby Model 300S
- Parts, wiring and accessories as needed

Voting System Upgrade-

The Crestron e-Vote code will be upgraded to accommodate data reporting and the user interface. This will allow the data to be sent to a server provided by the City of Carson. Once data is sent to the remote server, city personnel will be able to sort and manipulate the information to suit their needs.

The upgrade shall consist of the following:

- Create new user interface for display of voting statistics. (Per customer)
- Create new TCP server connection to an OFE server for the reception of data from the vote system. This data shall be formatted per customer specification and delineated with a CR/LF at the end of each line of data. Maximum string size shall be 255 bytes.
- Customer will be required to provide a server on visible to the Crestron controllers, a static IP address of the server and the TCP port number to communicate on.

Training

Electrosonic will provide up to two (2), four (4) hour sessions of training for key personnel. This training will be performed at the completion of the installation. City of Carson will be responsible for having key personnel available for training. Electrosonic will provide a schedule for the anticipated completion of the project as well as progress reports during the installation.

Documentation

Electrosonic will provide documentation to include all manuals, warranty cards and associated manufacturer documentation. Electrosonic will provide a manual for use of the integrated system and as- built drawings for the provided solutions.

Service

Electrosonic maintains a fully dedicated service department with service personnel devoted to our service clientele. With headquarters located nearby in Burbank California, Electrosonic can provide quick response service calls as required.

All upgrade equipment will be included in the existing service contract for the remainder of the term. Upon renewal an evaluation of the new equipment and system will be done to determine if there will be any changes to the service contract.

Clarifications & Exclusions

Unless otherwise specified in this document, the following clarifications and exclusions will apply. It is assumed that all Owner Furniture Equipment (OFE) is in working order.
Customer shall be responsible for required dedicated electrical A/C power and conduits to all specified locations.
All audiovisual conduit as specified shall be dedicated for Electrosonic use.

Customer shall be responsible for LAN, CCTV, satellite and cable TV connections.

Customer shall be responsible for modifications to ceilings, walls, finish work and painting work as required.

Customer and Electrosonic shall agree to project schedules. Customer shall provide access to the facility and any owner furnished equipment in accordance with that schedule. Customer caused delays will require a change order to account for lost time and expenses.

Unless otherwise specified in this document, customer shall supply all computer equipment including but not limited to: Desktop computers, laptop computers, network hardware and network connectivity.

Prevailing wage & certified payroll have not been included in this proposal. City building permits have not been included in this proposal.
Performance & payment bonds have not been included in this proposal.

Any demolition work, dismantling or other similar work will be performed by the Owner. All work is based on straight time during normal business hours.
All labor is non-union labor. Union labor will be extra.

Financial Investment

Standard Electrosonic terms are one third upon receipt of the order, one third upon delivery and the remaining balance Net 30.

Qty	Manufacturer	Part #	Description	Unit	Total
			Audio Processing		
2	BiAmp	Audia FlexCM	Biamp Processor w/Cobranet	$ 3,156.00	$ 6,312.00
10	BiAmp	Audia Flex AEC-2HD	2 Channel AEC Input Card	$ 327.00	$ 3,270.00
4	BiAmp	Audia FLEX IP-2	2 Channel input Card	$ 157.00	$ 628.00
8	BiAmp	Audia FLEX OP-2e	2 Channel Output Card	$ 96.00	$ 768.00
4	Shure	SLX124/85/SM58	SLX Wireless System - Dual Transmitters	$ 769.00	$ 3,076.00
1	Shure	UA844SWB	Wireless Antenna Distribution System	$ 424.00	$ 424.00
2	Shure	UA820	Remote Antenna	$ 26.00	$ 52.00
			Crestron DM Upgrade		
1	Crestron	DM-MD16X16	16x16 DigitalMedia™ Switcher	$ 5,229.00	$ 5,229.00
7	Crestron	DMC-C	DigitalMedia 8G+™ Input Card for DM® Switchers	$ 669.00	$ 4,683.00
1	Crestron	DMC-VID-BNC	BNC Analog Video Input Card for DM Switchers	$ 486.00	$ 486.00
3	Crestron	DMC-HD	HDMI® Input Card for DM® Switchers	$ 486.00	$ 1,458.00
3	Crestron	DMC-DVI	DVI/RGB Input Card for DM Switchers	$ 486.00	$ 1,458.00
2	Crestron	DMC-SDI	SDI Input Card for DM® Switchers	$ 730.00	$ 1,460.00
1	Crestron	DMCO-7550	1 Streaming & 4 DM 8G+ w/2 HDMI Output Card for DM-MD16X16	$ 3,405.00	$ 3,405.00
2	Crestron	DMCO-3333	8 HDMI w/8 Stereo Analog Audio Output Card for DM-MD16X16	$ 1,703.00	$ 3,406.00
5	Crestron	DM-TX-200-C-2G-B-T	Wall Plate DigitalMedia 8G+™ Transmitter 200, Black Textured	$ 851.00	$ 4,255.00
2	Crestron	DM-TX-201-C	DigitalMedia 8G+™ Transmitter 201	$ 790.00	$ 1,580.00
2	Crestron	DM-RMC-100-C	DigitalMedia 8G+™ Receiver & Room Controller 100	$ 547.00	$ 1,094.00
5	Crestron	DM-RMC-SCALER-C	DigitalMedia 8G+™ Receiver & Room Controller w/Scaler	$ 851.00	$ 4,255.00
7	Extron	Cables	25' HDMI-M to HDMI-M Cables	$ 91.00	$ 637.00
1	Extron	60-999-01	1x6 HDMI Distribution Amplifier	$ 724.00	$ 724.00
1	Extron	70-1028-01	UTS-100 Under Counter Shelf	$ 49.00	$ 49.00
			Cable Cubbys		
5	Extron	60-527-01	Cable Cubby 300S with US AC Module	$ 426.00	$ 2,130.00
5	Extron	Misc.	Brackets, Hardware and Spacers	$ 146.00	$ 730.00
5	Extron	Misc.	HDMI and VGA plus Audio Cables	$ 85.00	$ 425.00

			Installation Hardware		
1	MISC	MISC	Misc. Installation Hardware - Field	$ 1,216.00	$ 1,216.00
1	ESI	Custom-CC	Incidental Materials	$ 122.00	$ 122.00
1	ESI	ESI-MInstHDW	Installation Hardware	$ 243.00	$ 243.00
3	Crestron	DM-CBL-8G-P-SP1000	DigitalMedia 8G™ Cable, plenum, 1000 ft spool	$ 730.00	$ 2,190.00
100	Crestron	DM-8G-CONN-100	8G RJ-45 Connectors	$ 3.00	$ 300.00

Materials	$	56,233.00
Labor	$	34,800.00
Expenses		
Outside Services	$	2,232.18
PRICE:	$	1,250.00
	$	**94,515.18**
Total Tax (Estimated): 9.00%	$	5,060.97
TOTAL LUMP SUM:	**$**	**99,576.15**

(All Tax is estimated. All applicable taxes will be added and invoiced in accordance with tax authority having jurisdiction)

GENERAL SCOPE OF WORK

1 See Proposal for Scope of Work

ASSUMPTIONS & CLARIFICATIONS

1 Sales and use tax are estimated. All applicable taxes required by law shall be included on each invoice.

AUTHORIZATION

_____ _____

Client Signature ***Date***

_____

Print Name

This proposal is offered in accordance with the following terms and conditions.

TERMS AND CONDITIONS

1. General.

THESE TERMS AND CONDITIONS, TOGETHER WITH THOSE OF ANY QUOTATION OR PROPOSAL (THE "PROPOSAL"), OF ELECTROSONIC, INC. ("ELECTROSONIC"), TO WHICH THESE TERMS AND CONDITIONS ARE ATTACHED, CONSTITUTE THE ENTIRE AGREEMENT (THE "CONTRACT"), BETWEEN ELECTROSONIC AND YOU, AS "CLIENT," RELATING TO THE SALE OF AUDIO, VIDEO AND IMAGE CONTROL PRODUCTS (THE "EQUIPMENT"), AND THE PROVISION OF SERVICES (THE "SERVICES"), ASSOCIATED WITH THE INSTALLATION OF EQUIPMENT BY ELECTROSONIC AS SPECIFIED IN THE PROPOSAL. WHERE A PROVISION OF ANY OTHER AGREEMENT RELATING TO CLIENT'S PROJECT IS INCONSISTENT WITH A PROVISION OF THIS CONTRACT, THIS CONTRACT SHALL GOVERN.

ELECTROSONIC'S ACCEPTANCE OF ANY OFFER BY CLIENT IS EXPRESSLY MADE CONDITIONAL UPON CLIENT'S ASSENT TO THE TERMS AND CONDITIONS OF THE CONTRACT, AND NONE OF CLIENT'S ADDITIONAL OR DIFFERENT TERMS SHALL APPLY. PREPRINTED TERMS AND CONDITIONS SET FORTH IN PURCHASE ORDERS, ACKNOWLEDGMENTS, REQUESTS FOR PROPOSAL OR RELATED DOCUMENTATION ISSUED BY CLIENT, SHALL BE CONSIDERED NULL AND VOID AND SHALL HAVE NO FORCE OR EFFECT UNLESS SUCH ADDITIONAL OR DIFFERENT TERMS ARE ACCEPTED BY ELECTROSONIC IN WRITING.

CLIENT'S EXECUTION OF THIS CONTRACT, ACCEPTANCE OF SERVICES OR OPERATIONAL USE BY CLIENT OF ANY EQUIPMENT DELIVERED BY ELECTROSONIC SHALL CONSTITUTE CLIENT'S ACCEPTANCE OF AND AGREEMENT WITH THE TERMS AND CONDITIONS OF THIS CONTRACT.

2. Labor; Statement of Work.

Except as otherwise provided in the Proposal, Electrosonic will provide all labor, special tools and materials, Equipment and Services necessary to install the proposed audio/video/image control system (the "System"), for Client or Client's end-user customer at the designated worksite (the "Site"), as described in the statement of work (the "Statement of Work"), set forth in the Proposal for the price (the "Contract Price"), indicated therein. The System will be installed in accordance with the installation schedule (the "Schedule"), set forth in the Proposal.

If there is a delay caused by the action or inaction of Client, Client's end-user customer or their respective contractors or sub-contractors, and such delay prevents Electrosonic from performing Services and causes Electrosonic to be rendered idle for a period of eight (8) hours or more, Electrosonic may stop performing Services and submit a change order for idle time, extended time and/or overtime at the standard hourly rate(s) per Electrosonic's published rate card attached to the Proposal.

Except as otherwise provided in the Proposal, all low voltage cable and conduit systems specified by Electrosonic for the System shall be supplied and installed by Client's (or its customer's) electrical contractor. As described in the Statement of Work, Electrosonic will be responsible for all audiovisual low- voltage termination work. Client will be responsible for all high voltage electrical work required to power the System, including, without limitation, supplying, installing and terminating all hard-wired and receptacle power connections and power outlets as required for the System.

3. Pricing.

The Contract Price is based on Electrosonic performing the Services described in the Proposal pursuant to the Schedule. In determining the Contract Price, no allowance has been made for any union or licensed work, unless specifically provided in the Proposal. The Contract Price and the Schedule are subject to change pursuant to a change order if Equipment or Services in excess of that provided in the Proposal or changes to the Schedule are requested by Client or required through no fault of Electrosonic.

Except as otherwise provided in the Proposal, the Contract Price includes all travel, lodging and per diem expenses that Electrosonic estimates to be necessary to perform the Services. Electrosonic will attempt to purchase air travel tickets at least two (2) weeks in advance, schedule permitting. If travel schedules are changed by others subsequent to the purchase of such tickets, penalties, if any, resulting from such changes will be submitted to Client as a change order to the Contract.

The Contract Price includes attendance at Site meetings as described in the Proposal. If additional meetings are required for any reason, Electrosonic's expenses for travel, lodging, and per diem costs in respect of such additional meetings will be billed to Client at cost plus 15%.

The Contract Price does not include any charges imposed by any lawful governmental or other taxing authority for any tax, levy, assessment, including without limitation any excise, consumer, sales, use, employment and any other similar or other burden or tax on, or related to, the Equipment or the Services provided by Electrosonic pursuant to the Contract.

Unless otherwise specified, the Contract Price is valid for ninety (90) days from the date of submission of Electrosonic's Proposal to Client.

4. Payment Terms.

Except as otherwise provided in the Proposal, the Contract Price is stated in US dollars. The terms of payment of the Contract Price are set forth in the Proposal. Except as otherwise provided in the Proposal, payment of the amount stated in each invoice submitted by Electrosonic is due within thirty (30) days of the date of such invoice. A service charge of one and one-half percent (1.5%) per month (but not exceeding the maximum permitted by law) will be payable by Client on any past due amounts.

If Client fails to pay any amounts when due under this Contract (except for any such amounts disputed in good faith by Client), Electrosonic may, after first providing fourteen (14) days prior written notice to Client, without prejudice to any other available rights and remedies, suspend further performance of Services until Client pays Electrosonic all undisputed amounts due. In addition, Electrosonic will be entitled to increase the Contract Price by change order, to cover Electrosonic's reasonable costs of demobilization, delay and remobilization resulting from such suspension of performance of Services.

Except as otherwise provided in the Proposal, payments shall be made in US Dollars and remitted to the following address:

Electrosonic, Inc. 10320 Bren
Road East Minnetonka, MN
55343
Attention: Mr. Scott Meyer-Chief Financial Officer

5. Security for Payments.

To secure payment of all of Client's payment and performance obligations to Electrosonic arising under this Contract, Client grants Electrosonic a purchase money security interest in all Equipment provided by Electrosonic hereunder and the proceeds thereof. Client shall cooperate with Electrosonic in preserving and perfecting Electrosonic's security interest in the Equipment and Client shall promptly execute and deliver to Electrosonic, such agreements, documents and instruments as Electrosonic may require to perfect and maintain the validity, effectiveness and priority of the security interest created or intended to be created by this Contract. Client authorizes Electrosonic to file one or more financing or continuation statements and amendments thereto, relating to all or any part of the Equipment covered hereby.

6. Site Access / Conditions.

Client shall provide or arrange for a right of entry and unhindered access to the Site from time to time by Electrosonic, its employees, agents and subcontractors, in order to perform the Services without interruption in accordance with the Schedule. Electrosonic will be entitled to increase the Contract Price or extend the Schedule by change order, to cover Electrosonic's reasonable additional costs and provide for any delays resulting from its inability to gain access to the Site caused by Client or by any circumstances beyond the control of Electrosonic.

Electrosonic will notify Client of any adverse conditions at the Site which differ from those indicated in the Contract, including any unknown or subsurface physical conditions at the Site which differ from those disclosed by Client. Electrosonic will be entitled to increase the Contract Price or extend the Schedule by change order, to cover Electrosonic's reasonable additional costs and provide for any delays resulting from any adverse conditions at the Site which differ from those indicated in the Contract or disclosed by Client.

7. Shipment, Storage, Risk of Loss, Title.

Except as otherwise provided in the Proposal, all freight and shipping costs are included in the Contract Price. Equipment shipped to the Site in advance of installation or the arrival of Electrosonic personnel will be stored by Client at no cost to Electrosonic, in a facility which protects the Equipment from the elements, excessive temperature and humidity, theft, dust and other damage. Electrosonic is not responsible for any equipment or materials supplied to Client by others. Equipment will be shipped to the Site in accordance with the agreed-upon delivery dates set forth in this Contract or as otherwise consented to by Client.

If Client delays shipment of Equipment beyond agreed-upon delivery dates, Electrosonic will arrange appropriate storage for Client, and Client will be responsible for the expenses for such storage.

Risk of loss and damage to Equipment shall pass to Client upon delivery to the Site. Client shall keep such Equipment fully insured for the total amount then due Electrosonic for such Equipment. Title to the Equipment furnished hereunder shall vest in Client upon full payment of the purchase price therefore.

8. Permits, Approvals and Licenses.

Client is responsible for securing all work permits and/or local governmental approvals and licenses where applicable, and for paying the costs thereof.

9. Taxes. (Applicable to Equipment and Services delivered or performed in the US)

In addition to the Contract Price, Client shall pay Electrosonic the amount of any sales, use, value added (VAT), withholding or other taxes now or hereafter imposed by any federal, state or local taxing authority upon or with respect to the sale of Equipment or performance of Services. Where applicable, Electrosonic shall invoice, and Client shall reimburse Electrosonic, for any such taxes due to, or charged by, any governmental entity as a result of this Contract.

10. Taxes and Duties (applicable to Equipment and Services delivered or performed outside the U.S.)

A. The Contract Price does not include the amount of any present or future sales, use, VAT, goods and services (GST), withholding or other taxes, duties, assessments, liens or similar charges now or hereafter at any time imposed or levied on Electrosonic or its subcontractors or their respective employees by an entity other than the U.S. government or a political subdivision thereof (hereinafter "Foreign Taxes"), upon or with respect to the sale of Equipment or performance of Services under the Contract. Client acknowledges that the Contract Price will be increased by (1) the amount of any Foreign Taxes or any penalties and/or interest now or hereafter at any time assessed with respect to Foreign Taxes (hereinafter "Foreign Penalties"), imposed or levied on Electrosonic or its subcontractors or their respective employees with respect to the sale of Equipment or performance of Services under the Contract and (2) the full costs incurred by Electrosonic or its subcontractors or their respective employees in connection with the preparation and filing of any returns relating to any Foreign Taxes ("Foreign Return Charges"). If no further payments are due to Electrosonic under the Contract, Client will reimburse Electrosonic for all such Foreign Taxes, Penalties and Return Charges within thirty (30) days after the date of Electrosonic's invoice for such amounts.

B. If Electrosonic is required to collect Foreign Taxes, Electrosonic will charge Client such amounts as separate items on its invoices or provide separate invoices if no further invoices are to be issued under the Contract. If Electrosonic is not registered to collect Foreign Taxes, Client will pay such amounts directly to the applicable taxing authority.

11. Force Majeure.

Neither Electrosonic nor Client shall be liable for any delay or failure to perform any of its respective obligations under this Contract, except, in the case of Client, its payment obligations hereunder, if and to the extent such delay or failure is due to circumstances beyond the reasonable control of such party, including but not limited to, fires, floods, explosions, accidents, acts of God, weather, breakdown to the plant facilities of Electrosonic or Client's Site, declared and undeclared wars or riots, strikes, lockouts or other concerted acts of workmen, acts of government, shortages of materials, shortages of transportation, or any government act, omission, regulation, license, order or rule. Electrosonic will not be responsible for any loss, delay or damage caused by incomplete drawings, data or approvals by others.

12. Change Orders.

Electrosonic may notify Client of, or Client may request, changes to the Statement of Work. Should any such changes cause an increase or decrease in the Contract Price or in the Schedule, or affect any other Contract provision, Electrosonic will submit to Client a proposed adjustment to the Contract Price, Schedule and/or any other provision affected by the change. Electrosonic will proceed with such change upon the parties' execution of a change order to the Contract, provided, however, that, if Electrosonic performs any additional Services prior to the parties executing a change order, Electrosonic will not be barred from making any claim for additional compensation or time.

13. Termination / Cancellation.

A. Termination: This Contract may be terminated by either party, effective after thirty (30) days written notice has been provided to the other party, of such party's breach or failure to perform its obligations under this Contract, and such breach or failure to perform is not cured or otherwise remedied within such thirty (30) day period. Upon termination of the Contract, Client will pay Electrosonic for all Services properly performed through the date of termination and all of Electrosonic's direct costs, including, without limitation, non- cancellable commitments, associated with such termination.

B. Cancellation: Upon cancellation of the Contract for any reason, Electrosonic shall have the right, but not the obligation, to repurchase Equipment theretofore purchased by or shipped to Client. Client agrees to pay a restocking fee equal to twenty percent (20%) of the full purchase price of any Equipment returned to and accepted by Electrosonic. Electrosonic will submit an invoice for the restocking fees, and Client will remit payment for such restocking fees within thirty (30) days after the date of Electrosonic's invoice for such fees.

14. Warranty.

Electrosonic's Standard Warranty Policy concerning the Equipment and Services provided and performed hereunder is attached to the Proposal and incorporated in the Contract by reference. Additional warranties and service contracts will be priced separately upon request.

15. Agent's Authority.

Client acknowledges and agrees that no agent, employee or representative of Electrosonic has authority to bind Electrosonic to any representation or warranty concerning the Equipment or Services that is not expressly set forth herein.

16. Patent and Copyright Infringement.

If any Equipment or element of the Services becomes, or in Electrosonic's opinion is likely to become, the subject of a claim of infringement of a valid patent or copyright, Electrosonic may, at its option and expense, (1) procure for Client the right to continue using such infringing Equipment or element of the Services; (2) replace or modify the Equipment or element of the Services to make it non-infringing; (3) upon return of all infringing Equipment or element of the Services, refund to Client the price actually paid by Client for the infringing Equipment or element of the Services, or (4) substitute for the infringing Equipment or element of the Services other suitable, non-infringing Equipment or element. Electrosonic shall have no liability for any claim of copyright or patent infringement based on use or combination of the Equipment or element with equipment or elements not supplied by Electrosonic.

THE FOREGOING STATES THE ENTIRE LIABILITY OF ELECTROSONIC TO CLIENT WITH RESPECT TO INFRINGEMENT OF ANY PATENT OR COPYRIGHT BY ANY EQUIPMENT OR ELEMENT OF ELECTROSONIC'S SERVICES.

17. Indemnity.

Electrosonic agrees to protect, defend, indemnify and hold harmless Client, its parent, subsidiaries, affiliates, the successors and assigns of each of the foregoing, and the respective directors, officers, employees and agents of each of the foregoing (the "Indemnitees"), from and against any and all liabilities, damages, losses, costs, claims, suits, judgments, and expenses (including reasonable attorney's fees), or demands, including those demands arising from injuries or death of persons and damage to property, relating to Client's project (collectively "Claims"), to the extent caused by (i) breach of this Contract by Electrosonic or (ii) any negligent acts, errors, omissions or reckless or intentional wrongful misconduct of Electrosonic or its agents or employees.

Client agrees to protect, defend, indemnify and hold harmless Electrosonic, its parent, subsidiaries, affiliates, the successors and assigns of each of the foregoing, and the respective directors, officers, employees and agents of each of the foregoing (the "Indemnities"), from and against any and all liabilities, damages, losses, costs, claims, suits, judgments, and expenses (including reasonable attorney's fees), or demands, including those demands arising from injuries or death of persons and damage to property, relating to Client's project (collectively "Claims"), except to the extent caused by (i) breach of this Contract by Electrosonic or (ii) any negligent acts, errors, omissions or reckless or intentional wrongful misconduct of Electrosonic or its agents or employees.

18. Limitation of Liability.

ELECTROSONIC'S TOTAL LIABILITY TO CLIENT AND ALL LIABILITIES ARISING OUT OF OR RELATING TO THE CONTRACT, FROM ANY CAUSE OR CAUSES ASSERTED BY CLIENT, AND REGARDLESS OF THE LEGAL THEORY ASSERTED, INCLUDING BUT NOT LIMITED TO, BREACH OF CONTRACT, WARRANTY, NEGLIGENCE, STRICT LIABILITY, OR STATUTORY OR REGULATORY LIABILITY, SHALL NOT, IN THE AGGREGATE, EXCEED THE AMOUNTS ACTUALLY PAID TO ELECTROSONIC UNDER THE CONTRACT.

IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, EXEMPLARY OR ECONOMIC DAMAGES (INCLUDING, BUT NOT LIMITED TO LOST PROFITS AND LOST BUSINESS OPPORTUNITY) ARISING OUT OF OR RELATING TO THE CONTRACT, REGARDLESS OF THE LEGAL THEORY UNDER WHICH SUCH DAMAGES ARE SOUGHT, AND EVEN IF THE PARTIES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR LOSS.

ANY CLAIM BY CLIENT RELATING TO THE CONTRACT, OTHER THAN IN WARRANTY, MUST BE MADE IN WRITING AND PRESENTED TO ELECTROSONIC WITHIN ONE (1) YEAR AFTER THE EARLIER OF: (1) THE DATE ON WHICH CLIENT ACCEPTS EQUIPMENT; OR (2) THE DATE ON WHICH ELECTROSONIC COMPLETES PERFORMANCE OF THE SERVICES. ANY CLAIM UNDER WARRANTY MUST BE MADE WITHIN THE TIME SPECIFIED IN ELECTROSONIC'S STANDARD WARRANTY POLICY.

19. Non-Disclosure.

Neither Client nor Electrosonic will disclose, and each will take reasonable steps to prevent their respective employees and subcontractors from disclosing, to any third party other than authorized persons, any trade secrets, business practices or confidential information of the other disclosed during Electrosonic's performance of Services under the Contract, including, without limitation, details of the project of which the System is a part or any other concepts or projects disclosed by Electrosonic or Client to the other. This obligation will continue in force after completion of the Services for each particular piece of information disclosed until that information becomes publicly available. Notwithstanding the foregoing, neither Client nor Electrosonic will have any duty to maintain the confidentiality of any information that (a) is or becomes public knowledge through no wrongful act of the disclosing party; (b) is already known to the disclosing party prior to the date of this Contract; (c) is independently developed by the disclosing party; (d) is rightfully obtained by the disclosing party from any third party that is not under any confidentiality obligation owed to the other party; or (e) is disclosed pursuant to a lawful requirement of a governmental authority.

Notwithstanding the foregoing, Electrosonic may, without Client's consent, list or name Client and/or Client's project as a client for promotional purposes in marketing Electrosonic's services to potential clients.

20. Assignment.

Client may not assign this Contract without the prior written consent of Electrosonic. Any attempt by Client to assign the Contract without such consent shall be null and void.

21. Notices.

All notices or other communications required or permitted by this Contract shall be in writing and shall be deemed to have been duly received (a) if given by facsimile, when transmitted and the appropriate telephonic confirmation received if transmitted on a business day and during normal business hours of the recipient, and otherwise on the next business day following transmission, (b) if given by certified or registered mail, return receipt requested, postage prepaid, three (3) business days after being deposited in the U.S. mails and (c) if given by courier or other means, when received or personally delivered, and, in any such case, addressed to the parties at their respective addresses set forth in the Proposal.

22. Modifications, Complete Agreement.

No modifications of these terms and condition will be effective unless in writing and signed by authorized representatives of the parties. The Contract constitutes the complete and exclusive statement of the agreement between the parties and supersedes all proposals, oral or written, and all other communications between the parties relating to the subject matter of the Contract. No course of performance or any course of dealing or usage of trade shall vary the express terms hereof.

23. Governing Law and Venue.

This Contract is made in accordance with and shall be governed and construed in accordance with the laws of the State of California, United States, without regard to its rule of conflicts of laws. All claims arising under or related to this Contract or the negotiation, validity or performance of the terms of the Contract by the parties hereto, shall be venued in a Federal or state court sitting in the State of California, and each party irrevocably consents to the sole and exclusive personal jurisdiction of such courts, waives any objection to the laying of venue in any such court and agrees not to plead or claim that such litigation has

been brought in any inconvenient forum or that there are indispensable parties that are not subject to the jurisdiction of such courts.

24. Insurance.

Electrosonic will pay for, procure and maintain, without credit or reimbursement therefore by Client during the life of this Contract and for no less than 180 days beyond expiration of this Contract, the following types and amounts of insurance: (a) statutory Workers' Compensation coverage; (b) Employer's Liability - $1,000,000; (c) General Liability - $1,000,000; and (d) Automobile Liability - $1,000,000. Client and Client's end-user customer, if any, shall be responsible for all other insurance for the Site and the installation of the System in Client's project.

25. Severability.

If any provision of the Contract is held by a court of competent jurisdiction to be void, invalid or unenforceable, the remaining provisions shall remain in full force and effect.

26. Software License.

Electrosonic hereby grants to Client, and Client, by purchasing Equipment pursuant to this Contract, hereby accepts, a non-exclusive, non-transferable license to use and copy Software embedded and integrated in the Equipment, solely under the conditions set forth herein. This grant of license specifically excludes Source Code Programs (as herein defined). As used herein: (a) "Software" shall mean computer or processor programs and computer data bases, including software or firmware embedded in semiconductor chips; (b) "Source Code Program" shall mean a computer program that is in a form that reveals the functional operation of the computer program to one skilled in the art; and (c) "Distributed Software" shall mean Software that is not owned by Electrosonic and is licensed by Electrosonic under a separate license agreement between Electrosonic and the owner of such Software.

This license shall be effective from the date of delivery of Equipment and related Software by Electrosonic the Client and shall remain in effect until Client discontinues the use of such Software. Client acknowledges that title to and ownership of the Software shall at all times remain with Electrosonic or the owner of Distributed Software.

Client agrees to use the Software and any part thereof only with the Equipment designated by this Contract and to copy the Software in whole or in part (with the proper inclusion of Electrosonic's copyright notice and any Electrosonic proprietary notices) only for use in connection with purchased Equipment. Client's rights to use Software supplied by Electrosonic hereunder may not be assigned, licensed or transferred to a successor, affiliate or any other person, firm or organization except on terms and accompanied by such documentation as shall unequivocally recognize Electrosonic's ownership of such Software.

If Client fails to perform or observe any of its obligations under this license, or if a receiver or trustee in bankruptcy is appointed with respect to Client, this license shall immediately terminate.

27. Attorneys Fees.

If any legal action or other proceeding is brought for the enforcement of this Contract, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Contract, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in such action or proceeding, in addition to any other relief to which it may be entitled

28. Survival of Terms.

Upon termination or cancellation of this Contract as provided herein or by operation of law or otherwise, the rights and obligations of the parties provided herein shall forthwith terminate except those concerning Electrosonic's rights to receive payment and Client's obligations to pay Electrosonic amounts due hereunder and except that any provisions of this Contract which by their express terms extend beyond termination or cancellation of this Contract or which by their nature should so extend, shall survive and continue in full force and effect after any termination or cancellation of this Contract.

AGREED AND ACCEPTED:

City of Carson	**Electrosonic, Inc.**
Signature _____	Signature _____
Name _____	Name _____
Title _____	Title _____
Date _____	Date _____

Warranty Terms and Conditions

This proposal is offered based on the following standard Electrosonic Warranty Conditions

OPERATING OBJECTIVE

Electrosonic, Inc. has a specific business unit in place to manage the service and support of our projects and products. The Service Solutions Group is staffed with trained technicians to fulfill the Company's warranty obligations. This group also coordinates and executes on-site support and/or repairs on products and systems provided by Electrosonic.

The Service Solutions Group can also administrate a separate Maintenance and Service Agreement (at an additional cost) that includes repair and support at levels above our standard warranty obligations.

STANDARD WARRANTY

All equipment manufactured by Electrosonic is warranted to be free from manufacturing defects for one (1) year from either the original date of purchase from Electrosonic or, in the case of an integrated system, from the first beneficial use.

Warranty coverage of equipment not manufactured by Electrosonic is limited to the warranty provided by that manufacturer. If required, Electrosonic will act as the liaison to coordinate warranty support from said manufacturer.

Please see warranty timetable below.

ELECTROSONIC Standard Warranty

Box Product Sale - non-Electrosonic installation	0-90 Days	91-365 Days
• Full exchange of defective product	X	
• Repair of defective product at Electrosonic - parts and labor included*		X
• Customer removes and ships defective product to Electrosonic	X	X
• Standard outbound freight paid by Electrosonic	X	X
* product repair times vary based on repair center workload		

System Sale - Electrosonic installation	0-90 Days	91-365 Days
• Electrosonic technician returns to site	X	
• Full exchange/on-site repair of defective product	X	
• Repair of defective product at Electrosonic - parts and labor included*		X
• Customer removes and ships defective product to Electrosonic		X
• Standard outbound freight paid by Electrosonic		X
* product repair times vary based on repair center workload ** after initial 90 days of ownership, warranty of equipment not manufactured by Electrosonic is limited to that of the manufacturer		

This warranty does not cover acts of God or malfunction in any component caused by improper occurrences or actions taken after the warranty start date. These include modifications to the system design by anyone other than Electrosonic, misuse, abuse, neglect, improper adjustment, tampering, improper/inadequate maintenance, and/or malfunctions resulting by adjustment, service or maintenance by unqualified personnel. LCD panels or phosphor based displays such as CRT tubes and plasma panels that are scratched, broken, burned by a static image or have imperfections in any special coating are not covered under the Electrosonic limited warranty or that of the original manufacturer. Projection lamps are covered under the original manufacturer's ninety (90) day limited warranty. The Owner must return the lamp to Electrosonic for evaluation or product exchange.

Electrosonic Inc. cannot be held responsible for consequential losses caused by failure or breakdown of its products or goods supplied either within or without warranty.

RETURN AUTHORIZATION POLICY

The Electrosonic Service Solutions Group uses a Return Merchandise Authorization (RMA) system for all equipment repairs and exchanges regardless of warranty status or original manufacturer.

Any equipment received at Electrosonic without an RMA number clearly displayed on the shipping container, packing list, or attached to the defective equipment will experience delays in processing. To process the RMA accurately, Electrosonic requires the following information: RMA numbers can be obtained by contacting the Service Solutions Group:

- Enter the required information into the RMA request form at www.electrosonicservice.com
- Call 1-888-832-4374 with the required information
- Fax 1-952-931-2394 with the required information
- Email techsupport@electrosonic.com with the required information

Electrosonic will NOT issue a RMA number to any product without an accurate model number, serial number and detailed fault description. RMA numbers remain valid for forty (45) days.

Once an RMA number is issued, promptly return defective equipment per Electrosonic instructions or ship to:

Electrosonic, Inc.
Attn: Technical Repair Center RMA
#_____
10320 Bren Road East Minnetonka,
MN 55343 1-888-832-4374
1-952-931-7500

Electrosonic is not responsible for damage to a product during shipment. Utilize the original packaging when possible. Always confirm that the product is packed safely and securely. If product is damaged during shipment, time delays during the repair process could result.

WARRANTY REPAIRS

A warranty repair consists of parts and labor. Proof of purchase may be required for any warranty repair. All warranty repairs must be performed at an Electrosonic repair facility or at the manufacturer's authorized repair facility. Any attempt to repair an Electrosonic product or Electrosonic supplied product by unauthorized personnel will void the remaining warranty.

Electrosonic will NOT process any warranty repair without obtaining an accurate model number, serial number and detailed description of the failure for the RMA record.

NON-WARRANTY REPAIRS

Equipment outside of warranty coverage will be repaired on a time and materials basis at the manufacturer's authorized repair facility or the Electrosonic Technical Repair Center.

All non-warranty repairs are subject to minimum workshop fee. Electrosonic warranties most repairs against faulty workmanship or components used in the provision of the repair for a period of ninety (90) days from the date of dispatch from our premises.

A purchase order is required for all non-warranty repair work.

Electrosonic will NOT process any non-warranty repairs without obtaining an accurate model number, serial number and detailed defect description for the RMA record.

ESTIMATES (non-warranty repairs)

A fixed fee of 110 (one hour of labor) will be charged for all estimates. All estimates will be sent to the customer in writing and will require a signature for authorization. If the estimate is declined, the equipment will be returned to the customer un-repaired.

Equipment requiring an estimate cannot be scheduled for express repair service.

BASIS FOR ACCEPTANCE

Electrosonic cannot guarantee the availability of components or assemblies within the electronics industry and reserves the right to return, un-repaired, any item which is beyond economic repair.

In such cases, a 110 estimate fee will be assessed.

RESPONSE & REPAIR TIMES

Based on available resources, the Service Solutions Group will always try to provide a reasonable response-time to a service request. Equipment exchange requests for out-of-box equipment failures can generally be processed within twenty-four (24) hours.

Every effort will be made to ensure that field service calls are carried out at the requested times. However, Electrosonic cannot be held liable for any losses incurred due to late or non-arrival caused by factors beyond the control of Electrosonic. Shop repair times cannot be guaranteed due to fluctuating workloads at Electrosonic's repair facility.

Express repairs may be requested by the Owner and will be accepted on the basis of the current workload at Electrosonic's repair facility. Equipment sent to Electrosonic's Service Solutions Department for express repair will be evaluated immediately upon arrival. Actual turn-around times cannot be guaranteed due to the possible complexity of the problem, the availability of necessary replacement parts and the recommended soak testing periods. Additional labor charges will apply to all express repairs, both on equipment in and out of warranty.

ON-SITE SERVICE VISITS

For a site visit to clear faults on fixed equipment installations, Electrosonic has Regional Service Technicians to assist its customers. All site visit requests must be made through the Service Solutions Department and will be scheduled on a basis whereby every effort will be made to rectify a fault in the shortest possible time and with the minimum number of visits based on information supplied to Electrosonic prior to the site visit.

Electrosonic Installed System site visits - Limited site visits are covered under the standard one- year "Custom Solution Project" warranty. An Electrosonic technician will return to the Owner's project site for the first ninety (90) days after "First Beneficial Use" only when Electrosonic has performed the installation. However, Electrosonic will first make every effort to resolve the issue over the phone. If the issue cannot be resolved over the phone, a site visit from a qualified ES technician will be scheduled.

*IMPORTANT NOTE: Should it be determined that the perceived warranty related on-site technical issue needing resolution is no fault of Electrosonic, the Owner will be responsible for all costs incurred and must issue a PO to Electrosonic for the site visit including travel, lodging, per diem and labor costs.

Out of Box Product site visits - Site visits are not covered under Electrosonic's standard one-year "Out of Box" warranty. An "Out of Box" sale is considered a product sale to the Owner without any

installation services. A purchase order number is required before a site visit can be scheduled. Electrosonic standard labor and travel rates will apply.

LABOR RATES

The Electrosonic Service Solutions Department has standard labor and expense charges applicable to all service, repair and maintenance work. The rates shown below are those normally applicable to all projects. On certain projects and/or sites, negotiated alternative labor and expense charges may be applicable. A minimum of one hour will be charged for any workshop repair or field service visit.

SHOP RATES

Normal repairs (non-warranty items) $110 per hour Express
repairs (non-warranty items) $165 per hour Express repairs
(warranty items) $55 per hour

FIELD SERVICE VISIT RATES

IMPORTANT NOTE: Field service rates apply to all "post 90-day" warranty service calls as well as all non-warranty service calls.

Time on site (Mon – Fri, 8am – 8pm) $145 per hour to the nearest ½ hour
Travel time (Mon – Fri, 8am – 8pm) $85 per hour to the nearest ½ hour

On-site visits conducted on the weekend or outside of normal business hours (8am – 8pm) are subject to additional charges:

Time on site (M-F before 8am & after 8pm, Sat, Sun)
$195 per hour to the nearest ½ hour

Travel, lodging and per diem will be invoiced to the Owner at cost plus 15%.

TECHNICAL & EMERGENCY PHONE SUPPORT

The Service Solutions Department offers technical phone support between Electrosonic's office hours of 8:00 am and 5:00 pm (CST). A technician can be reached by calling 888-832-4374 or emailing techsupport@electrosonic.com. Based on warranty and service contract status, charges for phone support may apply. A rate of 95.00 per hour, billed in quarter hour increments, will be charged when applicable.

The Technical Service Department also offers extended emergency phone support after Electrosonic's office hours and on weekends. Calls for emergency support will be invoiced to the customer at 25.00 (minimum charge) or 2.00 per minute for calls exceeding twenty minutes (120/hr). Some maintenance and service plans include this service at no additional charge. Any customer may reach a technician after Electrosonic's office hours by calling the Technical Service Department's direct number: 888-832-4374. This extended emergency support is available between the hours of 5:00pm and 10:00pm (CST) Monday through Friday and between the hours of 8:00am and 10:00pm (CST) Saturday, Sunday and holidays.

SHIPPING

The Owner is responsible to arrange for and pay for all outgoing shipping costs for all defective equipment from the Owner's facility to the appropriate Electrosonic repair facility and/or manufacturer's repair facility as required. This includes all equipment being returned to Electrosonic for warranty or non-warranty repair or equipment being shipped for exchange. Electrosonic will arrange for and pay ground service shipping for all equipment being returned to the customer after warranty repair and for all equipment being sent out for warranty exchange.

Electrosonic will arrange for and pay overnight shipping for all Electrosonic manufactured equipment being sent out for exchange because of an out of box failure. An out of box failure must be reported to Electrosonic no more than thirty (30) days from the original date of purchase from Electrosonic.

The Owner is responsible to pay the shipping charges for all other express shipments (including counter to counter fees) and all shipments of equipment being returned after non-warranty repair.

All shipments are F.O.B. Electrosonic repair facility (as required). Check all units immediately upon receipt. If any shipping damage is found, the Owner is responsible for reporting such damage to the carrier immediately.

PURCHASE ORDER REQUIREMENTS

All requests for on-site service, equipment repairs, equipment exchange and parts sales must be accompanied by a purchase order. Regardless of warranty status, a purchase order ensures that proper accounting practices are followed.

PAYMENT TERMS

Customers who have an active and updated account with Electrosonic may pay on a net thirty (30) basis. Any invoice not paid within forty five (45) days will be considered overdue and will be referred to collections for processing. Customers who do not have an active account with Electrosonic must pay for any repair costs for non warranty repairs in advance. Electrosonic reserves the right to request credit card payment for purchases and repairs under 1,000. Electrosonic accepts VISA and MASTER CARD and AMERICAN EXPRESS.

CITY OF CARSON
1 % PEG FEES
REVENUE & EXPENDITURE SUMMARY

	06/30/09	06/30/10	06/30/11	06/30/12	06/30/13	YTD TOTAL
Beginning Balance	-	**44,241.00**	**90,562.63**	**177,491.86**	**266,108.72**	
Add: Peg Fee revenue (01-00-999-000 4216)	44,241.00	85,184.00	169,003.54	135,969.71	139,103.40	573,501.65
Total Revenue	44,241.00	129,425.00	259,566.17	313,461.57	405,212.12	573,501.65
Less: Expenditures (01-50-520-006 XXXX)	-	(38,862.37)	(82,074.31)	(47,352.85)	(43,902.32)	(212,191.85)
Total Expenditures	-	(38,862.37)	(82,074.31)	(47,352.85)	(43,902.32)	(212,191.85)
Balance at June 30, xx	**44,241.00**	**90,562.63**	**177,491.86**	**266,108.72**	**361,309.80**	**361,309.80**

EXHIBIT NO. 3