Attachment A

ORDINANCE NO.

ORDINANCE OF THE COUNCIL OF THE CITY OF PALO ALTO AMENDING THE BUDGET FOR THE FISCAL YEAR 2008-09 TO PROVIDE AN ADDITIONAL APPROPRIATION OF $3,436,981 TO CAPITAL IMPROVEMENT PROGRAM (CIP) PROJECT PE-98020, PUBLIC SAFETY BUILDING

The Council of the City of Palo Alto does ordain as follows:

SECTION 1. The Council of the City of Palo Alto finds and determines as follows:

A. Pursuant to the provisions of Section 12 of Article III of the Charter of the City of Palo Alto, the Council on June 9, 2008 did adopt a budget for fiscal year 2008-09; and

B. In fiscal year 2006-07, the City Council appropriated $1,000,000 for CIP Project PE-98020, Public Safety Building (Project) to cover the costs of the preliminary design of a public safety building and its associated parking garage, and an Environmental Impact Report (EIR) certification; and

C. In September 2006, the City Council approved a consultant services contract with RossDrulisCusenbery Architecture, Inc. (RDC) for an environmental impact report (EIR), preliminary engineering and architectural design and cost estimates to a 25% level of effort for a new Public Safety Building (PSB) proposed on the Park Boulevard site (CMR:374:06); and

D. In fiscal year 2007-08, the City Council approved another appropriation of $1,036,000,000 for the design costs of the Project and for an option payment to Essex Park Boulevard, LLC to acquire real property located at 2785 Park Boulevard (CMR420:07); and

E. In November 2007, City Council certified the Environmental Impact Report analyzing various site and building configurations located at Park Boulevard and approved a purchase option agreement with Essex Park Boulevard, LLC to acquire the 2785 Park Boulevard property (CMR:420:07); and

F. In February 2008, City Council reviewed the financing options and authorized funding for the project design and construction using Certificates of Participation (COPs), and staff was directed to return to Council as soon as possible with a consultant scope of services to continue design and
construction documents of the reduced site Option B for the Public Safety Building project (CMR: 144:08); and

G. The consultant contract with RDC needs to be amended to complete the design, construction documents and estimates of Public Safety Building project. Details of the construction cost scope of work are listed in CMR:290:08; and

H. In May 2008, the City received an offer from Brown Fairchild-Park Investment Company, L.P. to enter into an option to purchase agreement with the City for a property located at 2747 Park Boulevard. This parcel is adjacent to the 2785 Park Boulevard identified in Section E; and is also identified as another parcel for the planned Project. The agreement proposed a purchase price of $2,732,000; an initial payment of $109,280 upon execution of the Option to Purchase; and a monthly payment of $9,106 to commence in July 2009; and

I. Constructing the Project on two lots will reduce overall project costs by eliminating design constraints associated with the reduced size option. The two lot option will also provide enhanced security for police operations; and

J. Additional costs such as real estate fees, outside legal counsel and printing and mailing are needed for the Project to be on track with the established timeline. There were no appropriations to cover the cost of these expenditures. The existing appropriation balance of this Project is $580,100 and is not sufficient to cover the additional costs of $4,017,081. Details are broken down as follows; and

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDC contract</td>
<td>$3,807,801</td>
</tr>
<tr>
<td>Brown Fairchild-Park Investment Company, L.P. - initial payment for option to purchase (2747 Park Boulevard)</td>
<td>$109,280</td>
</tr>
<tr>
<td>Real Estate fees and outside counsel fees - escrow account and title insurance</td>
<td>$40,000</td>
</tr>
<tr>
<td>Printing and Mailing costs</td>
<td>$60,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$4,017,081</strong></td>
</tr>
<tr>
<td><strong>Existing appropriation balance</strong></td>
<td><strong>$580,100</strong></td>
</tr>
<tr>
<td><strong>Amount needed</strong></td>
<td><strong>$3,436,981</strong></td>
</tr>
</tbody>
</table>

K. City Council authorization is needed to amend the 2008-09 budget to make available the funds needed for CIP Project PE-98020, Public Safety Building.
SECTION 2. The General Fund Budget Stabilization Reserve is hereby decreased by Three Million Four Hundred Thirty Six Thousand Nine Hundred Eighty One Dollars ($3,436,981) with a remaining balance of Twenty Two Million Two Thousand Nineteen Dollars ($22,002,019) as shown in Exhibit A.

SECTION 3. The sum of Three Million Four Hundred Thirty Six Thousand Nine Hundred Eighty One Dollars ($3,436,981) is hereby appropriated to CIP Project PE-98020, Public Safety Building.

SECTION 4. As specified in Section 2.28.080(a) of the Palo Alto Municipal Code, a two-thirds vote of the City Council is required to adopt this ordinance.

SECTION 5. As provided in Section 2.04.330 of the Palo Alto Municipal Code, this ordinance shall become effective upon adoption.

SECTION 6. A Draft EIR relating to the proposed Public Safety Building was circulated on July 31, 2007 and the Final EIR was released on October 31, 2007. On November 19, 2007, the City council certified the Environmental Impact Report.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

Director of Public Works

Director of Administrative Services
### City of Palo Alto

**Exhibit A**

#### Budget Amendment Ordinances Impacting General Fund Reserves Approved-To-Date in 2008-09

<table>
<thead>
<tr>
<th>BAO Description</th>
<th>Cost</th>
<th>Revenue</th>
<th>Placeholders Already in the 2008-09 Adopted Budget</th>
<th>Impact on the General Fund BSR</th>
<th>Estimated Future Year Ongoing Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance - July 1, 2008 (unaudited balance)</td>
<td></td>
<td></td>
<td></td>
<td>$25,176,000</td>
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<tr>
<td>08-09 Net change to reserve-adopted budget</td>
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<td></td>
<td></td>
<td>$263,000</td>
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<tr>
<td>2008-09 Projected ending balance before BAO's</td>
<td></td>
<td></td>
<td></td>
<td>$25,439,000</td>
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<tr>
<td>BAOs before midyear change:</td>
<td></td>
<td></td>
<td></td>
<td>($3,436,981)</td>
<td></td>
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<tr>
<td>BAO CIP PE-98020 (Public Safety Building)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Total BAOs</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>($3,436,981)</td>
<td>$0</td>
</tr>
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</table>

**BSR Balance After BAO's**

$22,002,019
Description: This project which includes a Public Safety Building and associated parking garage is under design and environmental review with public hearings scheduled in December 2007 for the Final Environmental Impact Report certification. Public outreach, bond counsel, and further development of the design and cost estimates will need to be developed prior to the anticipated issuance of the Certificates of Participation (COPs) in summer of 2009.

Justification: Based on standard space guidelines and current codes, the Police Department facility is operationally and technologically deficient. City Council has directed staff to have a proposed Public Safety Building project ready for a potential COPs issuance. The preliminary design work will need to be completed prior to the possible issuance of the Certificates of Participation.

Supplemental Information: The site and the size of the facility are based on the recommendation by the Police Building Blue Ribbon Task Force (PBBRTF).

CIP FACTS:
- Continuing
- Project Status: Design
- Timeline: FY 2007-2009
- Overall Project Completion: 0%
- Percent Spent: 80%
- Managing Department: Public Works
- Comprehensive Plan: Policy C-24, Program C-19
- Board/Commission Review: ARB, PTC, PBBRTF

IMPACT ANALYSIS:
- Environmental: An EIR will be completed.
- Design Elements: Review by ARB.
- Operating: TBD
- Telecommunications: TBD

## PRIOR YEARS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>PY Budget</td>
<td>$2,952,233</td>
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<tr>
<td>PY Actuals as of 06/30/2008</td>
<td>$2,372,133</td>
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## FUTURE FINANCIAL REQUIREMENTS

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<tr>
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<th>2008-09</th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>Total Funding</th>
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<tr>
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<tr>
<td>Construction Costs</td>
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<tr>
<td>Other</td>
<td>$209,280</td>
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<td>$209,280</td>
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<tr>
<td>Total Budget Request</td>
<td>$3,436,981</td>
<td></td>
<td></td>
<td></td>
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<td>$3,436,981</td>
</tr>
</tbody>
</table>

Revenues:

Source of Funds: Infrastructure Reserve (with reimbursements from Budget Stabilization Reserve: $3,436,981)

Council Policy Direction:
1. Project is not in planned General Fund IMP and/or does not have identified funding source.
2. Project will require an Environmental Impact Review.
3. Project may require voter and/or property owner approval.
4. Project is a Council Top 4 priority.
AGREEMENT BETWEEN THE CITY OF PALO ALTO AND ROSS DRULIS CUSENBERY ARCHITECTURE, INC.

FOR PROFESSIONAL SERVICES
(PUBLIC SAFETY BUILDING DESIGN)

This AGREEMENT is entered into______, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and RossDrulisCusenbery Architecture, Inc. (RDC), a California Corporation, located at 18294 Sonoma Highway, Sonoma, CA 95476 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to design and construct a new public safety building including; new police facilities, E-911 dispatch center, emergency operations center an adjacent parking structure located at 2785 and 2747 Park Blvd., Palo Alto, CA, APN 132-31-042 and 132-31-071 ("Project") and desires to engage a consultant to provide schematic design, design development, construction documentation, and bidding in connection with the Project ("Services").

B. CONSULTANT has represented that it has the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Services as more fully described in Exhibit "A", attached to and made a part of this Agreement.

NOW, THEREFORE, in consideration of the recitals, covenants, terms, and conditions, this Agreement, the parties agree:

AGREEMENT

SECTION 1. SCOPE OF SERVICES. CONSULTANT shall perform the Services described in Exhibit "A" in accordance with the terms and conditions contained in this Agreement. The performance of all Services shall be to the reasonable satisfaction of CITY.

SECTION 2. TERM. The term of this Agreement shall be from the date of its full execution through completion of the services in accordance with the Schedule of Performance attached as Exhibit "B" unless terminated earlier pursuant to Section 19 of this Agreement.

SECTION 3. SCHEDULE OF PERFORMANCE. Time is of the essence in the performance of Services under this Agreement. CONSULTANT shall complete the Services within the term of this Agreement and in accordance with the schedule set forth in Exhibit "B", attached to and made a part of this Agreement. Any Services for which times for performance are not specified in this Agreement shall be commenced and completed by CONSULTANT in a reasonably prompt and timely manner based upon the circumstances and direction communicated to the CONSULTANT. CITY's agreement to extend the term or the schedule for performance shall not preclude recovery of damages for delay if the extension is required due to the negligence of CONSULTANT.

July 2, 2008 Final
08033

Professional Services
Revised 10/18/07
SECTION 4. Fixed Fee. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit "A" shall be a fixed fee in the amount of $3,461,637 paid with monthly percentage of completion, progress payments for services rendered, through award of the construction contract. Thereafter, construction administration services shall be billed hourly against a not to exceed amount (under separate contract), including both payment for professional services and reimbursable expenses. In the event Additional Services are authorized, the total compensation for services and reimbursable expenses shall not exceed $3,807,801. The applicable rates and schedule of payment are set out in Exhibit "C", entitled "COMPENSATION," which is attached to and made a part of this Agreement. This amount includes a reimbursable allowance as described in Exhibit C.

Additional Services, if any, shall be authorized in accordance with and subject to the provisions of Exhibit "C". CONSULTANT shall not receive any compensation for Additional Services performed without the prior written authorization of CITY. Additional Services shall mean any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described in Exhibit "A".

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly percentage of completion invoices to the CITY describing the services performed and the applicable charges as set forth in Exhibit "C". The invoice shall also describe the percentage of completion of each task. The information in CONSULTANT's payment requests shall be subject to verification by CITY. CONSULTANT shall send all invoices to the City's project manager at the address specified in Section 13 below. The City will generally process and pay invoices within thirty (30) days of receipt.

SECTION 6. QUALIFICATIONS/STANDARD OF CARE. All of the Services shall be performed by CONSULTANT or under CONSULTANT's supervision. CONSULTANT represents that it possesses the professional and technical personnel necessary to perform the Services required by this Agreement and that the personnel have sufficient skill and experience to perform the Services assigned to them. CONSULTANT represents that it, its employees and subconsultants, if permitted, have and shall maintain during the term of this Agreement all licenses, permits, qualifications, insurance and approvals of whatever nature that are legally required to perform the Services.

All of the services to be furnished by CONSULTANT under this Agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

SECTION 7. COMPLIANCE WITH LAWS. CONSULTANT shall keep itself informed of and in compliance with all federal, state and local laws, ordinances, regulations, and orders that may affect in any manner the Project or the performance of the Services or those engaged to perform Services under this Agreement. CONSULTANT shall procure firm licenses required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all negligent errors, omissions, or discovered ambiguities as identified by City plan check process, construction manager constructability review or other approving agency review, or acts in the work product submitted to CITY, provided CITY gives notice to CONSULTANT. If CONSULTANT has prepared plans and specifications or other design documents to construct the
Project, CONSULTANT shall be obligated to correct any and all negligent errors, omissions, discovered ambiguities as identified by City plan check process, construction manager constructability review or other approving agency review or acts discovered prior to and during the course of construction of the Project. This obligation shall survive termination of the Agreement.

SECTION 9. COST ESTIMATES/VALUE ENGINEERING. CONSULTANT shall submit estimates of probable construction costs at the completion of schematic design, design development and 50%, and 90% construction documents. If the total estimated construction cost at any submittal exceeds ten percent (10%) of the CITY’s stated construction budget, CONSULTANT shall make value engineering recommendations to the CITY for aligning the PROJECT design with the budget, incorporate CITY approved recommendations into the construction documents, and revise the design to meet the CITY’s Project construction budget escalated to the mid point of construction, at no additional cost to CITY.

The CITY’s Project construction budget escalated to the mid point of construction 2010 (utilizing an 8% inflation factor) is: $39,517,000.

Notwithstanding the foregoing, to the extent the estimate of probable construction cost exceeds the construction budget due to any program, design or budget changes initiated and authorized by the CITY which are beyond the CONSULTANT’S control, any changes required in the design documents, shall be considered as Additional Services as noted in EXHIBIT C of this Agreement.

If bidding has not commenced within 90 days after CONSULTANT submits 90% construction documents to the CITY, CONSULTANT shall adjust at no additional cost to CITY, the estimate of probable construction cost to reflect changes in the general level of prices in the construction industry. Should the adjusted estimate of probable construction cost exceed the CITY approved construction budget at this point, any subsequent changes in the plans or value engineering services necessary to align the adjusted estimate of probable construction cost with the CITY approved construction budget shall be considered Additional Services as noted in EXHIBIT C of this Agreement.

SECTION 10. INDEPENDENT CONTRACTOR. It is understood and agreed that in performing the Services under this Agreement CONSULTANT, and any person employed by or contracted with CONSULTANT to furnish labor and/or materials under this Agreement, shall act as and be an independent contractor and not an agent or employee of the CITY.

SECTION 11. ASSIGNMENT. The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT’s obligations hereunder without the prior written consent of the city manager. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the city manager will be void.

SECTION 12. SUBCONTRACTING.
Notwithstanding Section 11 above, CITY agrees that subconsultants may be used to complete the Services. The subconsultants authorized by CITY to perform work on this Project are:

Subconsultant
1. Rutherford and Chekene
2. Flack and Kurtz

Service Provided
Structural Engineer
Mechanical, Electrical and Plumbing Engineer

July 2, 2008 Final
08033

Professional Services
Revised 10/18/07
CONSULTANT shall be responsible for directing the work of its subconsultants and for any compensation due to subconsultants. CITY assumes no responsibility whatsoever concerning compensation. CONSULTANT shall be fully responsible to CITY for all acts and omissions of a subconsultant. CONSULTANT shall change or add subconsultants only with the prior approval of the city manager or his designee. The City hereby agrees to hold harmless CONSULTANT for any claim or liability relating to any work performed by CONSULTANT or its arborist relating to the planned removal of the protected tree located on 2747 Park Boulevard.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign Michael B. Ross, AIA as the project director to have supervisory responsibility for the performance, progress, and execution of the Services, Gyorgy Varga as the project architect to represent CONSULTANT during the day-to-day work on the Project and Patty Haight as the project manager. If circumstances cause the substitution of the project director, project architect, or any other key personnel for any reason, the appointment of a substitute project director and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY's project manager. CONSULTANT, at CITY's request, shall promptly remove personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property.

The City's project manager is Elizabeth Ames, Public Works Department, Engineering Division, Palo Alto, CA 94303, Telephone: 650.329.2502. The project manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. The CITY may designate an alternate project manager from time to time.

SECTION 14. OWNERSHIP OF MATERIALS. Upon delivery, all work product, including without limitation, all writings, drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed under this Agreement shall be and remain the exclusive property of CITY without restriction or limitation upon their use. City shall hold harmless, indemnify and defend CONSULTANT from and against any and all claims, damage, demands, losses, and costs arising from the City's reuse of CONSULTANT's design drawings on any project other than what has been identified in this Agreement. CONSULTANT agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in CITY, and CONSULTANT waives and relinquishes all claims to copyright or other intellectual property rights in favor of the CITY. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization excepting their use for normal marketing activities and design award submissions, without the prior written approval of the City Manager or designee. CONSULTANT does not warrant or make any representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.
SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY.
16.1. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including experts fees, court costs and disbursements ("Claims") that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the CONSULTANT, its officers, employees, agents or contractors under this Agreement.

16.2. The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.

SECTION 17. WAIVERS. The waiver by either party of any breach or violation of any covenant, term, condition or provision of this Agreement, or of the provisions of any ordinance or law, will not be deemed to be a waiver of any other term, covenant, condition, provisions, ordinance or law, or of any subsequent breach or violation of the same or of any other term, covenant, condition, provision, ordinance or law.

SECTION 18. INSURANCE.
18.1. CONSULTANT, at its sole cost and expense, shall obtain and maintain, in full force and effect during the term of this Agreement, the insurance coverage described in Exhibit "D". CONSULTANT and its contractors, if any, shall obtain a policy endorsement naming CITY as an additional insured under any general liability or automobile policy or policies.

18.2. All insurance coverage required hereunder shall be provided through carriers with AM Best's Key Rating Guide ratings of A-:VII or higher which are licensed or authorized to transact insurance business in the State of California. Any and all contractors of CONSULTANT retained to perform Services under this Agreement will obtain and maintain, in full force and effect during the term of this Agreement, identical insurance coverage, naming CITY as an additional insured under such policies as required above.

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage. CONSULTANT shall provide the City's Purchasing Manager thirty (30) days' prior written notice of any cancellation or material reduction in coverage or limits by the insurer. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Purchasing Manager during the entire term of this Agreement.

18.4. The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT'S liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be
obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

19.1. The city manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately discontinue its performance of the Services.

19.2. CONSULTANT may terminate this Agreement or suspend its performance of the Services by giving thirty (30) days prior written notice thereof to CITY, but only in the event of a substantial failure of performance by CITY.

19.3. Upon such suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, in connection with this Agreement. Such materials will become the property of CITY.

19.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of substantial default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY.

19.5. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement.

SECTION 20. NOTICES.

All notices hereunder will be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

To CITY: Office of the City Clerk
City of Palo Alto
Post Office Box 10250
Palo Alto, CA 94303

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the project director
at the address of CONSULTANT recited above

SECTION 21. CONFLICT OF INTEREST.
21.1. In accepting this Agreement, CONSULTANT covenants that it presently has no interest, and will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the Services.

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subconsultants, contractors or persons having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California.

21.3. If the Project Manager determines that CONSULTANT is a "Consultant" as that term is defined by the Regulations of the Fair Political Practices Commission, CONSULTANT shall be required and agrees to file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act.

SECTION 22. NONDISCRIMINATION. As set forth in Palo Alto Municipal Code section 2.30.510, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment, including completing the form furnished by CITY and set forth in Exhibit "E."

SECTION 23. MISCELLANEOUS PROVISIONS.

23.1. This Agreement will be governed by the laws of the State of California.

23.2. In the event that an action is brought, the parties agree that trial of such action will be vested exclusively in the state courts of California in the County of Santa Clara, State of California.

23.3. Each party in any action brought to enforce the provisions of this Agreement shall be responsible for their own costs and attorneys' fees.

23.4. This document represents the entire and integrated agreement between the parties and supersedes all prior negotiations, representations, and contracts, either written or oral. This document may be amended only by a written instrument, which is signed by the parties.

23.5. The covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators, assigns, and consultants of the parties.

23.6. If a court of competent jurisdiction finds or rules that any provision of this Agreement or any amendment thereto is void or unenforceable, the unaffected provisions of this Agreement and any amendments thereto will remain in full force and effect.

23.7. All exhibits referred to in this Agreement and any addenda, appendices, attachments, and schedules to this Agreement which, from time to time, may be referred to in any
duly executed amendment hereto are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

23.8. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section 24.8 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

23.9. The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.
IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

______________________________
City Manager

APPROVED AS TO FORM:

______________________________
Senior Asst. City Attorney

APPROVED

______________________________
Director of Administrative Services

[CONSULTANT]

By:

______________________________
Name: Michael B. Ross, AIA

______________________________
Title: CEO

______________________________
Taxpayer Identification Number

91-1758710

Attachments:
EXHIBIT "A": SCOPE OF WORK
EXHIBIT "B": SCHEDULE OF PERFORMANCE
EXHIBIT "C": COMPENSATION
EXHIBIT "D": INSURANCE REQUIREMENTS
EXHIBIT "E": CERTIFICATION OF NONDISCRIMINATION
EXHIBIT "A"

SCOPE OF SERVICES
Palo Alto Public Safety Building
Scope of Work
July 2, 2008

Project Description:

- The project includes a new three-story, $33 million, +/- 50,000 GSF, Public Safety Building (PSB), adjacent 4-level above ground parking structure to accommodate 160 vehicles and associated site work. The PSB will provide areas for the Palo Alto Police Department Headquarters, 911 Emergency Dispatch Center, and the City's Emergency Operations Center (EOC).
- The Project is defined in The City of Palo Alto Public Safety Building Architectural Program Document, dated June 29, 2006 and as depicted in the preliminary design documents developed by RDC and presented to the Palo Alto ARB on July 23, 2007 and subsequently modified to a full site option in May, 2008. The additional lot area is approximately .30 of an acre. The project shall substantially conform with the programmatic needs identified in the 2006 Blue Ribbon Task Force Report and the project described in the Environmental Impact Report certified by the City Council in December 2007.
- Site: The project will be located at 2785 and 2747 Park Boulevard, Palo Alto, CA.
- The City will remove the existing oak tree on the additional lot. RDC will prepare a tree removal permit and demolition plan for removal of the tree.
- PSB: Essential Facility Design Criteria per UBC and NFPA 1221.
- Importance Factor 1.5 per essential facilities standards for the PSB facility only.
- The parking structure is designated as a non-essential, non-mixed use facility with standard floor to floor heights.
- Public Art Integration
- LEED Silver Certification. Contractually the project LEED target is Silver, however the A/E and City teams are attempting to achieve LEED Gold status for this project.
- Associated site utility, civil engineering and landscape improvements.
- Construction Cost Estimates at 25%, 35%, 50% and 90% complete Construction Documents.
- Assessment and sizing of adequate utility infrastructure.
- RDC will coordinate and design a system of conduits, power supply, race ways, groundings, emergency power, termination points, computer and telecom rooms, etc. To support all “active electronics” systems specified by the City.
- RDC will coordinate and design a system of conduits, power supply, race ways, grounding, emergency power, termination points, computer and telecom rooms, etc. to support all equipment needs and specialized 911 communications system specified by the City.
- RDC will attend internal and public meetings associated with the project, as reasonably requested by the City. Michael Ross will attend all public meetings relating to the project as reasonably requested by the City.
- RDC will design a security system for the building and garage.
- RDC will incorporate all reasonable value engineering comments submitted by City.
- RDC will incorporate mitigation measures as outlined in the certified EIR excluding the site clean-up.

Work Plan
RDC has organized the scope of work into six tasks described below:

Task 1: SCHEMATIC DESIGN SERVICES
Provide Schematic Design level services. Current direction as of May 2008 is for the two lot, full site option with the removal of the heritage tree. Task 1 provides schematic design services for the freestanding PSB and separate parking structure. RDC will work with the Police Department and the city to verify the Police Department's staffing, area and functional requirements in the new PSB prior to beginning the design process. During this process RDC will identify any possible spaces that might be removed from the
program as a means to reduce the construction cost. The program verification process will focus on areas that will not impact the core mission of the Palo Alto Police Department.

- Products include the following Schematic Design level drawings:
  - Site plan
  - Floor plans
  - Landscape plan
  - Roof plan
  - Exterior elevations
  - Color renderings
  - Civil schematic level engineering drawings including drainage and topography
  - Structural schematic level drawings
  - Mechanical, electrical, plumbing, schematic level drawings and outline specifications
  - Low voltage and security electronics written design criteria
  - Cost estimation
  - LEED checklist
  - Meetings in Palo Alto

Task 2: PROVISION OF DESIGN DEVELOPMENT SERVICES (35% COMPLETE)
RDC will provide Design Development Documents (35% level of completion), based on the approved site location and approved Schematic Design Documents and updated budget completed in Task 1. The Design Development documents shall illustrate and describe the refinement of the design of the Project, establishing the scope, relationships, forms size and appearance of the Project by means of plans, sections and elevations, typical construction details and equipment layouts. The Design Development Documents shall include specifications that identify major materials and systems and establish in general their quality levels.

- Products include:
  - Site plan
  - Floor plans
  - Building sections (two primary axes)
  - Landscape plan
  - Roof plan
  - Exterior elevations
  - Color renderings
  - Civil drawings including drainage and topography
  - Structural drawings
  - Mechanical, electrical, plumbing, drawings
  - Fire and life safety, communication/fiber optic system design criteria
  - Low voltage and security electronics written design criteria
  - Outline specifications
  - Preliminary furniture, fixtures and equipment layout
  - Cost estimation for total project
  - Value Engineering if necessary (include analysis of alternative structural systems of parking structure and essential service portion of PSB)
  - LEED checklist (include silver and gold cost comparison)
  - ARB review meeting
  - Planning Commission meeting
  - Presentation/coordination meetings in Palo Alto

Task 3: Construction Documentation Services
RDC will provide Construction Documentation based on the approved Design Development Documents and approved budget completed in Task 2. The Construction Documents shall set forth in detail the
requirements for construction of the Project. The Construction Documents shall include Drawings and Specifications that establish in detail the quality levels of materials and systems required for the Project. During the development of the Construction Documents RDC will assist the City in the development and preparation of: bidding and procurement information which the time, place and conditions of bidding; bidding or proposal forms; and the form of the agreement between the City and the Contractor and the Conditions of the Contract for Construction. RDC will compile the Project Manual that includes the Conditions of the Contract and Specifications and may include bidding requirements and sample forms provided by the City. RDC will assist City in obtaining a building permit, respond to plan check comments and make revisions to construction documents necessary to obtain final building and related permits.

- Products include:
  - Construction Documents, including addenda
  - Demolition, excavation and grading plan
  - Demolition plans for tree removal and building haz mat abatement by City.
  - Required Engineering
  - Specifications and Project Manual
  - 50% and 90% Cost Estimates (include comparison between LEED silver and gold)
  - Value engineering, if necessary, focusing on architectural features

**Task 4: Construction Procurement Services**

RDC will assist the City in obtaining competitive bids and assist the City in awarding and preparing contracts for construction. The City plans a simultaneous bid and plan check period. Depending on the number of plan check comments, this approach may require the preparation and issuance of bid addenda prior to bid, or the production of a conform set following the award of bid.

- Products:
  - Bidding documents (provide drawings in AutoCad and specifications in Word)
  - Prepare responses to requests for information (RFI) and bidder questions
  - Consideration of requests for substitution
  - Participate in pre-bid conference
  - Comment on pre-qualification of contractor process if implemented by the City
  - Attend bid opening and review bids with City
  - Consult with City on bid results
SCOPE OF WORK - PALO ALTO PSB

RUTHERFORD & CHEKENE
Structural Engineer

DESCRIPTION OF THE PROJECT

The project, located at 2785 Park Boulevard in Palo Alto, will include a new 50,000 gsf Public Safety Building and a structurally separate parking structure for 160 cars.

The Public Safety Building (PSB) will be a 3-story structure, founded at grade with no basement. It will contain facilities for police department headquarters, 911 emergency dispatch center, and the city's emergency operations center. It will be designed as an Occupancy Category N, Essential Occupancy facility in accordance with the 2007 California Building Code.

Parking will be contained in a separate 4-level structure. We anticipate that the structure will have approximately 60,000 gsf of parking area to accommodate this number of cars. The parking structure will not be designed as an essential facility and may be designed by a firm that specializes in the design of structured parking.

It is understood that the design process will be collaborative with RDC and their consultants and the City of Palo Alto and their Construction Manager, and that the process will include value engineering and seismic peer review.

SCOPE OF SERVICES

Basic Services

The scope includes furnishing structural services for the following phases: Completion of Schematic Design (SD), Design Development (DD), Construction Document (CD), Bidding and Negotiation (BN), and Construction Administration (CA).

Scope includes full structural engineering services for the "Primary Structural System". The "Primary Structural System" is defined as the combination of elements which serve to support the building's self-weight, the applicable live load which is based upon the occupancy and use of the spaces, the environmental loads such as wind and thermal, plus seismic loading. The Primary Structural System does not include secondary structural elements or non-structural elements such as curtain wall members, non load-bearing walls or exterior facade.

Full structural engineering services include:

- Structural design in collaboration with RDC and its consultants.
- Evaluation of different structural systems during SD.
- Preparation of structural drawings and specifications, suitable for construction.
- Preparation of structural calculations, demonstrating conformance with the structural provisions of the CBC.
- Attendance to three meetings regarding LEED Certification.
- Review of three Cost Estimates.
- Cooperation with, and participation in, Peer Review Plan Check and Value Engineering processes, including attendance to two Value Engineering Sessions.
- Implementation of Building Information Modeling with Revit.
- Statement of Special Inspections in accordance with CBC Section 1704.1.
- Structural Observations in accordance with the CBC Section 1709.
- Review of submittals and RFI's during construction.
- Preparation of record drawings, in accordance with provisions of Agreement between RDC and City of Palo Alto.
Other Basic Services

Site Preparation

Scope includes review of project geotechnical report for applicability to building features. Subgrade preparation beneath building area will be shown and/or noted on structural drawings, based on recommendations of Geotechnical report. Specifications for subgrade preparation, customarily prepared by Civil Engineer, will be reviewed for requirements at building area.

Sitework Services

Scope includes full structural services for retaining walls which are part of the building or are necessary to the building.

Calculations and design assistance (sketches) for foundations of flag poles, light poles, sign poles and bollards are included. Documentation is assumed to be by others. Elements which are part of the landscape architectural design (i.e. exterior paving, exterior ramps and steps on grade, planter walls, landscape walls, fountains and pools, fences and gates, etc.) are excluded from our basic scope of services.

Exterior Cladding

Exterior cladding systems are divided into two generic types: (1) Built-in-place, steel stud framed systems; and (2) Panelized and curtain wall systems manufactured and installed by a specialty subcontractor.

For Type 1 systems, we will provide structural design assistance to Architect. Design assistance will include the sizing of typical framing components, including studs, jambs, headers, and tracks. Design assistance will include providing typical details of construction and attachment to structure. Detail drawings, including but not limited to wall elevations, wall sections, etc. shall be by Architect or design-build cladding subcontractor.

For Type 2 systems, a design-build cladding subcontractor is typically required to take full responsibility for the design of the cladding system and to engage a licensed Engineer to prepare structural design drawings and calculations. For these systems, we will provide a system of structural support for the cladding system, will assist in preparation of performance specification for cladding system design, and will review structure for capability to receive reactions imposed by cladding, as determined by subcontractor’s engineer.

For sunscreens or other decorative elements associated with the cladding, we will provide services as described for Type 1 cladding systems, unless such elements are incorporated in prefabricated or proprietary systems.

Our services related to cladding specifically exclude design responsibility for any issues related to water-tightness or durability of the system.

Stairs

Except where stairs are preferred to be contracted on a design build basis, we will size and show major members and connections to structure, and will provide calculations and connection details for guardrails. Except for specialty stairs, the design of treads and risers and landings will be by stair subcontractor.

Skylights and Fabric Roof Systems

A design-build cladding subcontractor will be required to take full responsibility for the design of the system and to engage a licensed Engineer to prepare structural design drawings and calculations. We will provide design and documentation for conventional structural frameworks
and supports for these systems. We will review structural performance design criteria for these proprietary systems.

Window Washing Systems and Safety Tiebacks

A design-build cladding subcontractor will be required to take full responsibility for the design of the system and to engage a licensed Engineer to prepare structural design drawings and calculations. We will provide the basic structural framing to receive davits and tiebacks, based on locations and loading information furnished by Architect. We will review the design of safety systems only for the adequacy of the structure designed by us to accept the framing components and reactions indicated.

Elevators

We will design and detail all primary structure for the gravity support of the system, based on loading information provided by Architect or his vertical transportation consultant. We will provide attachment points for rails, including steel framing as required to laterally brace rails between floors, based on load information provided.

Calculations and design for brackets, attachments, sheave beams etc. normally provided by the system manufacturer will be specified for design by the Elevator Manufacturer's Engineer. We will review the design and details only for reactions to be resisted by our structure.

Interior Architectural Features

Most interior features are routinely designed and detailed by the Architect without calculations or design assistance by the Structural Engineer. For essential facilities, there is often a greater need for assistance and or review of proposed architectural details. We will provide design assistance and calculations when requested, or when required by the enforcement agency, for the following special features. Documentation is assumed to be by the Architect, except that we will show significant structural steel members and associated details supporting such features.

1. Special ceilings;
2. Special partitions, including backing for anchorages of casework;
3. Support and anchorage of folding partitions;
4. Stair and guard railings, vehicular barriers;
5. Support for roll-down doors;
6. Access floors;
7. Support and anchorage of casework;
8. Support and anchorage of bookstacks and storage shelving.

Mechanical, Electrical and Plumbing

We will provide design of foundations and fixed structural supports for major equipment (but not for distribution systems). Anchorage of MEP equipment and distribution systems is routinely designed and detailed by the MEP consultant and or equipment supplier utilizing industry and manufacturer's standards, pre-approved bracing systems, and manufacturer-designed vibration isolators, without calculations or design assistance by the Structural Engineer.

Additional Services
The following are Additional Services that, if furnished, will require additional compensation under the terms of our agreement, unless said services are listed as Additional Basic Services in the preceding section.

1. Design of seismic (base) isolation, or passive energy dissipation systems.
2. Nonlinear seismic analysis.
3. Services furnished by Contractor's Engineer, as described above.
4. Services required by other design disciplines, except as described above.
5. Representation on site during construction additional to normal services.
Other Additional Services

For essential facilities that desire enhanced reliability of seismic performance of nonstructural components, we recommend that a Nonstructural Seismic Coordinator (NSC) be identified. The coordinator should be a construction professional that is knowledgeable in the seismic protection of nonstructural components. The NSC may be an employee of the City, the Architect or one of their consultants, or a third party.

- Working closely with personnel responsible for emergency operations, the NSC should designate equipment critical to continued building function, such that it requires certification in accordance with Section 13.2.2 of ASCE 7 and Section 1708.5 of the CBC. For equipment that is so designated, the NSC should determine that qualified equipment is available.
- The NSC should review the construction documents to ensure that they contain provisions for anchorage and bracing of nonstructural components that are clear, coordinated and practical to implement.
- The NSC should monitor the project during construction to determine that seismic protection requirements are being implemented. Observation shall satisfy the Special Inspection requirements of CBC Section 1707.

Performing the duties of the NSC is outside of the basic scope of services of Rutherford & Chekene.
SCOPE OF WORK - PALO ALTO PSB

FLACK + KURTZ
Mechanical, Electrical Plumbing & Fire Protection

SCOPE AND DESCRIPTION

A. Project Description

The project is located in Palo Alto, California and includes the construction of a new Public Safety Building for the City of Palo Alto. The new facility will house the Palo Alto Police Department, 911 Emergency Dispatch Center and the City's Emergency Operations Center. The building is anticipated to be a three-story structure totaling 50,000 gross square feet (gsf).

Also included in the program is an adjacent above ground parking structure. The area for the 160-car parking structure is not included in the 50,000 gsf figure noted above. We have estimated that the parking function will require an additional 64,000 gsf of building area. The total area for the entire built-out program is estimated to be approximately 114,000 gsf.

The scope of work is based on your Palo Alto Public Safety Building Scope of Work Document included as attachment to the May 15, 2008, letter addressed from you.

The estimated project construction cost is $32 million.

B. Area of Service

Flack + Kurtz (F+K) will provide professional services related to the following area of the project:

1. Heating, ventilating and air conditioning systems.
2. Plumbing system, including gas, storm drainage, sanitary sewer and domestic water systems.
3. Fire protection system, including alarm, detection, suppression, pressurization, and smoke control systems.
4. Electrical systems, including power and lighting systems of structured and surface parking. For specialized areas, lighting circuiting will be provided based upon design by a Lighting Consultant. Outdoor lighting, designed by others, will be circuited by F+K. Coordinate communications service with local service provider and allow for space needs, as based on criteria determined by others.
5. Utility distribution systems for building services brought five feet outside the building line for connection to mechanical and electrical site utilities designed by others.

C. Assumptions

1. A life safety/code consultant will be brought on board to assess code considerations and lead negotiations with City officials.
2. Communications system design is not included in the mechanical/electrical basic scope of services. F+K has provided a separate proposal for this service as a separate authorization.
3. Lighting design services for public areas and exterior are not included in the mechanical/electrical basic scope of services. F+K has provided a separate proposal for this service as a separate authorization.
4. Special Systems – Telephone and data, audio-visual, cable television, security, 911 systems equipment, radio equipment, CLETS systems equipment etc. – will be designed by Specialty Consultants and/or provided by specialty contractors who will furnish and install equipment, cabling, etc. Note: under Basic Services, F+K will incorporate HVAC, power and empty conduit/raceway requirements based on information provided by Ross Drulis Cusenbery (RDC) or the City of Palo Alto.

5. F+K will provide consulting and investigation of electric service and discuss transformer switchgear service sizing with electric utility company. New services will be designed and coordinated with utility by F+K. It is our expectation that any electrical service work on the site would be shown on the civil engineers plan for utility profiles and coordination with wet utilities.

6. F+K will provide consulting and investigation of existing natural gas service with utility company. New gas service will be designed and coordinated with utility company by F+K. It is our expectation that natural gas service work on the site would be shown on the civil engineers plan for utility profiles and coordination with wet utilities.

7. Design of the following systems and/or services will be provided by consultants retained by RDC or the City of Palo Alto (i.e., work excluded from MEP Basic Services):
   
a. Civil Engineering (e.g., site drainage, extension of wet utilities to within 5’ from the building, relocation of any wet existing utilities, off-site utility work, etc.); and

   b. Landscape irrigation, landscape and other exterior lighting (note – documentation of exterior lighting systems, designed by others, is included in Electrical Basic Services).

8. Design meetings are assumed to take place in Palo Alto and are expected to occur bi-weekly through to the end of design.

9. Project structural engineer shall assist F+K by defining seismic criteria and designing seismic approach for mechanical/electrical equipment.

10. Analysis, permitting, or negotiations related to air quality regulations are not included.

11. All deliverables will be provided in AutoCAD REVIT

II. BASIC SERVICES

Flack + Kurtz (F+K) will provide professional services in accordance with the provisions of AIA C-141 Standard Form of Agreement (1997 Edition). Services provided include:

A. Schematic Design

Develop the approved revised Concept Design. The Schematic Design deliverables include the following:

Site plan
Floor plans
Roof plan
Mechanical, electrical and plumbing drawings and written design criteria
Fire and life safety written design criteria
Outline specifications
LEED® checklist and application

We have included attendance of five (5) design meetings (inclusive of one (1) LEED meeting and one (1) Cost Estimate Review meeting) and two (2) City Council presentation meetings or workshops.

B. Design Development

Prepare design development documents and specifications. The systems will be based on the approved requirements and criteria developed during the Schematic Design phase. The Design Development deliverables include the following:

- Site plan
- Floor plans
- Roof plan
- Mechanical, electrical, and plumbing drawings
- Fire and life safety system design criteria
- Outline specifications
- LEED checklist
- Drawings will be prepared on CAD backgrounds provided at no cost to F+K by the Architect.
- Coordination of mechanical and electrical systems with architectural and structural personnel.

We have included attendance at one (1) LEED meeting

We have included attendance at one (1) Cost Estimate Review meeting.

C. Construction Documents

Prepare construction documents and specifications from the Design Development drawings approved by the City of Palo Alto. Drawings will be prepared on CAD backgrounds provided at no cost to F+K by the Architect. This proposal is based on a single construction bid package.

Prepare the necessary documentation for submission to the building department. Attend required meetings with the City agencies.

Prepare Title 24 energy code documentation. The lighting designer has responsibility to design a code complying lighting system for areas under their design control.

We have included attendance at one (1) LEED meeting

We have included attendance at one (1) Cost Estimate Review meeting.

D. Bidding Phase

1. Assist in the pre-selection of mechanical and electrical contractors, if requested.

2. Answer questions of contractors during the bidding period.

3. Assist in the evaluation of bids and awarding of contracts for construction, if requested.

E. Contract Administration, Commissioning and Closeout

1. Review requested drawings submissions for mechanical and electrical systems.
2. Attend periodic meetings in the field as required for coordination and resolution of contractor questions. Assist in final acceptance of mechanical and electrical systems in the project. We have allocated 48 (forty-eight) person-days of field observation time on this project.

3. Prepare an ongoing punch list of deficiencies as construction progresses through completion based on periodic field observations.

4. Review the life safety testing completed by the contractor.

5. Assist in reviewing contractor's application for payment, if requested.

6. Assist in preparing change orders as requested by the Owner as an additional service.

III. ADDITIONAL LIGHTING DESIGN SERVICES

The following items are not included in the Basic Services as defined in Section II above and are considered as additional services if requested by the Owner or Architect. (This list supplements the contingent and optional additional services defined in Article 3 of the AIA C-141 agreement.)

A. Filing contract documents with the local building department. Negotiation of variances with local agencies for mechanical, electrical, and life safety codes.

B. The design of specialized areas such as kitchen, health club, water feature, and laundry facilities (other than equipment stub-ins). Design of audio/visual systems, security systems, communications systems, and specialized lighting design (other than 120 volt power and empty conduit based on requirements determined by others).

C. Utility distribution beyond five (5) feet of the building, including site drainage, site lighting and power distribution, and negotiations with utility companies.

D. Additional work resulting from changes in criteria requested and authorized by the City of Palo Alto or Architect after previous work has been approved.

C. Additional construction administration services, including increased field visits, attendance at contractor's regular site meetings, review of contractor's progress payments, testing coordination, and inspection programs.

F. Commissioning of building systems during start-up, move-in period, and immediately thereafter.

G. Preparation of CAD background drawings, drawings of existing conditions, or preparation of as-built drawings. Preparation of multiple bid package documents.

H. Acoustical review and evaluation.

I. Additional services caused by project schedule delays or interruption. Additional services caused by contractor errors or default in executing the construction project in a proper or timely fashion.

J. Detailed testing of life safety systems or special inspection as defined in local building codes.

K. Detailed involvement in utility provider energy efficiency incentive programs.

L. Flack + Kurtz involvement in construction close out or occupancy, beyond issue of final punchlist.

M. Attendance at more than two (2) Value Engineering Sessions during the duration of the project.
SCAPE OF WORK - PALO ALTO PSB

MARK THOMAS AND COMPANY
Civil Engineer

Project Understanding

The project currently envisions a new $32 million, three-story, 50,000 gross square foot, Public Safety Building adjacent to 4 level above ground parking structure designed to accommodate 160 vehicles and associated site work. The Public Safety Building will serve as the Palo Alto Police Department Headquarters, 911 Emergency Dispatch Center, and the City’s Emergency Operations Center.

It is our understanding that Ross Drulis Cusenbery Architecture, Inc. (RDC) will provide us with electronic copies of the conceptual site layout and existing topographical survey map to serve as our base map for design purposes. MTCo will coordinate with RDC for final layout identifying Driveway locations and widths, pedestrian pathways, pedestrian ramp and crosswalk locations, potential landscape areas, and all other significant geometric features and recommendations for grading and profiles, pavement types, and other significant design features of the proposed site.

Scope of Services

MTCo will provide the following tasks;

Task 1 Schematic Design Services

Under this task, MTCo will provide site research, field data collection for verification of existing utility inverts, utility connection points, and improvement match lines for hardscape in Page Mill Road, Park Boulevard, and Sheridan Road. MTCo will establish and set vertical and horizontal control for data collection and construction staking. MTCo will prepare Civil Schematic Design level drawings which will consist of the following sheets:

- Topography & Demolition Plan
- Grading & Drainage Plan
- Utility Plan

Under this task, MTCo will attend one project kick off meeting, one consultant/public agency design coordination meeting, one LEED Coordination meeting, one Cost Estimate Review meeting in Palo Alto.

Task 2 Provisions of Design Development Services (35% Complete)

Under this task, MTCo will perform design calculations for onsite utilities, grading and drainage, prepare a storm water management report, coordinate with public agencies for utility design and system capacity information. MTCo will prepare Design Development Documents (35% Completion) which will consist of the following sheets:

C-1 Title Sheet & General Notes
C-2 Horizontal Control Plan
C-3 Topography & Demolition Plan
C-4 Grading & Drainage Plan
C-5 Drainage Detail Sheet
C-6 Water Plan
C-7 Sewer Plan
C-8 Utility Detail Sheet
C-10 Erosion Control Plan
C-11 Erosion Control Detail Sheet

Preliminary Quantity Take Off Estimates (cost estimating by others)
Please note MTCo budget for the design calculations, plans, and the storm water management report are subject to public agency coordination, direction, and preferences. MTCo will not be responsible for additional costs occurred due to any additional or unreasonable requests resulting in a significant amount of redesign, expanded scope, or any offsite utility infrastructure capacity studies and calculation reports. In this event, any work exceeding budgeted scope shall be subject to a contract amendment (change order).

Under this task, MTCo will attend two consultant/public agency design coordination meetings; one LEED Coordination meeting, one Cost Estimate Review meeting, and one Value Engineering session in Palo Alto.

Task 3 Construction Documentation Services

Under this task, MTCo will provide Construction Documentation based on the approved Design Development Documents described above in Task 2. The Construction Documents shall include 100% Completion of the Drawings listed above in Task 2. MTCo will prepare Special Provisions (specifications) & Quantity Take Offs at 50% and 90% and shall be submitted to RDC for use in preparing Cost Estimates & Final Bid Documents. MTCo will prepare the Storm Water Prevention Plan (SWPPP) including forms, details and exhibit maps and plans required. We will also prepare the Notice of Intent Application (NOI) for filing with the State Water Resources Control Board.

Please note MTCo will not be responsible for SWPPP Management, log keeping, scheduling, training or enforcement of BM's. This shall be the contractor's sole, responsibility.

Under this task, MTCo will attend one LEED Coordination meeting, one Cost Estimate Review meeting, and one Value Engineering session in Palo Alto.

Task 4 Construction Procurement Services

Under this task, MTCo will provide technical consulting services for Civil Engineering responses to request for information (RFI) bidders questions, through the bid process.

Please note that Task 4 will be billed, on a time and materials basis. Additional budget beyond this amount is subject to client approval.

Task 5 Construction Support Services

Under this task, MTCo will provide technical consulting services for Civil Engineering responses to request for information (RFI).

Under this task, MTCo will attend one preconstruction kick off meeting onsite in Palo Alto.

Please note that Task 5 will be billed on a time and materials basis. Additional budget beyond this amount is subject to client approval.

Task 6 MTCo Project Management & Contract Administration

Under this task, MTCo will provide project supervision and management, client consulting and consultant coordination meetings (attendance up to 13 meetings) as listed in the above mentioned tasks associated with the design and construction process. MTCo will provide contract administration including preparation of project invoices and payment reports.

Please note that Task 6 will be billed on a time and materials basis. Additional budget beyond this amount is subject to client approval. Additional consulting meetings are available at MTCo hourly rates upon request.
**Exclusion**

Please note the following items are also excluded:

Public agency plan check or permitting fees, public utility plan check or permitting fees, property taxes or tax letters, county recording fees, SWPPP administration, BMP training and enforcement, as-built field verification and tracking, as-built drawing preparation, permit procurement, scheduling inspections, infrastructure studies and analysis for offsite utilities and utility system capacities, REVIT or 3-D drawings in AutoCAD version 2008 or 3-D modeling deliverables, etc.

The following items are excluded from our scope and can be provided as additional services upon request:

1. Title Reports
2. Soils Reports
3. Traffic Studies
4. Offsite infrastructure Studies for Existing Water, Sewer, and Storm Drain System Capacity Analysis and Studies
5. Environmental Studies & Permitting
6. Lighting Plans and Photometry Calculations
7. Landscape and Irrigation Plans
8. Dedications/easement negotiations, procurement, or document preparation
9. Legal Descriptions for Lot Mergers, Easements & Right of Way Dedications
10. Preparation of documents for maintenance agreements
11. Boundary & Right of Way Survey
12. On & Offsite Topographical and/or Aerial Survey & Mapping
13. Construction Staking (separate contract)-estimate available, upon request
14. Construction Inspection
Budget Reconciliation:
Prepare a single pre-schematic level cost model based on the approved design prior to the recommencement of the SD phase, including evaluation of alternative schemes and design options. The cost model will be reconciled with the available funds, and will provide the project team with a cost framework for further design development. The cost model will be in the Davis Langdon standard format. This work will include attendance at up to two meetings with the Design Team, and one meeting in Palo Alto with the city.

Schematic Design Phase
Prepare a single cost check at the 100% completion of schematic design. Attend one meeting with the design team, and one meeting in Palo Alto with the city. Prepare a single revision to the opinion of probable construction cost revision as may be required to meet the project budget. Provide ongoing cost advice throughout the design period to evaluate alternative designs, materials and methods of construction, and to monitor continuously the development of the design relative to the budget for construction. Attend one 8 hour, formal value engineering workshop.

Design Development Phase
Prepare a single cost check at the 100% completion of Design Development. Attend one meeting with the design team, and one meeting in Palo Alto with the city. Prepare a single revision to the opinion of probable construction cost revision as may be required to meet the project budget. Provide ongoing cost advice throughout the design period to evaluate alternative designs, materials and methods of construction, and to monitor continuously the development of the design relative to the budget for construction. Attend one 8 hour, formal value engineering workshop.

Construction Documents Phase
Prepare cost checks at the 50% and 90% completion of Construction Documents. Attend up to two meetings per design stage. Prepare a single revision to the opinion of probable construction cost revision at the end of each stage as may be required to meet the project budget. Provide ongoing cost advice throughout the design period to evaluate alternative designs, materials and methods of construction, and to monitor continuously the development of the design relative to the budget for construction.

Construction Procurement Phase
Provide estimates as required bid alternates, consult with design team and city and bid results.

Contract Administration Services
No work under this phase
This is a revised proposal to provide a geotechnical investigation project, located at 2747 Park Boulevard and 2785-2787 Park Boulevard in Palo Alto, California. This proposal is based upon information provided to us on May 15, 2008 by Architect. We previously completed a feasibility-level geotechnical report for the site, dated May 17, 2007. This proposal includes our scope and fees to perform a geotechnical field investigation and related services that were presented in our July 28, 2006 proposal. Since that time, environmental studies conducted at the site have determined that the underlying soils may be contaminated. As such, this revised proposal includes costs to protect our personnel from exposure to potential contaminants. Our May 17, 2007 report will be updated with the results of our field investigation and analyses, and revisions to our recommendations will be provided where applicable.

PROJECT DESCRIPTION

The proposed project includes facilities for the Palo Alto Police Department Headquarters, 911 Emergency Dispatch Center, and Emergency Operations Center. The site is located at 2747 Park Boulevard and 2785-2787 Park Boulevard in Palo Alto, California. Page Mill Road bounds the approximately 1.44 acre site to the south. Construction is to include a new three-story, 50,000 square foot (sf) Public Safety Building and an adjacent 160-stall above grade four-level parking structure. Landscaping, utilities, and exterior concrete flatwork will also be included. We understand that the previously planned underground parking has been eliminated from the project.

For the purpose of this proposal, we have assumed dead plus live column loads on the order of 50 to 100 kips with wall loads on the order of 3 to 5 kips per linear foot. Cuts for the mass grading are anticipated to be less than 2 feet of cuts and fills with utilities trenches on the order of 10 feet or less. If the project differs from that described, we should be contacted to review the proposed scope of services.

COST CONSCIOUS APPROACH

We propose to investigate the surface and subsurface conditions at the project site by combining tradition auger borings with electronic Cone Penetrometer Tests (CPTs). We have extensive experience in performing investigations that address variable conditions and with providing cost-effective solutions. To save money, we will use Cone Penetration Test methods (CPT) to supplement the data from the auger borings. The CPT's are less costly than traditional borings, and provide reliable in-situ strength data. We will drill a total of six exploration points including four auger borings and two CPT soundings within the proposed development. We will then use our data to provide design level recommendations for the foundation systems at an accelerated schedule and reduced fee for field exploration.

PURPOSE AND SCOPE OF WORK

Geotechnical investigation

The purpose of this geotechnical investigation will be to explore and evaluate the subsurface conditions at the site of the proposed site. Our scope of services will include site reconnaissance, subsurface exploration, laboratory testing, engineering analysis and report preparation as detailed below.

1. Reconnaissance of the site and marking locations of our exploration. We will also notify Underground Service Alert (USA). USA requires at least 48 hours notice prior to any subsurface exploration.

2. Review findings of our previous report for the site.
3. Subsurface exploration by means of drilled borings and Cone Penetrometer Tests (CPTs). We plan to advance four (4) boring to depths of about 35 feet and two (2) CPTs to a depth of about 50 feet. Soil samples will be obtained in the borings, almost continuously in the upper 5 feet and at 5-foot intervals below that.

The borings will be backfilled with grout and capped with cold-patch asphalt at the surface. Excess cuttings will be left on site and spread in the existing landscaping areas. We will need to have you assist in arranging for access to the site and notify the existing property owner so that we can reduce interruptions to their operations.

4. Laboratory testing of selected soil samples obtained from the borings to evaluate pertinent engineering properties for design recommendations. Laboratory tests, which we anticipate, include: natural moisture content and unit weight, unconfined compressive strength, Atterberg limits, grain size analysis. The actual number and type of laboratory tests will depend on soil type and conditions of the collected samples.

Two soil corrosivity tests will be subcontracted on your behalf. The test is to be performed by CERCOL Analytical of Pleasanton, California. Kleinfelder does not have soil corrosion expertise. If the soils are found to be corrosive you may need to acquire an expert to address the issue.

5. Engineering analysis and evaluation of the field and laboratory testing data.

6. Preparation of a report summarizing the results of our field exploration, laboratory testing, and engineering analyses. Six copies of the report will be submitted. Specifically, the report will include the following:
   a) A transmittal letter;
   b) Discussion of the regional and local geology including faulting, seismicity and the potential for liquefaction to occur at the site;
   c) Description of the field investigation performed, laboratory testing and the subsurface conditions encountered, including depth to groundwater if encountered in our borings;
   d) A site specific liquefaction analysis;
   e) Conclusions regarding the geotechnical aspects of the project;
   f) Recommendations for demolition including reuse of on-site materials;
   g) Recommendations for site preparation, grading and compaction, material for engineered fill, and utility trench backfilling;
   h) Foundation recommendations for the proposed building, including recommended foundation type, design parameters and estimated settlements. Foundations is expected to involve conventional footings;
   i) Recommendations for concrete slabs-on-grade including interior floor slabs and exterior flatwork;
   j) A vicinity map showing the site location and site plan showing the approximate locations of our borings and CPTs;
   k) Logs of the borings;
   l) Data from CPTs;
   m) Results of laboratory tests; and
   n) A report from the corrosion laboratory regarding their findings.
   o) Analysis for drilled piers/anchors.

**NOTE:** With an eye towards green building, we will include recommendations for reuse of on-site material from the demolition of the existing development.

**Geotechnical Plan Review**
During this phase of the project, we will review architectural and structural drawings that pertain to our geotechnical design recommendations. We anticipate that we will review two sets of drawings during the design phase portion of the project. We will prepare only one review letter
for final plan submittal. Additional fees will apply for review of more than two plan sets or preparation of more than one review letter.

Geologic and Seismic Hazards Study
If required by the City, a Geologic and Seismic Hazards study will be provided to identify potential geologic and seismic hazards at the site in accordance with the requirements for such studies set forth by the California Code of Regulations, Title 24, 2007 California Building Code (CBC). In addition, this report will be prepared in accordance with the guidelines established in California Geological Survey Note 48 (Checklist for the Review of Engineering Geology and Seismology Reports for California Public Schools, Hospitals, and Essential Services Buildings). This work will be an additional service.

Site-Specific Response Spectra
If requested by the City, a Site-Specific Response Spectra will be developed for the site (horizontal component only) for two levels of earthquake and two levels of damping. The results of this study will be used by the structural engineer for design purposes. This work will be an additional service.

SPECIAL NOTES FOR SUBSURFACE EXPLORATION
Based on our previous environmental assessment of the site, it is our understanding that contaminants may be present in the subsurface. As such, we will be taking site specific precautions during our geotechnical investigation. These precautions include preparing a health and safety plan, wearing additional personnel protection in the field, and using a PID meter to monitor the soils coming out of the borings. Soil cuttings from the borings will be drummed and left on site. The owner will be responsible for testing and disposal of the drummed materials. Costs for environmental testing and disposal of the drummed cuttings are not included in this proposal.

SCHEDULE
Work on this project can begin immediately upon receipt of your written authorization to proceed. We anticipate that scheduling a drilling subcontractor will require about 10 business days prior notice before the start of our field exploration. Fieldwork is anticipated to require one day to complete, and laboratory testing about one week to complete. Following completion of the fieldwork and laboratory testing, a report can usually be completed in about three to four additional weeks.

The fee is based on the assumption that drilling can be performed during our normal business hours of 8:00 a.m. to 5:00 p.m., Monday through Friday. If drilling is to be performed during special hours or on weekends, additional drilling costs will be necessary.

SITE CLEARANCE
Please be aware that penetrating the site's surface is inherently risky. It is impossible to determine with certainty the precise location of all structures including utilities that may be buried in the ground. Kleinfelder's fee is inadequate to compensate for both the performance of the services and the assumption of risk of damages to such structures. Prior to field exploration at the sites, Underground Service Alert (USA) will be notified so the member utility companies can mark their facilities prior to our field investigation. We also request that as-built drawings indicating the locations of underground structures or utilities be made available to us at least three working days before our scheduled field exploration. Disruption of utilities or damage to underground structures will be the responsibility of the owner. Services rendered by Kleinfelder to repair them will be billed to the client at cost. If desired, we can subcontract a private utility locating firm for $500.

MEETINGS
For this project, we are assuming that we will attend a total of five two-hour long meetings.
June 11, 2008

Palo Alto Public Safety Building Low Voltage/Security Electronics: A/E Services Scope of Work

RossDrulisCusenbery Architecture, Inc. (RDC) will design a high-speed horizontal cable infrastructure system distributed throughout the PSB facility for voice, data, security and other low voltage systems. The security cable system will not necessarily be a part of the horizontal cable infrastructure. Although the security control cabinets communicate via the LAN, the devices like card readers communicate via dedicated wiring to the control cabinets. Door locks will also require dedicated wiring, which will be specified in the contract documents.

The cable distribution system will include all required data, LAN, WAN, telecommunications, audio/visual, access control, low voltage signaling, FF&E connection and security electronics systems in the new facility. RDC’s documents will include the sizing and specification of the conduit and raceway system and the low voltage cabling (including CAT6 — though not all low voltage cabling will be CAT-6) within it. Cables will be pulled, tested and labeled using industry standards to the PSB’s computer or telecommunication rooms under the General Contract. Cables will be left bundled at those locations for City provided installer’s termination and connection to City provided active electronic equipment. RDC’s consultants will coordinate the City’s cabling requirements with the City’s IT Division, radio system and 911 communications consultant and the Dispatch Center Manager.

The cable infrastructure system will include conduits, pull boxes, junction boxes, floor boxes, termination jacks, cable trays, raceways, pull wires, equipment racks, face plates, plywood backboards, power supply, switching, grounding, UPS systems, emergency power, telecommunication and server rooms, and dedicated 24/7 computer room A/C systems. The entire infrastructure system will be sized as necessary for City of Palo Alto designed and installed active electronic equipment. Examples of “active electronic equipment” includes: radio systems, roof top antennas, micro wave dishes, 911 CAD systems and consoles, equipment racks, flat screen video monitors, digital presentation equipment, routers, signal splitters, access control panels, telephone handsets, computer servers, network and communication servers, distributed personal computers, scanners, finger print or LiveScan equipment, pre-processing photographic equipment, CLETS computers, telephone switch gear and photocopy and fax machines.

Equipment designed and specified in RDC’s contract for procurement through the General Contract includes:

Security Electronic Systems

- Card readers, alarm contacts, motion detectors, arming stations, duress alarms, intercoms, power supplies, CCTV cameras and Network Video Recorders.

Audio / Visual Systems

Power to presentation video projectors in one or more conference-type rooms

- Sound reinforcement speakers & amplifiers in one or more conference-type rooms and fitness room
- Power to pull down projection screens
- Voice recording systems in interview rooms.

Communication Systems

- Intercom and entry systems
- Overhead paging system

Holding Area Security Electronics Systems will be specified (if required)
Design Coordination

RDC's Security/Low Voltage Consultant will perform a Needs Assessment to determine security risks to be addressed by the building security systems. Discussion with the City's representatives and the design team will be held to determine requirements for other Low Voltage systems. As a deliverable, RDC's consultant will provide a written Schematic Design report summarizing our findings and providing a narrative describing the proposed systems, available options, our recommendations, and preliminary construction cost estimates. The Schematic Design narrative will serve as the basis of design for future phases of the project.
SCOPE OF WORK - PALO ALTO PSB

SAFIR ROSETTI
Low Voltage & Security Electronics

Project Description - The project includes a new three-story, $32 million, 50,000 GSF, Public Safety Building (PSB), adjacent 4-level above ground parking structure to accommodate 160 vehicles, and associated site work. The PSB will provide areas for the Palo Alto Police Department Headquarters, 911 Emergency Dispatch Center, and the City's Emergency Operations Center.

Security Electronic Systems
It is likely that security systems will include:

- Electronic card access control separating public from staff-only areas
- Perimeter intrusion detection
- Intrusion protection for evidence storage, armory, and other high-security spaces
- CCTV monitoring and recording systems
- Interview room surveillance and recording systems

Equipment to be installed will include card readers, alarm contacts, motion detectors, arming stations, intercoms, power supplies, CCTV cameras and Network Video Recorders.

Audio / Visual Systems
We anticipate the systems will include:

- Presentation video projectors in one or more conference-type rooms
- Sound reinforcement speakers & amplifiers in one or more conference-type rooms and fitness room
- Pre-wire to support owner-furnished and future A/V equipment, including cable and/or satellite television (CATV)

Communication Systems
The project may include:

- Intercom and entry systems
- Overhead paging system

Telephone / Data Systems
Our infrastructure package will include:

- Locations for telephone and data outlets
- Outlet structured cabling system
- Coordination of space requirements for owner-furnished voice and data electronic equipment, including racks, wire-management system, and pathways
- "Future-proofing" infrastructure strategy
- Particular attention will be paid to coordination with owner-furnished Dispatch, radio and EOC systems

The work for each system will include:

- Preparation and submittal of Construction Documents, including mounting, wire, and interface details for electronic devices, control panels, power supplies, and associated equipment.
- All infrastructure and cable (tested/certified) for Security Electronics, Audio Visual Systems, Communications Systems and Telephone/Data Systems.
- Coordination of electrified hardware with electronic security.
SCOPE OF WORK - PALO ALTO PSB

- Coordination of primary 120 VAC power and other requirements with the project’s electrical engineer.
- Coordination of network and phone connections with the Owner’s IT representative.
- Preparation of bid documents including specifications.

SCOPE OF SERVICES

Schematic Design

SafirRosetti will perform a Needs Assessment to determine security risks to be addressed by the building security systems. Discussion with owner representatives and the design team will be held to determine requirements for other Low Voltage systems. As a deliverable, we will provide a written Schematic Design report summarizing our findings and providing a narrative describing the proposed systems, available options, our recommendations, and preliminary construction cost estimates. The Schematic Design narrative will serve as the basis of design for future phases of the project.

We anticipate one coordination meeting, one LEED meeting, and one Cost Estimation review meeting during this phase.

Design Development Documents:

SafirRosetti will produce Design Development system drawings showing each device location along with system block diagrams. All drafting work will be completed on AutoCAD 2008. Printed system drawings will be presented and submitted for review and approval by the owner. We anticipate 50%, 90% and 100% submittals for our work for this phase. System drawings will include:

- Title sheet, with General Notes, Conventions, Symbols List, Abbreviation List, and Drawing Index.
- Site and floor plans showing devices and equipment locations.
- System block diagram showing major components and functional interconnections.

Specifications are the written part of the construction documents that identifies the materials and equipment of the Low Voltage systems. SafirRosetti will produce Design Development specifications.

We anticipate two coordination meetings, one LEED meeting, and one Cost Estimation review meeting during this phase.

Construction Documents:

SafirRosetti will refine our drawings for each type of system showing each device location, system block diagrams, and detailed written specifications. All drafting/engineering work will be completed using AutoCAD or Revit, at the discretion of RossDrulisCusenbery. Drawings will include:

- Title sheet with General Notes, Conventions, Symbols List, Abbreviation List, Schedules, and a Drawing Index.
- Site and floor plans showing specific device and equipment locations.
- System block diagrams for each system. Block diagrams show the logical relationships between equipment and sub-systems.
- Wire rooms, showing equipment layout and space requirements for all equipment.

Specifications are the written part of the construction documents that identifies the materials and equipment of the Low Voltage systems. SafirRosetti will produce detailed system specifications for the installation of the systems. We have included two coordination meetings, one LEED
meeting, one Cost Estimation Review Meeting and two Value Engineering meetings during this phase.

**Construction Procurement Services:**

- During the bidding process, we will respond to bidders’ questions and issues, as necessary.
- Once the bids are received, we will review the contractor proposals and will evaluate both product and vendor qualifications.

**Construction Administration:**

- We will review the contractors’ submittals, shop drawings, and the final equipment list before the work proceeds. Included are an initial review and one re-submittal.
- SafirRosetti will interface with the systems subcontractor and the project team at appropriate intervals to assist in efficient and timely installation and compliance.
- SafirRosetti will participate in the final system testing, punch lists, and acceptance for the project.

If applicable, SafirRosetti will follow-up when there are reports of contractor noncompliance. We have included two meetings during this phase.
SCOPE OF WORK - PALO ALTO PSB

FLACK + KURTZ
Lighting

SCOPE AND DESCRIPTION

A. Project Description

The project is located in Palo Alto, California and includes the construction of a new Public Safety Building for the City of Palo Alto. The new facility will house the Palo Alto Police Department, 911 Emergency Dispatch Center and the City's Emergency Operations Center. The building is anticipated to be a three-story structure totaling 50,000 gross square feet (gsf).

Also included in the program is an adjacent above ground parking structure. The area for the 160-car parking structure is not included in the 50,000 gsf figure noted above. We have estimated that the parking function will require an additional 64,000 gsf of building area. The total area for the entire built-out program is estimated to be approximately 114,000 gsf.

The scope of work is based on your Palo Alto Public Safety Building Scope of Work Document included as attachment to the May 15, 2008, letter addressed from you.

The estimated project construction cost is $32 million.

B. Area of Service

The general scope of our work for the building and grounds includes lighting design services for the following areas:

**Interior Public Areas:**
- Building lobbies and entrances
- Office spaces
- Public circulation

**Building Exterior:**
- Building exterior/facade
- Lighting of landscaped areas and walkways
- Entrance area immediately adjacent to building
- Landscape and pedestrian pathway areas

C. Assumptions

1. Exterior lighting associated with these buildings for the purposes of architectural highlighting and area way lighting is included; all roadway lighting is excluded.

2. Lighting design services are limited to those "front-of-house" spaces listed above, any non-occupied spaces or back-of-house spaces including the parking garage is excluded.

3. Architectural drawings will include site plans, plans, building sections and elevations as required to provide the necessary coordination between the lighting design team and other project disciplines.

4. Lighting Design Drawings and backgrounds from F+K will show approximate location of fixtures relative to architectural elements. Final dimensioned locations shall be provided by the Architect based on input from lighting designer.

5. F+K Lighting drawings shall be coordinated with the Architects drawings and shall be included with the overall project documentation assembled by the Architect through Design Development only.
6. F+K shall be using base drawings provided by the Architect only. Coordination between the Architect and Interior Designer on interior development shall be forwarded through the Architect only. Meetings on interior development relative to lighting shall require the presence of the Architect unless specific authorization has been provided otherwise.

7. A complete set of half size documents shall be provided to F+K for each design package, at no cost, after each phase of documentation, and at all interim coordination issues.

8. Cost estimating will be provided by others.

9. The project goal is to achieve a LEED-NC Silver rating. A LEED workshop will be conducted during the Schematic Design phase to identify which lighting related points the project would like to achieve. LEED documentation is assumed to be completed by the project LEED consultant or Engineer. F+K Lighting Group shall provide calculations and support materials to project LEED Consultant.

10. All deliverables will be provided in AutoCAD REVIT.

II. SCOPE OF SERVICES

A. Schematic Design

1. We have included attendance of five (5) design meetings (inclusive of one (1) LEED® meeting and two (2) City Council presentation meetings or workshops.

2. Schematic concepts will be presented along with sketch layouts for discussion. Approved concepts will be the basis for continued work in Design Development.

Preparation of conceptual design studies and analysis. Develop design criteria outline that describes the design criteria and lighting design intent.

B. Design Development

1. Four (4) total workshop meetings to establish, develop and coordinate design concepts (inclusive of one (1) meeting to discuss LEED points relative to Lighting.). Design meetings are assumed to take place in Palo Alto.

2. Development of approved design concepts.

3. Preparation of preliminary lighting plans. Editing of CAD background files prepared by the Architect and coordinated with F+K lead CAD operator. The preliminary lighting plans will explain the proposed lighting design by indicating the approximate location and types of lighting fixtures and their effects.

4. Coordinate installation details with architect to a design development level.

5. Preliminary lighting calculations and analysis, as required.

6. Provide design development luminaire schedule, fixture cuts and sketches as required to explain the proposed lighting design.

7. Provide preliminary control intent specification.

8. Participate in presentations of the proposed design with the Project Team to the Owner.

9. Revise the design development submission to incorporate comments by the Client to achieve a final approved Design Development set.

10. Upon completion of 100% Design Development drawings, it is assumed that design direction has been approved by the Architect and Owner. In the event that changes to the design occur after the 100% design development set has been issued, we reserve the right to evaluate the impact
on our fee structure and request fees for additional services to accommodate the time expenditure required to accommodate the changes.

C. Construction Documents

Four (4) workshop meetings to finalize and coordinate design concepts. Design meetings are assumed to take place in Palo Alto.

Provide final luminaire schedule, fixture cuts and sketches as required to explain the proposed lighting design.

CAD documentation shall be incorporated into electrical engineering backgrounds. Separate lighting design drawings will not be issued during this phase. It is assumed that the Architect shall take prime responsibility for coordination of CAD documentation of lighting relative to all other ceiling elements during this phase.

4. Further coordination of installation details illustrating design intent, proposed mounting, and dimensional requirements, etc. Architect will be responsible for final construction details based on provided sketches.

5. Review and comment on architectural and electrical lighting plans to insure that lighting information has been incorporated accurately.

6. Prepare 16510 specifications for the architectural lighting and final luminaire schedule to be included in the electrical construction documents.

D. Contract Administration, Commissioning and Closeout

1. Review and documentation of comments for submittals, shop drawings and required samples and/or submissions of specified lighting fixtures and controls. The Architect must also review lighting shop drawings.

2. Consultation, as necessary, to clarify and respond to Contractor's "Requests for Information".

3. Field visits (total of three [3] visits are included). First two (2) site visits shall be to inspect fixture frame-in installation and placement relative to field conditions.

4. The third site visit shall be for fixture aiming, including inspection of the final lighting installation. F+K will supervise the focusing of adjustable fixtures. The Contractor is to provide personnel to perform the final focusing under the direction of F+K Lighting Design Services.

5. Preparation of the final written document indicating field observations and punch list items.

III. ADDITIONAL LIGHTING DESIGN SERVICES

The following services are not included in this proposal but can be added as an additional service:

A. Lighting of back of house spaces is currently excluded from our scope of services; these spaces include: parking garage, trash room, storage rooms, mechanical and electrical rooms. These may be added to the scope of our services for an additional fee.

B. Lighting for Architectural Models.

C. Professional renderings and other visual presentations.

D. Daylighting Studies: Full computer analysis, calculations or computer generated renderings.
E. Revisions to design or drawings after approval of Design Development documents has been given by Owner, Architect or Designer.

F. Changes or revisions to Project Scope by Owner, Architect or Designer.

G. Design of custom lighting fixtures. Custom lighting fixtures include design and detailing of custom enclosures, or custom reflectors.

H. Site visits in excess of the those included in this proposal.

I. Visits to Manufacturer's facilities for fixture evaluation.

J. Assistance with coordination and expediting of lighting equipment orders and deliveries from Manufacturers.

K. Final lamping and maintenance schedule.

L. Preparation of required documents associated with the Lighting Section of the applicable Energy Code for filing with building permit application. Our assumption is that the Electrical Engineer shall coordinate filing this documentation.

M. Attendance at more than two (2) Value Engineering Sessions during the duration of the project.
SCOPE OF WORK - PALO ALTO PSB

SIMON AND ASSOCIATES
Sustainable Design Consulting

This proposal is for Simon & Associates, Inc. Green Building Consultants (S&A) to provide Green Building/LEED Consulting services on a new three-story, $32 million, 50,000 GSF, Public Safety Building and adjacent 4-level above ground parking structure to accommodate 160 vehicles and associated site work. The Project includes facilities for Police Department Headquarters, 911 Emergency Dispatch Center, and the City’s Emergency Operations Center. The project’s goal is to achieve, at a minimum, a LEED Silver rating.

S&A will use the USGBC LEED for New Construction and Major Renovation Green Building Rating System as a tool to integrate green building design and construction strategies. The project will utilize the LEED On-line documentation process that allows the team to submit design related credits at the end of the design phases and then the remaining contractor related credits at substantial completion.

SCOPE OF SERVICES
S&A’s scope is broken down in the following project phases:

Task 1: Schematic Design Services
Prepare for and facilitate a half-day meeting with the project team to re-prioritize the LEED credits for the project; develop the LEED matrix identifying potential LEED points; serve as a resource for the design team; review cost estimate; and participate in one additional team meeting.

Task 2: Provision of Design Development Services (35% Complete)
Coordinate LEED registration with the USGBC; facilitate a meeting on the LEED On-line documentation process; identify issues needing credit interpretations; issue LEED On-line instructions; coordinate and review LEED design submittals; review commissioning proposals; serve as a resource for the team on LEED questions; review 100% DD drawings and specifications for LEED compliance; review cost estimate; and participate in one VE meeting and two additional team meetings.

Task 3: Construction Documentation Services
Submit Credit Interpretation Requests; coordinate and review LEED design submittals; serve as a resource for the team; review 50% and 90% CD drawings and specifications for LEED compliance; update the Submittal Status matrix; submit design submittals to the USGBC; review cost estimate; and participate in one VE meeting and four additional team meetings.

Task 4: Construction Procurement Services
Provide language for bidding documents related to LEED.

Task 5: Contract Administration Services
Coordinate and review LEED construction submittals; review substitution requests and Requests for Information (RFI); update the Submittal Status matrix; provide clarification to shop drawings on issues related to LEED; visit the site twice and write field reports; reports; review cost estimate; and participate in eight additional meetings.

Task 6: Post-Construction Phase
Review, finalize and submit LEED construction submittals and any outstanding design submittals; coordinate additional information required by the USGBC; and participate in two meetings.

S&A will be responsible for coordinating and reviewing the LEED documentation submittals for both design and construction. Each team member will be responsible for completing the required documentation submittals for their respective credits and submitting it to LEED-Online. S&A will then review the information, provide feedback to the team, and assist with completing the documentation.
SCOPE OF WORK - PALO ALTO PSB

GLS LANDSCAPE ARCHITECTURE

SCOPE OF WORK

This proposal is to perform full Landscape Architecture services including Schematic Design, Design Development, Construction Documentation, Bidding and Construction Administration for landscape associated with the Palo Alto Public Safety Building including: planting, irrigation, paving, walls, steps, ramps, landscape metal and woodwork, furnishings, public art coordination, finish grading, landscape lighting layout, fixture mounting detailing and green roof. Also included are LEED coordination, cost review, and value engineering meetings at each phase. At each successive phase, GLS will provide color plan renderings and 3 dimensional sketches as required to explain the project to the Owner for their approval. Included also are Design Review and Permit Drawings for all aspects of the landscape work including coordination with Architect, Civil, Geotechnical, Structural, Mechanical, Electrical, Lighting and Plumbing. The proposal includes participating in an efficient but normal approvals process.

Scope items affecting the fee which are somewhat undefined, and which could be discussed further are the extent of the Public Art component, and the green roof. For landscape on top of structure, GLS would be responsible for everything from the waterproofing assembly up, however final responsibility for GLS coordination of roof penetrations, base plates, structural, mechanical, waterproofing, and disciplines not directly contracted to GLS would be by others.

PROPOSAL

Schematic Design
Design Alternatives and Final Design Concept with Approximate Layout

Design Development
Drawings to form Basis of Working Drawings with Actual Layout and Typical Details

Construction/Permit Drawings
Drawings to Form Basis of Construction Contract:

1 - Key Plan/Cover/Notes
4 - Layout 1" = 8'
4 - Finish Grading 1" = 8'
4 - Planting 1" = 8'
3 - Planting Details
4 - Irrigation 1" = 8'
2 - Irrigation Details
5 - Section/Elevations 1" = 4' 7
7 - Construction Details
1 - Division 2 Specifications and Other Sections as Required
34 - Total approximate sheets

Plus Division 2 Specifications and Other Sections as Required **

**Includes Value Engineering revisions limited to cost overrun greater than 5% of the bid estimate prepared and accepted by the Owner at 65% CD's. Value Engineering revisions beyond the 5% limit to be provided at an hourly, not to exceed agreement.

Bidding
Interpret Drawings for Contractor, Provide Clarifications, Modifications Within the Limits of the Fee.

Contract Administration
Interpret the Drawings During Construction, Site Visits as Required, Provide Supplemental Sketches and Instructions, Respond to RFI's.
SCOPE OF WORK - PALO ALTO PSB

EXCLUSIONS AND CONDITIONS
Not included in this proposal is anything related to toxic soils, engineering by Structural, Civil, Geotechnical, Horticulture, Electrical, Mechanical, Plumbing, or other special consultants required to complete our work. Also not included are presentation drawings, perspectives, models; and extensive approvals related redesign and administrative work beyond that required to explain and complete our work according to a normal and efficient approvals process. Redrawing for value engineering after completion of 25% Construction Drawings may be billed as an Additional Service. Insurance certificates will be provided upon request. This proposal is based upon available materials provided by the Architect. If the scope or complexity of the project changes significantly beyond what is portrayed in the materials referenced to make this proposal, then the fee may need to be renegotiated at the time of execution of the contract.

The drawings, notes, specifications, sketches and other documents prepared by us are owned by us and are to be used solely for this project. We retain all copyrights and the drawings cannot be used for other projects or for completing the design of the project by others, except as agreed with indemnification provided in writing by both parties.
SCOPE OF WORK - PALO ALTO PSB

ARBOREIST ONSITE HORTICULTURAL CONSULTING, INC.

Scope of Work

Arborist OnSite will provide the following services during the design phase of the Palo Alto Public Safety Building project:

2. Apply for and coordinate tree removal permit.
3. Attend City Counsel meetings

Disclaimer

1. Disclosure. Arborists are tree specialists who use their education, knowledge, training and experience to examine trees, recommend measures to enhance the beauty and health of the trees and attempt to reduce the risk of living near trees. Arborists cannot detect every condition that could possibly lead to the structural failure of a tree.

Since trees are living organisms, conditions are often hidden within the tree and below ground. Arborists cannot guarantee that a tree will be healthy or safe under all circumstances, or for a specific period of time. Likewise, remedial treatments cannot be guaranteed. Trees can be managed but they cannot be controlled. To live near trees is to accept some degree of risk and the only way to eliminate all risk associated with trees is to eliminate all trees.

Use of Radar equipment for tree trunk scans or below ground root mapping

2. Use at clients Risk; Arborist Onsite endeavors to use radar equipment developed by TreeRadar Inc., Silver Springs MD. that generates useful information and, when requested, to prepare reports that will reflect its best judgment in light of the facts as it knows them. Arborist OnSite or TreeRadar does not guarantee the outcome of its efforts using radar equipment or the structural integrity of any tree. Any report or analysis is used strictly at the client’s sole risk. Arborist OnSite maintains a staff of ISA Certified Arborists that have been trained in hazardous tree inspection and evaluation, and also specific training by TreeRadar Inc. in the use of radar imaging of tree trunks and root mapping.

Disclaimer of Warranties; You expressly understand and agree that:

(a) Your use of Arborist OnSite when evaluating tree health or root mapping using radar technology is at your own risk. Arborist OnSite and TreeRadar expressly disclaims all warranties of any kind, expressed or implied, including but not limited to implied warranties of merchantability, fitness for a particular purpose and non-infringement. Arborist OnSite and TreeRadar Inc. make no warranty that the equipment will be error-free or the results obtained from the use of the radar equipment will be reliable.

(b) Arborist OnSite shall not be liable for any direct, indirect, incidental, special, consequential or exemplary damages, including but not limited to damages for goodwill, injury to body or property, death or other losses (even if Arborist OnSite has been advised of the possibility of such damages) resulting from use of or reliance upon Arborist OnSites services using radar technology.

(c) Limitation of Damages. Notwithstanding the above, Arborist OnSites total liability for any damages involving the use of radar technology shall be limited to the total fees paid by the client for the radar service. This is a comprehensive limitation of liability that applies to all damages of any kind, including (without limitation) compensatory, direct, indirect or consequential damages, loss of data, income or profit, loss of or damage to property and claims of third parties.

2.1 Performance of Services / No Warranty. Consultant shall (i) perform its services in a manner consistent with the standard of care and skill ordinarily exercised by members of the profession practicing under similar conditions in the geographic vicinity and at the time the services are performed, and (ii) use reasonable efforts to comply with all laws, rules and regulations of any governmental or regulatory agency applicable to the services. No warranty, representation or
guarantee, express or implied, is intended by this agreement. Consultant is not responsible for the completion or quality of work that is dependant upon or performed by Client or third parties not under the direct control of Consultant or for their acts or omissions or for any damages resulting there from.

Use of Reports. Services provided under this Agreement, including all reports, information or recommendations prepared or issued by Consultant, are considered copyrighted materials and are for the exclusive use of Client for the project specified herein. No other use is authorized under this agreement. Client will not distribute or convey Consultant's reports or recommendations to any other person or organization other than those identified in the project description without Consultant's written authorization. Client hereby releases Consultant from liability and agrees to defend, indemnify and hold Consultant harmless from any and all claims, liabilities, damages or expenses arising, in whole or in part, from such unauthorized distribution.

3. Indemnification. Client agrees to indemnify, defend and hold Consultant harmless from and against any and all claims, liabilities, suit, demands, losses, costs and expenses, including, but not limited to, reasonable attorneys' fees and all legal expenses and fees incurred through appeal, and all interest thereon, accruing or resulting to any and all persons, firms or any other legal entities on account of any damages or losses to property or persons, including injuries or death, or economic losses, arising out of the Services and/or this Agreement, except to the extent that said damages or losses are caused by Consultant's gross negligence or willful misconduct.

This indemnity, and the indemnifications set forth in Sections 3 and 4, shall include all trees under this specific tree protection plan being developed for the city of Palo Alto for this public safety building and it shall survive any expiration or termination of this Agreement for a period of three (3) years with regard to any claims arising during, or related to, facts or circumstances that occurred during the term of this Agreement or any extension thereof.

4. Limitation of Liability. Client understands and acknowledges that the services provided herein pose certain risks to Consultant and Client. Client further understands and acknowledges that the amount of risk that the Consultant can accept is tied, in part, to the amount of compensation received for the services rendered. Consultant's fee for services offered is based on Client's Agreement to limit Consultant's liability. Client further acknowledges that were it not for this promise to limit Consultant's liability, Consultant's fee for services would need to be increased to address the increased risks.

Based thereon, Client agrees that, to the fullest extent permitted by the Governing law, Consultant's total liability to Client for any and all injuries, claims, liabilities, losses, costs, expenses or from any cause or causes including, but not limited, Consultant's negligence, errors, omissions or breach of contract, shall not exceed the amount of Consultant's fee. This limitation of liability shall apply to Client's direct claims and Client's claims arising out of third parties. This limit applies to all services on this project, whether provided under this or subsequent agreements. Client acknowledges and agrees that this limitation of liability provision is a specific and material aspect of the agreement between the parties and that Consultant would not enter into the transaction with Client if this provision were not part of their agreement.
SCOPE OF WORK - PALO ALTO PSB

WATRY DESIGN
Parking Consultant

PROJECT DESCRIPTION

The project consists of a four level, stand alone parking structure. The parking structure is about 66,500 square feet for approximately 152 stalls. The structural frame is considered to be cast-in-place concrete, shear wall, short span system with a foundation system per the soils report.

Assumptions:
1. This proposal is for parking planning and structural assistance for the primary concrete structure only. Watry will prepare drawings and sketches during concept design to be incorporated into AOR and EOR documents.
2. Watry will review documents after Schematic Design and Design Development to give input and suggestions on Parking and Structural issues.
3. Reimbursable estimate does not include mass printing.

Exclusions:
1. Plan Check
2. Architectural Drawings
3. Structural Drawings
4. Full review of structural calculations. Watry will "spot check" calculations as needed, but not perform a detailed review.
5. Striping Drawings

SCOPE OF SERVICES

Concept Design:
1. Attend Design Coordination Meetings (assumed 2)
2. Attend City Meetings (assumed 1)
3. Attend LEED Coordination Meeting (assumed 1)
4. Attend Cost Estimate Meeting (assumed 1)
5. Develop Parking Level Plans in coordination with RDC
6. Develop Structural Grid Layout in coordination with RDC
7. Assist RDC to locate stairs and elevators
8. Assist RDC regarding the location and size of vehicular and pedestrian entrances/exits
   Preliminary suggested shear wall layout to be confirmed by Structural EOR
9. Assist team with evaluation of structural framing options as they relate to cost, efficiency, and impact on current design.
10. Review and critique the work of other consultants as it applies to parking areas regarding the following issues:
    b. Drainage systems, Lighting layout, lighting types/intensity,

Schematic Design:
1. Review and critique the work of other consultants as it applies to parking areas regarding the following issues:
   b. Drainage systems, Lighting layout, structural systems, grid layout, shear wall locations
2. Provide letter of comments relating to Structural and Parking design of the building. One meeting to discuss Peer Review comments

Design Development:
1. Review and critique the work of other consultants as it applies to parking areas regarding the following issues:
3. Drainage systems, Lighting layout, structural systems, grid layout, shear wall locations
   Provide letter of comments relating to Structural and Parking design of the building. One
   meeting to discuss Peer Review comments

**Construction Documents, Bidding, Plan Check, Construction Administration:**
Assist team with Structural and Parking issues as requested
SCOPE OF WORK - PALO ALTO PSB

KLEINFELDER, INC.
ADDITIONAL SERVICES

Environmental Consulting Related to Sub-Slab Vapor Collection System

Due to the presence of volatile organic compounds (VOCs) in groundwater from an upgradient source, infiltration of VOCs via soil vapor into occupied spaces in the new building is a concern. To mitigate this concern, the environmental impact report (EIR) for the project recommends that a vapor barrier be constructed.

SCOPE OF WORK

The proposed scope of work includes coordination with a regulatory agency, design of a sub-slab vapor collection system, construction observation, and air monitoring, and is discussed below.

Task 1 — Regulatory Agency Coordination

We recommend that approval of the soil vapor barrier strategy be obtained from an appropriate regulatory agency, such as the California Department of Toxic Substances Control (DTSC) or the California Regional Water Quality Control Board, San Francisco Bay Region (RWQCB). Typically, a review package which provides information about the site and the proposed development is provided to either the DTSC or the RWQCB. The agencies then decide which will be the lead agency.

Under Task 1, Kleinfelder will participate in meetings and telephone conversations with regulatory agency and City representatives. The purpose of these conversations is to obtain agreement on the appropriate method to use for a vapor barrier and the need for monitoring. The design of the vapor barrier will be based on these discussions. For budgeting purposes, we have assumed that no more than 16 hours of staff time will be required for Task 1.

Task 2 — Design of Sub-Slab Vapor Collection System

Based on our experience with similar situations, we expect that the chosen vapor barrier method will be a sub-slab vapor collection system (i.e., not a physical barrier). For budgeting purposes, we have assumed that an active sub-slab vapor collection system will be installed. An active system uses equipment, such as a blower, to draw vapors from beneath the building.

Under Task 2, Kleinfelder will design a sub-slab vapor collection system for the proposed new building on the Site. Kleinfelder will provide a plan-view drawing and a cross-section schematic showing relevant details, and will provide specifications for the piping and blower (if required) and other associated instrumentation. Kleinfelder will coordinate with other members of the design team to optimize the design.

We have assumed that the client will provide us, in AutoCAD format, a scaled map and cross-section of the building slab showing structural components, such as foundation footings.

Task 3 — Construction Observation

Under Task 3, Kleinfelder will observe (a) the vapor collection piping, after installation but prior to covering, and (b) the blower (if required) and associated instrumentation, after installation is complete. If deficiencies are noted, Kleinfelder will inform the client. For budgeting purposes, we have assumed that this observation will require two half day visits to the Site.

Based on our conversations with you, it is our understanding that Kleinfelder's participation in review of construction bid documents, assistance during contractor bidding, assistance during construction (e.g., responding to contractor requests for information), and field observation during
construction except as noted above, are not anticipated, and we have therefore not included fees in our proposal for these items.

Task 4 – Air Monitoring

Air monitoring may be required by the regulatory agency. Task 4 includes collection of one air sample from the outlet of the sub-slab vapor collection system and one ambient air sample. We have assumed that the sub-slab vapor collection system will be constructed with a blower to draw air out of the collection piping, and that a sampling port will be installed in an accessible location near the blower.

The air samples will be analyzed for VOCs using EPA Method TO 15, by a laboratory certified by the State of California to perform the requested analysis. The analytical results will be transmitted to the client with a cover letter.

If additional monitoring is required, Kleinfelder can provide a separate proposal to perform that work.
EXHIBIT "B"

SCHEDULE OF PERFORMANCE

CONSULTANT shall perform the Services so as to complete each milestone within the number of days/weeks specified below. The times, as shown, are exclusive of review time by the City. The time to complete each milestone may be increased or decreased by mutual written agreement of the project managers for CONSULTANT and CITY so long as all work is completed within the term of the Agreement. CONSULTANT shall provide a detailed schedule of work consistent with the schedule below within 2 weeks of receipt of the notice to proceed.

**Milestones**

- Completion of Schematic Design
- 100% Design Development
- 100% Construction Documents
- Invitation to Bid Issued
- Bid opening

**Completion***

- 3 months from NTP with contract
- 3 months from City approval of Schematic Design
- 6 (Six) months from City approval of Design Development
- Bidding duration: 1.5 months
- T.B.D.

* Times are exclusive of City review periods and plan check.
EXHIBIT "C"

COMPENSATION

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the hourly rate schedule attached as exhibit C-1 up to the not to exceed budget amount for each task set forth below.

The compensation to be paid to CONSULTANT under this Agreement for all services described in Exhibit "A" ("Basic Services") and reimbursable expenses shall not exceed $3,461,637. CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. In the event CITY authorizes any Additional Services, the maximum compensation shall not exceed $3,807,801. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. The CITY's Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Basic Services, including reimbursable expenses, does not exceed $3,461,637 and the total compensation for Additional Services does not exceed $3,807,801.

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<thead>
<tr>
<th>BUDGET SCHEDULE</th>
<th>NOT TO EXCEED AMOUNT</th>
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</thead>
<tbody>
<tr>
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<td>$1,211,572</td>
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<td>Task 3</td>
<td>$1,557,736</td>
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<tr>
<td>Task 4</td>
<td>$173,084</td>
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<td>Sub-Total Basic Services</td>
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<td>Additional Services (Not to Exceed)</td>
<td>$346,164</td>
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<tr>
<td>Maximum Total Compensation</td>
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</table>
REIMBURSABLE EXPENSES

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. CITY shall reimburse CONSULTANT for the following reimbursable expenses as a lump sum allowance of $47,160 which is included within the basic service amount. Expenses for which CONSULTANT shall be reimbursed under this allowance include:
Black and White and Color plotting and printing
Printing of Consultant Coordination Check Sets
Printing of Design Phase Submittal Documents
Boards and Color Graphics for ARB and Planning Commission Meetings
Photo copying
Presentation Models
Travel
Long Distance Telephone
Cell Telephone
Facsimile transmission
Express delivery, postage and handling

Exclusions: Reproduction of all permit set, conform set and Bid Documents shall be by CITY

ADDITIONAL SERVICES

The CONSULTANT shall provide additional services only by advanced, written authorization from the CITY. The CONSULTANT, at the CITY's project manager's request, shall submit a detailed written proposal including a description of the scope of services, schedule, level of effort, and CONSULTANT's proposed maximum compensation, including reimbursable expense, for such services based on the rates set forth in Exhibit C-1. The additional services scope, schedule and maximum compensation shall be negotiated and agreed to in writing by the CITY's Project Manager and CONSULTANT prior to commencement of the services. Payment for additional services is subject to all requirements and restrictions in this Agreement.

Work required because the following conditions are not satisfied or are exceeded shall be considered as additional services:

1. If any of the following circumstances affect the CONSULTANT'S services for the Project, the Architect may be entitled to an appropriate adjustment in the CONSULTANT'S schedule and compensation:
   A. change in the instructions or approvals given by the City that necessitate revisions in the design drawings and which are not caused by CONSULTANT'S negligence;
   B. enactment or revision of codes, laws or regulations or official interpretations which necessitate significant changes to previously prepared drawings;
   C. material delay caused by the City;
   D. significant change in the Project including, but not limited to, size, complexity, the Owner's schedule or budget, or procurement method;
E. preparation for and attendance at a dispute resolution proceeding or a legal proceeding except where the Architect is a party thereto;
F. substantial change in the information contained in Exhibit A.
## EXHIBIT "C-1"
### HOURLY RATE SCHEDULE

**RossDrulisCusenbery Architecture, Inc., Architect**
- **Principals** $250
- **Project Managers** $175
- **Sr. Architects** $160
- **Architects** $140
- **Job Captain** $125
- **Designers** $125
- **Drafters** $95
- **Clerical/Admin** $65

**Rutherford & Chekene, Structural Engineer**
- **Executive Principals** $205
- **Principals** $170-$190
- **Senior Engineers** $130-$170
- **Engineers** $110-$130
- **Designers** $85-$110
- **CADD Specialists** $70-$120

**Flack & Kurtz, Mechanical, Electrical and Plumbing Engineer, Fire Protection System Design**
- **Vice President** $225
- **Senior Associate** $180
- **Associate** $160
- **Engineer** $130
- **Design Engineer** $110
- **Designer** $95
- **CAD Operator** $90
- **Administration** $85
- **CAD Manager** $125

**Mark Thomas, Civil Engineer**
- **Principal/Project Manager** $290.00
- **Structural Manager** 255.00
- **Engineering Manager** 236.00
- **Senior Project Manager** 192.00
- **Project Manager** 172.00
- **Senior Project Engineer** 155.00

July 2, 2008 Final
08033

Professional Services
Revised 10/18/07
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<tr>
<th>Position</th>
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<tr>
<td>Senior Design Engineer</td>
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<td>Design Engineer</td>
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<tr>
<td>Survey Manager</td>
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<tr>
<td>Land Surveyor</td>
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<tr>
<td>Project Surveyor</td>
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<td>Engineering/Survey/CADD Technician</td>
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<tr>
<td>Inspector</td>
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<td>Technical Writer</td>
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<td>Design (Tech Assistants)</td>
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**ENVIRONMENTAL/PUBLIC RELATIONS SERVICES**

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<tbody>
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<td>PR/Communications Manager</td>
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<tr>
<td>Environmental Planner</td>
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**FIELD**

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<td>2 Person Field Party and Vehicle</td>
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<tr>
<td>3 Person Field Party and Vehicle</td>
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Davis Langdon, Cost Consultant

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<tr>
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<tbody>
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<td>Associate Principals</td>
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<tr>
<td>Senior Associates</td>
<td>$175</td>
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<tr>
<td>Associates</td>
<td>$155</td>
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<td>Cost Planners</td>
<td>$85 - $145</td>
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<td>Clerical</td>
<td>$65</td>
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Kleinfelder, Inc., Geotechnical Engineers

**Professional Staff**

<table>
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<tr>
<th>Position</th>
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<tbody>
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<td>Professional</td>
<td>$143</td>
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<tr>
<td>Staff Professional I</td>
<td>$160</td>
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<tr>
<td>Staff Professional II</td>
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<tr>
<td>Project Professional</td>
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<tr>
<td>Assistant Project Manager</td>
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<tr>
<td>Project Manager I</td>
<td>$188</td>
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<tr>
<td>Project Manager II</td>
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<td>Project Manager III</td>
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<td>Senior Professional</td>
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<td>Senior Project Manager</td>
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<td>Principal Professional</td>
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<tr>
<td>Senior Principal</td>
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<tr>
<td>Program Manager/Client Manager</td>
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<tr>
<td>Senior Program Manager</td>
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<td>V.P., Project Manager</td>
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Administrative/Technical
Administrative/Word Processor $93
Construction Inspector I $115
Construction Inspector II $127
Construction Inspector III $143
Project Administrative $113
Technician I $107
Technician II $109
Technician III $116
Technician IV $125
Senior Technician $127
Supervisory Technician $156
Draftsperson $106
CADD Operator $126
Designer $138

SafirRosetti, Low Voltage and Security Electronics
Principals $175
Project Managers $165
Sr. Designer $165
Project Research Analyst $165
Drafting $100
Technical Support $100

Lynn Simon Associates, Sustainable Design Consulting
President $250
Sr. Consultant $195
Consultant $165
Administrative $85

GLS Landscape Architecture, Landscape Architect
Principals $165
Senior Staff $95
Intermediate Staff $85
Junior Staff/Administration $65

Arborist On Site; Arborist
Arborist $165
Tree Crew $85
<table>
<thead>
<tr>
<th>Role</th>
<th>Rate</th>
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<tr>
<td>Principal</td>
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<td>Associate Principal</td>
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<td>Senior Project Manager</td>
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<tr>
<td>Senior Project Manager</td>
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<td>Condition Assessment</td>
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## INSURANCE REQUIREMENTS

Contractors to the City of Palo Alto (City), at their sole expense, shall for the term of the contract obtain and maintain insurance in the amounts for the coverage specified below, afforded by companies with AM Best's key rating of A-VII, or higher, licensed or authorized to transact insurance business in the state of California.

Award is contingent on compliance with City's insurance requirements, as specified below:

<table>
<thead>
<tr>
<th>REQUIRED</th>
<th>TYPE OF COVERAGE</th>
<th>MINIMUM LIMITS</th>
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<td>YES</td>
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<td>GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM</td>
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<td>PROPERTY DAMAGE BLANKET</td>
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<td></td>
<td>CONTRACTUAL, AND FIRE LEGAL LIABILITY</td>
<td>EACH OCCURRENCE</td>
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<tr>
<td>YES</td>
<td>AUTOMOBILE LIABILITY,</td>
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<td>ENSURING NOT ONLY CONTRACTOR AND ITS</td>
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<td>MALPRACTICE (WHEN APPLICABLE),</td>
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<td>AND NEGLIGENT PERFORMANCE</td>
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<td>THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE</td>
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<td>COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND</td>
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### I. INSURANCE COVERAGE MUST INCLUDE:

A. A provision for a written thirty day advance notice to City of change in coverage or of coverage cancellation, and

B. A contractual liability endorsement providing insurance coverage for contractor's agreement to indemnify City.

C. Deductible amounts in excess of $5,000 require City's prior approval.

### II. CONTRACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.

### III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO "ADDITIONAL INSURED"

A. PRIMARY COVERAGE

July 2, 2008 Final

08033

Professional Services
Revised 10/18/07
WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFOURED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

B. CROSS LIABILITY

THE NAMING OF MORE THAN ONE PERSON, FIRM, OR CORPORATION AS INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSEMENT, AND THE NAMING OF MULTIPLE INSUREDS, SHALL NOT INCREASE THE TOTAL LIABILITY OF THE COMPANY UNDER THIS POLICY.

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

NOTICES SHALL BE MAILED TO:

PURCHASING AND CONTRACT ADMINISTRATION
CITY OF PALO ALTO
P.O. BOX 10250
PALO ALTO, CA 94303
USE FOR PROFESSIONAL SERVICES (DESIGN AND NON DESIGN)

EXHIBIT "E"

CERTIFICATION OF NONDISCRIMINATION

Certification of Nondiscrimination:

As suppliers of goods or services to the City of Palo Alto, the firm and individuals listed below certify that they do not and will not during the course of this contract discriminate in the employment of any person because of race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person and that they are in compliance with all Federal, State, and local directives and executive orders regarding nondiscrimination in employment.

THE INFORMATION HEREIN IS CERTIFIED CORRECT BY SIGNATURE(S) BELOW.

Authorized Signature: [Signature]

Date: 7/3/08
OPTION AGREEMENT

By
and
between
BROWN FAIRCHILD-PARK INVESTMENT COMPANY, L.P.,
a California Limited Partnership
“Optionor”

AND

CITY OF PALO ALTO,
a chartered city and a municipal corporation
“Optionee”

Dated as of
July____, 2008
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OPTION AGREEMENT

This Option Agreement ("Agreement") is made as of this _____ day of June, 2008 (the "Effective Date") by and between BROWN FAIRCHILD-PARK INVESTMENT COMPANY, L.P., a California Limited Partnership ("Optionor"), and the CITY OF PALO ALTO, a chartered city and a municipal corporation ("Optionee"), for the sale of the real property described below.

1.0 ARTICLE 1 – GRANT OF OPTION

Section 1.1 Option. Optionor grants to Optionee an option ("Option") to purchase a certain improved parcel of real property consisting of approximately 0.32 acres commonly known as 2747 Park Boulevard, Palo Alto, California, APN 132-31-071, as more particularly described in Exhibit A attached hereto and by reference made a part hereof (the "Property") upon all of the terms, covenants and conditions set forth in this Agreement. (For the purposes of this Agreement, the Property may sometimes be referred to as the "Option Property").

Section 1.2 Memorandum Of Option. Upon execution of this Agreement, the parties shall execute and deliver to Escrow Holder for recordation in the office of the Santa Clara County recorder, a Memorandum of Option in the form attached hereto as Exhibit B referring to this Agreement ("Memorandum of Option").

2.0 ARTICLE 2 – TERM AND PAYMENTS

Section 2.1 Term. The term of the Option ("Option Term") shall be for a period of twenty-three (23) months, commencing on July 1, 2008 (the "Commencement Date") and, unless earlier exercised or terminated pursuant to the terms and conditions set forth below, terminating at midnight, on May 29, 2010 (the "Termination Date").

Section 2.2 Option Payments. As consideration for this Option, Optionee shall pay and deliver the Option payments described below (collectively the "Option Consideration") in cash at the times described therein. If Optionee timely exercises the Option pursuant to this Agreement, Optionee shall receive at Close of Escrow a credit against the Purchase Price (as defined in Article 3) for the Option Property described below for the Option Consideration.

(a) First Option Payment. Concurrent with the execution of this Agreement, Optionee shall deposit with North American Title Company, 4255 Hopyard Road, Suite 1, Pleasanton, California 94588, Escrow No. 56901-56990650 (the "Escrow Holder") the amount of One Hundred and Nine Thousand, Two Hundred and Eighty Dollars ($109,280) in good, same day funds (the "First Option Payment"). The First Option Payment shall be nonrefundable except in the event of a Default by Optionor (as defined in Section 13.14 below), provided that Optionee has given written notice of Default to Optionor and Optionor fails to cure such Default in accordance with Section 13.14 hereof, or an obligation to return the Option Consideration as set forth herein below, and shall be immediately released by the Escrow Holder to Optionor upon receipt.

(b) Additional Option Payments. On or before the date which is the third (3rd) business day of the thirteenth (13th) calendar month of the Option Term, and on the third (3rd) business day of each calendar month thereafter for the duration of the Option Term, unless said Option is earlier exercised or terminated as set forth herein below, Optionee shall
deposit with the Escrow Holder the amount of Nine Thousand, One Hundred and Six Dollars ($9,106) each of which Option Payments shall be nonrefundable, except in the event of a Default by Optionor as defined in Section 13.14 hereof, or Optionor is otherwise obligated to return the Option Consideration as set forth herein below, and shall be immediately released by the Escrow Holder to Optionor upon receipt.

Section 2.3 Quitclaim Deed. Upon execution of this Agreement, Optionee shall deposit with the Escrow Holder a duly executed and notarized quitclaim deed in the form attached hereto as Exhibit C (the “Quitclaim Deed”). The Quitclaim Deed shall be held by the Escrow Holder and (i) returned to Optionee upon close of escrow or (ii) delivered to the County Recorder of Santa Clara County, California for recordation upon receipt by Escrow Holder of a Notice of Termination from Optionee in accordance with Section 12.1 or upon submission of a written declaration from Optionor or its representatives (with a copy to Optionee) that Optionee is in Default hereunder (as defined below), that Optionor has provided Optionee with notice of said Default and an opportunity to cure in accordance with Section 13.14 below, and that Optionee has failed to cure said Default. Failure by Optionee to exercise the Option prior to midnight on the Termination Date of the Option Term referred to in Section 2.1 shall be deemed a Default by Optionee and such failure shall not require any notice by Optionor to Optionee, or extend the Termination Date of the Option Term. The foregoing notwithstanding, nothing in this Section 2.3 shall be deemed a waiver by Optionee of its rights to pursue the remedies afforded it under Section 13.14 in the event of a Default by Optionor party.

3.0 ARTICLE 3 – PURCHASE PRICE

Section 3.1 Amount. The purchase price (the “Purchase Price”) for the Option Property shall be Two Million, Seven Hundred Thirty-Two Thousand Dollars ($2,732,000).

Section 3.2 Payment. The Purchase Price shall be paid as follows:

(a) The total Option Consideration paid by Optionee to Optionor pursuant to Section 2.2 of this Agreement shall be credited against the Purchase Price at Closing.

(b) The balance of the Purchase Price shall be paid by Optionee in cash into escrow in good, same day funds on or before the Closing Date.

4.0 ARTICLE 4 – RIGHT OF ENTRY

Section 4.1 Right To Enter. During the Option Term, and prior to the Close of Escrow, Optionee and its designated agents, employees, representatives and independent contractors shall have the right to enter upon the Property for the purpose of conducting such soil tests, environmental assessments, surveys, engineering and planning studies as Optionee deems necessary relative to Optionee’s proposed development thereof in the event of the Property is purchased upon exercise of the Option. Optionee agrees to repair any damage or disturbance it or its agents, employees, representatives or independent contractors shall cause to the Property and return it to the same general condition as existed prior to any such tests, surveys, studies, or investigations. Optionee shall indemnify, defend, protect and hold Optionor and its General Partner, agents, employees, representatives, and affiliates (collectively “Optionor Parties”) harmless from any and all claims, liens, costs, damages, expenses, losses, attorneys’ fees and liabilities (including, but not limited to, claims of mechanics’ liens) incurred or sustained by, or
levied or assessed against any Optionor Parties arising out of or incurred in connection with any such entry by or as a result of any acts of Optionee, its agents, employees, representatives or independent contractors pursuant to this Section 4.1. The foregoing indemnity shall survive the exercise, expiration, or sooner termination of the Option for the period referred to in Section 6.3 hereof.

Section 4.2 Compliance With Law. With respect to any entry on and inspection of the Property pursuant to the terms and conditions of the Agreement, Optionee shall comply with all laws, orders, ordinances, rules and regulations of federal, state, county and municipal authorities.

Section 4.3 Development Application. Optionor acknowledges that Optionee intends to submit a development application for the permitting of a public safety facility on the Property. The parties hereto agree that Optionee may continue said development application and planning process throughout the Option Term and Optionor shall reasonably cooperate in such efforts, including signing certain documents as “owner” of the Property, provided that such cooperation shall be at no cost or additional liability to Optionor.

5.0 ARTICLE 5 – EXERCISE OF OPTION

Section 5.1 Notice. Provided that Optionee is not in default under this Agreement, this Option may be exercised by Optionee at any time during the Option Term described in Section 2.1 above. The Option shall be exercised by written notice (the “Option Notice”) delivered by Optionee to Optionor on or before the Termination Date unconditionally stating Optionee’s exercise of the Option. Said notice shall identify a Closing Date, which Closing Date shall be a date which is not more than thirty-five (35) days from and after the delivery of the Option Notice unless the parties agree in writing to extend the Closing Date. The Option Notice shall be delivered to Optionor in the manner provided for in Section 13.8 below. Optionee shall deliver a copy of the Option Notice to the Escrow Holder concurrently with the delivery of the Option Notice to Optionor. Time is expressly declared to be of the essence with respect to the exercise of the Option by Optionee.

Section 5.2 Binding Agreement. Upon due and timely delivery of the Option Notice, Optionee shall become obligated to buy and Optionor shall become obligated to sell, the Option Property, upon and subject to the terms and conditions of this Agreement. If the Option is not timely exercised as provided in Section 5.1 above, the Option shall irrevocably terminate, all Option Consideration made or given by Optionee shall be retained by Optionor, Optionee shall have no further right to purchase nor any interest whatsoever in the Option Property, and the Escrow Holder shall immediately cause the Quitclaim Deed to be recorded in the Office of the Santa Clara County Recorder without further instructions from the parties.

6.0 ARTICLE 6 – REPRESENTATIONS AND WARRANTIES

Section 6.1 Representations of Optionor. As an inducement to Optionee to enter into this Agreement, Optionor represents, warrants and covenants as of the Effective Date and as of the Closing Date as follows:
(a) **Due Authority.** Optionor is a California Limited Partnership, duly organized, validity existing and in good standing under the laws of the State of California, and that it has the requisite power and authority to: (i) enter into this Option Agreement, and (ii) sell the Property. The individual(s) executing this Agreement on behalf of Optionor is duly authorized to sign on its behalf and bind Optionor to the obligations created herein. The execution and delivery hereof and the performance by Optionor of its obligations hereunder will not violate or constitute an event of default under the terms and provisions of any agreement, document, trust, indenture, bond, note, or other evidence of indebtedness, or any mortgage, deed of trust, loan, partnership, or lease agreement or license, or instrument affecting the Property or to which Optionor is a party or by which Optionor is bound;

(b) **Binding Obligation.** This Agreement is a valid and binding obligation of Optionor, subject only to applicable bankruptcy insolvency, reorganization or other similar laws affecting the rights of creditors generally.

(c) **Leases.** With the exception of the month-to-month Lease dated December 1, 2007 between Brown Fairchild-Park Investment Company, L.P., as Landlord, and Shimmick Construction, Inc., as Tenant (the "Lease"), there are no other leases, subleases, licenses, tenancy or occupancy agreements, service contractors, or other agreements, or other rights of possession, whether written or unwritten, covering or affecting the Property which would be binding on Optionee after the Close of Escrow. Optionor shall terminate the Lease prior to Close of Escrow and deliver the Property free and clear of any leasehold or tenancy. During the Option Term, Optionor may enter into other short term rental agreements for the property, provided that any such agreement is terminated by Optionor prior to Close of Escrow.

(d) **Compliance With Law.** Optionor has not received notice from any governmental authority that existing uses of the Property are not in full compliance with all applicable zoning laws (and applicable variances) and any other local, municipal, regional, state or federal requirements. Optionor has not received notice from any governmental authority that the Property is not in full compliance with any applicable environmental law or regulation except as follows: None.

(e) **No Other Conveyance.** Optionor has not granted any options or any other rights to acquire fee title or other interests in the Property, other than as set forth in this Option Agreement.

(f) **No Litigation.** Optionor has no knowledge of any pending, threatened or contemplated actions, suits, arbitrations, claims or proceedings at law or in equity affecting the Property or in which Optionor is or will be a party by reason of Optionor’s ownership of the Property.

(g) **Foreign Persons.** Optionor is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended. At the Closing, Optionor shall deliver an executed certificate in the applicable form set forth in Treasury Regulation Section 1.1445-2(b)(2).
(h) **Disclosure of Documents.** Except as set forth in the environmental documents listed on Exhibit D attached hereto, copies of which have been provided to Optionee, Optionor has no other studies, reports, letters or documents in its possession relating to environmental conditions on the Option Property, and has no knowledge of the existence of any hazardous materials on the Property in violation of applicable laws which are required to be remediated or removed. Optionee and Optionor hereby acknowledge the presence of one underground storage tank ("UST") on the Property and that Optionor has delivered to Optionee copies of all documents in Optionor’s possession regarding said UST. Said documents are listed on Exhibit D attached hereto.

Section 6.2 **Representations Of Optionee.** As an inducement to Optionor to enter into this Agreement, Optionee represents, warrants and covenants as of the Effective Date and as of the Closing as follows:

(a) **Due Authority.** Optionee has obtained approval of the City Council of the City of Palo Alto authorizing the City Manager to execute this Option Agreement on its behalf, and approving the recordation of the Memorandum of Option.

(b) **Binding Obligation.** This Agreement is a valid and binding obligation of Optionee.

Section 6.3 **Survival.** The truth, accuracy, and completeness of each of the representations, warranties and covenants of Optionee and of Optionor set forth within Article 6 shall constitute a condition precedent to the obligations of Optionor and Optionee, respectively, hereunder. All representations and warranties herein set forth shall survive the Close of Escrow for a period of one year. Optionee and Optionor (each an Indemnitor Party) agree to indemnify, defend, and hold harmless the other party (the “Indemnitee Party”) from any claim, demand, liability, loss or cost (including reasonable attorneys’ fees and costs) (collectively, “claims”) which the Indemnitee Party may sustain because of any material breach of or inaccuracy in the respective representations, warranties and covenants of Optionor and Optionee set forth in this Article 6, provided that written notice of any such claim is given by the Indemnitee Party to the Indemnitor Party prior to the expiration of said period of one year from the Close of Escrow.

7.0 **ARTICLE 7 – CONDITION OF OPTION PROPERTY AND RISK OF LOSS**

Section 7.1 **Risk Of Loss.** Optionor shall bear the risk of any loss or damage to the Property until the Close of Escrow, except for any loss or damage caused, occasioned by, or arising out of Optionee’s, or its agents’, representatives’, employees’ or contractors’ negligence or willful misconduct. The risk of loss or damage to the Property shall pass to Optionee upon the recordation of the Grant Deed on the Closing Date.

Section 7.2 **Property Sold In An “As-Is” Condition And “With All Faults.”** Except for the representations or warranties of Optionor herein or on any Exhibit attached hereto (or documents referenced therein and delivered by Optionor to Optionee) or as otherwise expressly set forth in this Agreement, Optionor and Optionee mutually acknowledge and agree that, except to the extent implied by law in the Grant Deed under California Civil Code section 1113, the Option Property is being sold in an “As-Is” condition and “With All Faults,” known or unknown, contingent or existing, and without any representation or warranty by Optionor as to fitness for
any purpose. Optionee has the sole responsibility to fully inspect the Option Property, to investigate all matters relevant thereto, including without limitation, the condition of the Option Property and to reach its own, independent evaluation of any risks (environmental or otherwise) or rewards associated with the ownership of the Option Property. Effective as of the Closing Date, and except for the representations or warranties of Optionor herein or on any Exhibit attached hereto (document referenced therein and delivered by Optionor to Optionee) or as otherwise expressly set forth in this Agreement, Optionee hereby waives and releases the Optionor Parties (as defined in Section 4.1), and their successors and assigns from and against any and all claims, obligations and liabilities arising out of or in connection with the physical condition of the Option Property.

Section 7.3 Waiver Of Environmental Conditions. To the fullest extent permitted by law, and except as expressly set forth in this Agreement, Optionee does hereby unconditionally waive and release the Optionor Parties from any present or future claims and liabilities of any nature arising from or relating to the presence or alleged presence of hazardous substances in, on, at, from, under or about the Option Property including, without limitation, any claims under or account of any environmental laws or regulations, regardless of whether such hazardous substances are located in, on, at, from, under or about the Option Property prior to or after the date hereof. In addition, Optionee does hereby covenant and agree to defend, indemnify and hold harmless the Optionor Parties and their successors and assigns from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses, known or unknown, existing in future, to the extent relating to any hazardous substances that are placed, located or released on the Option Property after the Closing Date and, with respect to releases, that did not exist on the Option Property prior to the Closing Date, including any action or proceeding brought or threatened or ordered by governmental authorities.

Section 7.4 Waiver Of Natural Hazards. Optionee further acknowledges that “Natural Hazards” described in the following California Code Sections (The “Natural Hazard Laws”) may affect the Option Property: Government Code Sections 8589.4; 8589.3; Government Code Sections 51183.4, 51183.4 (Fire Hazard Severity Zone); Public Resource Code Section 2621.9 (Earthquake Fault Zone); (Seismic Hazard Zone); and Public Resource Code Section 4136 (Wildlands Area). Optionee acknowledges and agrees that Optionee has had the opportunity independently to evaluate and investigate whether any or all of such Natural Hazards affect the Option Property and Optionor shall have no liabilities or obligations with respect thereto. Without limiting the foregoing, Optionee acknowledges and agrees that Optionee knowingly and intentionally waives and releases Optionor from any disclosures, obligations or requirements of Optionor with respect to Natural Hazards, including without limitation, any disclosures, obligations or requirements under the aforementioned code sections or under Article 1.5 (Section 1102, et seq.) of the California Civil Code.

8.0 ARTICLE 8 – TITLE

Section 8.1 Conditions Of Title. Upon and subject to Close of Escrow, Optionor shall convey fee title to the Property to Optionee by grant deed subject only to a lien for real estate taxes and assessments not delinquent, and such other encumbrances, easements, restrictions, rights and conditions of record approved by Optionee as provided in Section 8.2 (the “Permitted Exceptions”).
Section 8.2 Preliminary Title Report. Optionee has obtained from North American Title Company (the "Title Company"), a preliminary title report dated July, 2008 (the "Preliminary Title Report") covering the Property, a copy of which is attached hereto as Exhibit E. Exceptions Nos. 1 and 2 are deemed to be "Permitted Exceptions." At the time Optionee delivers the Option Notice, and at any time and from time to time thereafter and prior to Close of Escrow, Optionee may give written objections to matters of title first appearing in any updated title commitment issued after the Preliminary Title Report (and which would not have appeared in accurate examinations of the title conducted on the effective date of the Preliminary Title Report) (collectively "Subsequent Title Exceptions"). In the event Optionee shall advise Optionor in writing of any disapproved Subsequent Title Exception, Optionor shall have twenty (20) days (the "Cure Period") after the receipt of such notice in which to correct, cure or eliminate such disapproved Subsequent Title Exception. If by the end of such Cure Period, Optionor advises Optionee in writing that Optionor is unwilling or, despite the exercise by Optionor of Optionor’s good faith diligent efforts to do so, Optionor is unable to remove or cure each such disapproved Subsequent Title Exception to Optionee’s reasonable satisfaction, then Optionee shall, within ten (10) days after the end of such Cure Period, notify Optionor in writing either (i) that Optionee agrees to waive such disapproved Subsequent Title Exception(s), at which point such exception(s) shall be deemed a Permitted Exception, or (ii) that Optionee declares Optionor to be in breach of this Agreement in which event Optionee’s sole and exclusive remedy for such breach shall be to terminate this Agreement by giving written notice of termination to Optionor and thereupon Optionor shall promptly refund to Optionee all Option Consideration paid by Optionee to Optionor. Notwithstanding anything to the contrary contained elsewhere in this Agreement, Optionor shall be obligated to cure or satisfy all monetary encumbrances at or prior to Close of Escrow, and if not otherwise cured or satisfied, the proceeds of the Purchase Price shall be used at Close of Escrow for such purpose.

Section 8.3 Title Insurance. Optionee’s obligations to close escrow shall be subject to the title company issuing, upon payment by Optionee of its regularly scheduled premium at the close of escrow, an ALTA Owner’s Policy of title insurance (the "Title Policy") in the amount of the Purchase Price showing title to the Property vested in Optionee subject only to the Permitted Exceptions.

9.0 ARTICLE 9 – CONDITIONS

Section 9.1 Optionee’s Conditions. After Optionee’s due and timely exercise of the Option, Optionee’s obligation to purchase the Property is expressly subject to fulfillment of each of the following conditions precedent at the Close of Escrow or at such other time set forth herein:

(a) Title. As of the Close of Escrow, the Title Company shall have committed to issue the Title Policy to Optionee subject only to the Permitted Exceptions.

(b) Optionor’s Representations. All of Optionor’s representation and warranties contained herein shall be true and correct in all material respects as of the date when made and as of the Close of Escrow.

(c) Optionor’s Covenants. Optionor’s timely performance of all of its covenants and obligations contained in this Agreement.
Section 9.2 **Optionor’s Conditions.** After Optionee’s due and timely exercise of the Option, Optionor’s obligation to sell the Property to Optionee is expressly subject to fulfillment of each of the following conditions precedent at the Close of Escrow or at such other time set forth herein:

(a) **Certificate of Acceptance.** Optionee shall have obtained all necessary authorizations of the Palo Alto City Council for the recordation of the Grant Deed and has deposited a properly executed Certificate of Acceptance into Escrow.

(b) **Optionee’s Representations.** All of Optionee’s representations and warranties contained herein shall be true and correct in all material respects as of the date when made and as of the Close of Escrow.

(c) **Optionee’s Exercise of the Option and Performance.** The timely exercise by Optionee of the Option and the timely performance by Optionee of all of its covenants and obligations contained in this Agreement, including, but not limited to the payment by Optionee to Optionor of the balance of the Purchase Price at Close of Escrow.

10.0 **ARTICLE 10 – CLOSING**

Section 10.1 **Time.** The “Closing Date” or “Close of Escrow” shall mean and refer to the date of the close of escrow, which shall occur through the Escrow Holder on or before the date set in Section 5.1 for delivery of the payment required from Optionee to close the escrow and the recordation of the grant deed.

Section 10.2 **Deposit Of Documents And Money.**

(a) On or before the Closing Date, Optionor shall deposit into escrow:

(i) A duly executed and acknowledged grant deed conveying the Property to Optionee;

(ii) [Intentionally Omitted];

(iii) Written instructions to the Escrow Holder instructing the Escrow Holder to close the escrow in accordance with the terms of this Agreement; and

(iv) Any other documents in Optionor’s possession reasonably requested by Optionee or the Escrow Holder as necessary to consummate the transaction including, but not limited to, any statement of information requested by the Escrow Holder.

(b) On or before the Closing Date, Optionor shall deliver to Optionee outside of escrow, to the extent in Optionor’s possession or reasonably available to Optionor, all original contracts to be assumed by Optionee, any certificate of occupancy for the Property and all assignable licenses and permits relating to the Property, any unpaid utility bills, keys, codes and access cards and other items, if any, used in the operation of the Property.
(c) On or before the Closing Date, Optionee shall deposit into escrow;

(i) The cash balance of the Purchase Price increased or reduced, as the case may be, by Optionee’s share of the closing costs, the credit for the Security Deposit, and other prorations;

(ii) A Certificate of Acceptance;

(iii) An original executed letter to the Santa Clara County Tax Assessor, pursuant to Revenue and Taxation Code Section 5082.1 providing notification of the apportionment date and requesting cancellation of taxes pursuant to Revenue and Taxation Code Section 5086.1 (the “Apportionment Letter”);

(iv) Written instructions to the Escrow Holder instructing the Escrow Holder to close the escrow in accordance with the terms of this Agreement; and

(v) Any other documents or money required from Optionee or reasonably requested by Optionor or the Escrow Holder as necessary to consummate the transaction.

Section 10.3 Closing. Escrow shall be closed by:

(a) Recording the grant deed conveying the Property to Optionee;

(b) Payment of the balance of the Purchase Price to Optionor, less Optionor’s share of closing costs and prorations as required by this Agreement; and

(c) Delivering the Apportionment Letter to the Santa Clara County Tax Assessor, with a copy to Optionor and Optionee.

(d) Obtaining from the Title Company for Optionee an ALTA Owner’s Policy of title insurance in the amount of the Purchase Price showing title to the Property vested of record in Optionee, subject only to the Permitted Exceptions.

Section 10.4 Prorations, Charges and Taxes. With respect to the Property;

(a) Public utility charges, insurance premiums on insurance, if any, being assumed by Optionee and all other ordinary operation expenses shall be prorated as of Close of Escrow.

(b) Taxes for the year in which the Escrow closes shall be cleared and paid in the manner required in Section 5088 of the Revenue and Taxation Code, if unpaid as of the close of Escrow. All taxes attributable to the Property shall be cancelled by Optionee effective as of the Closing Date.

(c) Interest on and any assessment bonds encumbering the Property shall be prorated as of the Close of Escrow;

(d) Optionee shall pay the premium on any title insurance policies;
(e) Optionee shall pay all transfer taxes, if any;

(f) Optionee shall pay all customary escrow fees; and

(g) Each party shall be responsible for its own legal fees.

Section 10.5 Possession. Optionor shall deliver possession of the Property to Optionee at the Close of Escrow.

11.0 ARTICLE 11 – REAL ESTATE BROKERS

Section 11.1 No Brokers Or Finders Fees. The parties represent and warrant to each other that no broker, agent, finder or other intermediary has in any way participated in any negotiation of the terms and conditions of the transaction contemplated herein or is entitled to any commission or fee in connection therewith.

12.0 ARTICLE 12 – TERMINATION

Section 12.1 Notice. Prior to exercising the option, Optionee may terminate this Option without cause or other reason by delivering written notice of termination to Optionor in accordance with Section 13.8 below (the “Notice of Termination”). Such termination shall be effective thirty (30) days after the receipt by Optionor of the Notice of Termination. Optionee shall simultaneously deliver a copy of the Notice of Termination to Escrow Holder who immediately upon receipt thereof shall release to Optionor (without proration between Optionor and Optionee) any Option Consideration then held by Escrow Holder, and the Escrow Holder shall record the Quitclaim Deed in accordance with Section 2.3 above at Optionee’s expense.

Section 12.2 No Further Obligations. If Optionee elects to terminate this Agreement pursuant to Section 12.1, or if Optionee fails to timely exercise this Option in accordance with Section 5.1, except for those provisions of this Agreement which by their expressed terms survive the termination of this Agreement, no party hereto shall have any other or further rights or obligations under this Agreement.

13.0 ARTICLE 13 – MISCELLANEOUS

Section 13.1 Headings. The titles and headings of the various sections of this Agreement are intended solely for convenience of reference and are not intended to explain, modify or place any construction on any of the provisions of this Agreement.

Section 13.2 Time Of Essence. All times and dates in this Agreement are of the essence.

Section 13.3 Entire Agreement/Amendments. This Agreement, which includes the Exhibits, contains all representations and the entire understanding and agreement between the parties with respect to the Property and the Option herein granted. Correspondence, memoranda or agreements, whether written or oral, originating before the date of this Agreement, with respect to the Property and/or the Option, are expressly replaced by this Agreement, which may not be altered or modified except by a writing signed by Optionee and Optionor.
Section 13.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 13.5 **No Merger.** Except as otherwise provided herein, the obligations contained in this Agreement shall not merge with transfer of title, but shall survive the Close of Escrow for the period expressly provided for herein.

Section 13.6 **Attorneys’ Fees.** In any dispute between the parties, whether or not resulting in litigation, the prevailing party shall be entitled to recover from the other party all reasonable costs, attorney’s fees, and out-of-pocket disbursements and expenses incurred in connection therewith.

Section 13.7 **Assignment.** This Agreement is assignable and shall inure to the benefit of and be binding on the parties and their respective heirs, successors and assigns, provided that the assignment of this Agreement by Optionee shall not release Optionee from any of Optionee’s obligations hereunder, all of which shall survive such assignment.

Section 13.8 **Notices.** Any notice given under this Agreement shall be in writing and shall be delivered either personally (including by means of professional messenger service) or by registered or certified U.S. mail, postage prepaid, return receipt requested. Notices may also be delivered by facsimile transmission, if the party to whom the notice is being sent has such a device in its office, provided a complete copy of any notice so transmitted shall also be mailed by regular United States mail no later than the following business day. Notices shall be deemed received upon the earlier of actual receipt or three (3) calendar days following deposit in U.S. mail, postage prepaid. Notices shall be directed to the following addresses:

**To Optionor:**

Brown Fairchild-Park Investment Company, L.P.
c/o Vance Brown Inc.
3197 Park Blvd.
Palo Alto, CA 94306
Attn: Loren K. Brown
Telephone No.: (650) 849-9900
Facsimile No.: (650) 849-9908

**To Optionee:**

City of Palo Alto
Office of the City Manager
250 Hamilton Avenue, 7th Floor
Palo Alto, CA 94301
Attn: City Manager
Telephone No. (650) 329-2171
Facsimile No.: (650) 325-5029

Either party may change its address for notice purposes by giving notice to the other and to the Escrow Holder in accordance with this Section 13.8, provided that the address change will not be effective until ten (10) calendar days after notice of the change.
Section 13.9 Gender And Number. As used in this Agreement, the masculine, feminine, or neuter gender, and the singular or plural number, shall include the others whenever the context so indicates.

Section 13.10 Counterparts. This Agreement may be signed in counterpart or duplicate copies, and any signed counterpart or duplicate copy shall be equivalent to a signed original for all purposes.

Section 13.11 Approval Of City Council. Optionor and Optionee recognize that this Agreement is subject to approval of the City Council and that this Agreement shall have no force or effect unless and until said City Council’s approval has been obtained, but which approval shall be obtained prior to execution of this Agreement by Optionee. Optionee shall promptly give written notice to Optionor and the Escrow Holder of the City Council’s approval of this Agreement.

Section 13.12 Authority. The individuals executing this Agreement represent and warrant that they are fully authorized to execute this Agreement on behalf of their respective entities.

Section 13.13 1031 Exchange. Optionee agrees to cooperate with Optionor if following the exercise of the Option by Optionee Optionor gives written notice to Optionee of Optionor’s election to sell the Option Property as part of a like-kind exchange under IRC section 1031. Such cooperation may include the assignment of all or a portion of this Agreement to a third party, the substitution of such third party as the Optionor and the execution of any documents reasonably necessary to complete the exchange in accordance with applicable laws and regulations. Optionor agrees that the consummation of this Agreement is not predicated or conditioned upon the completion of any such exchange. Optionee shall not incur any additional liability or financial obligation as a consequence of the Optionor’s contemplated exchange, nor shall Optionee be obligated to take title to any property other than the Option Property.

Section 13.14 Default. In the event that either party fails to perform in a timely manner any material obligation under this Agreement, the other party shall give written notice thereof stating with specificity the nature of the default. If the allegedly defaulting party fails to cure such default within five (5) business days after receipt of such notice, or in the event of a default that is not capable of cure within such five (5) business day period, commences cure within said five (5) business day period and completes the same within thirty (30) days thereafter, the non-breaching party may declare the other to be in default under this Agreement (a “Default”). Except as otherwise provided in Section 8.2 with respect to Optionor’s unwillingness or inability to remove or cure any disapproved Subsequent Title Exception, in the event of a Default by Optionor prior to Closing, Optionee shall have the right to elect either (a) to terminate this Agreement in which event Optionee shall be entitled to recover all Option Consideration paid by Optionee to Optionor, or (b) to obtain specific performance of Optionor’s obligations pursuant to this Agreement. In the event of a Default by Optionee of this Agreement prior to the exercise of the Option by Optionee, Optionor’s sole and exclusive remedy shall be to elect in writing to terminate this Agreement and to retain all Option Consideration paid by Optionee or then remaining in escrow. In the event of a Default by Optionee of this Agreement after the exercise of the Option by Optionee, Optionor shall retain all Option Consideration paid by Optionee or then remaining in escrow as full liquidated damages for such Default. The parties hereto
acknowledge that it is impossible to estimate more precisely the damages which might be suffered by Optionor upon Optionee's Default, and that said Option Consideration is a reasonable estimate of Optionor's probable loss in the event of Defaults by Optionee. In no event shall Optionor or Optionee be liable to the other for direct, indirect or consequential damages on account of any Default under this Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered to each other copies of this Agreement effective as of the date first set forth.

OPTIONOR:

BROWN FAIRCHILD-PARK INVESTMENT COMPANY, L.P.,
a California Limited Partnership

By: VANCE BROWN, INC.,
a California corporation
Its: General Partner

By: [Signature] 7-03-2008
Loren K. Brown
Its: President

OPTIONEE:

CITY OF PALO ALTO,
A chartered city and municipal corporation

By: ____________________________
Frank Benest
City Manager

Date: ____________________________

APPROVED AS TO FORM:

By: ____________________________
Gary M. Baum
City Attorney

Date: ____________________________
EXHIBIT A

[LEGAL DESCRIPTION OF PROPERTY]
LEGAL DESCRIPTION

Real property in the City of Palo Alto, County of Santa Clara, State of California, described as follows:

BEGINNING AT A POINT IN THE EASTERLY LINE OF THE NOW EXISTING PORTION OF SHERIDAN AVENUE, WHICH PORTION EXTENDS NORTHERLY AND SOUTHERLY THRU LOTS 1 AND 2 IN BLOCK 8, AS SAID LOTS AND BLOCK ARE SHOWN UPON THE MAP HEREAFTER REFERRED TO EXTENDING FROM THE NORTHEASTERLY LINE OF PARK BOULEVARD, FORMERLY THIRD STREET, AS SAID PARK BOULEVARD NOW EXISTS, 60 FEET WIDE, TO THE SOUTHEASTERLY LINE OF ORIGINAL SHERIDAN AVENUE, SAID POINT OF BEGINNING BEING DISTANT ALONG THE NORTHEASTERLY LINE OF SAID LOT 2, S. 56° 30' 27" E. 15.18 FEET FROM THE MOST NORTHERLY CORNER OF SAID LOT 2 IN THE SOUTHEASTERLY LINE OF ORIGINAL SHERIDAN AVENUE, 60 FEET WIDE, AS SHOWN UPON SAID MAP, SAID POINT OF BEGINNING ALSO BEING THE NORTHEASTERLY CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED BY GEORGE GERRITY TO CITY OF PALO ALTO BY DEED DATED FEBRUARY 6, 1959 AND RECORDED MARCH 11, 1959 IN BOOK 4350 OF OFFICIAL RECORDS, PAGE 251, SANTA CLARA COUNTY RECORDS; THENCE S. 2° 22' W. ALONG THE EASTERLY LINE OF SAID EXISTING PORTION OF SHERIDAN AVENUE, SAID LINE BEING THE EASTERLY LINE OF SAID LANDS SO CONVEYED TO CITY OF PALO ALTO, 220.13 FEET TO THE INTERSECTION OF SAID EASTERLY LINE WITH THE NORTHEASTERLY LINE OF PARK BOULEVARD, 60 FEET WIDE; THENCE ALONG SAID NORTHEASTERLY LINE OF PARK BOULEVARD, S. 56° 30' 27" E. 11.985 FEET TO THE SOUTHEASTERLY CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED BY VANCE M. BROWN & SONS, INC., A CORPORATION, TO ROBERT V. BROWN, ET AL, BY DEED DATED AUGUST 9, 1961 AND RECORDED DECEMBER 12, 1961 IN BOOK 5394 OF OFFICIAL RECORDS, AT PAGE 740, SANTA CLARA COUNTY RECORDS; THENCE LEAVING SAID NORTHEASTERLY LINE OF PARK BOULEVARD AND RUNNING ALONG THE SOUTHEASTERLY LINE OF SAID PARCEL, SO CONVEYED TO ROBERT V. BROWN ET AL, AND ITS NORTHEASTERLY PROLONGATION, N. 33° 27' 50" E. 188.44 FEET TO THE MOST EASTERLY CORNER OF SAID LOT 2; THENCE RUNNING ALONG THE NORTHEASTERLY LINE OF SAID LOT 2, N. 56° 30' 28" W. 125.77 FEET TO THE POINT OF BEGINNING, AND BEING PORTIONS OF LOTS 1 AND 2 IN BLOCK 8 OF HAWXHURST'S ADDITION TO MAYFIELD, A MAP OF WHICH WAS RECORDED JUNE 6, 1868 IN BOOK "B" OF MISCELLANEOUS RECORDS, PAGE 642, SANTA CLARA COUNTY RECORDS, AND ALSO BEING THAT CERTAIN PARCEL OF LAND SHOWN UPON THE RECORD OF SURVEY OF A PORTION OF SAID LOTS 1 AND 2, BLOCK 8, OF THE HAWXHURST ADDN., HEREAFTER REFERRED TO, FILED FOR RECORD ON JULY 22, 1960 IN BOOK 123 OF MAPS, AT PAGE 15.

APN: 132-31-071
EXHIBIT B
[MEMORANDUM OF OPTION]

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

MEMORANDUM OF OPTION
APN 132-31-071

This Memorandum of Option is effective upon recordation and is entered into by and between Brown Fairchild-Park Investment Company, L.P., a California Limited Partnership ("Optionor"), and the City of Palo Alto, a chartered city and municipal corporation, ("Optionee"), who agree as follows:

1. Optionor hereby grants to Optionee the option to purchase that certain parcel of real property consisting of approximately 0.32 acres, commonly known as 2747 Park Boulevard, Palo Alto, California, as more particularly described in Exhibit A attached hereto, pursuant to the terms and conditions of that certain Option Agreement (the "Option Agreement") entered into effective as of July 1, 2008 by Optionor and Optionee, which is hereby incorporated by reference herein.

2. Unless earlier terminated in accordance with the terms of the Option Agreement, if not previously exercised by Optionee, said option to purchase shall expire at Midnight, on May 29, 2010.

3. This Memorandum of Option is prepared for the purpose of imparting constructive notice of the Option Agreement and in no way modifies the provisions of the Option Agreement.

///

IN WITNESS WHEREOF, Optionor and Optionee have duly executed this Memorandum of Option on this ___ day of ______________, 2008.
OPTIONOR:

BROWNFairchild-ParkInvestment
Company, L.P.,
a California Limited Partnership

By: Vance Brown, Inc.,
a California corporation
Its: General Partner

OPTIONEE

City of Palo Alto,
A chartered city and municipal corporation

By: ___________________________
   Frank Benest
   City Manager

By: ___________________________
   Loren K. Brown
   Its: President
ACKNOWLEDGMENT

State of California

County of ____________________

On ______________, 2008, before me ____________________________,
Here Insert Name and Title of the Officer
personally appeared, ________________________________,
Names(s) of Signers

who proved to me on the basis of satisfactory
evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and
acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and
that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which
the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under
the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature: ________________________________
Signature of Notary Public
CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property created by the Memorandum of Option dated __________, 2008, by Brown Fairchild-Park Investment Company, L.P., a California Limited Partnership, as Optionor, to the City of Palo Alto, a chartered city and municipal corporation as Optionee, is hereby accepted by order of the City Council by the undersigned officer or agent on behalf of __________, pursuant to authority conferred by Resolution No. __________, of the City of Palo Alto adopted on __________, 2008, and the Optionee consents to recordation thereof by this duly authorized officer.

Dated: ________________

CITY OF PALO ALTO

By: __________________________

Frank Benest
Its: City Manager

APPROVED AS TO FORM:

By: __________________________

Gary Baum
City Attorney
EXHIBIT C
[QUITCLAIM DEED]

RECORDING REQUESTED BY:

AND WHEN RECORDED MAIL TO:

QUITCLAIM DEED
APN 132-31-042

The City of Palo Alto, a chartered city and municipal corporation, as Grantor, hereby QUITCLAIMS to Brown Fairchild-Park Investment Company, L.P., a California Limited Partnership, as Grantee, all of Grantor’s rights, title and interests in the following real property in the City of Palo Alto, County of Santa Clara, State of California, by virtue of the Option Agreement dated June __, 2008 and the Memorandum of Option dated June __, recorded on ________________, 2008 as instrument number ________________, in the Official Records of Santa Clara County, California, and the Option Agreement referred to therein:

SEE EXHIBIT A ATTACHED HERETO

Dated: June __, 2008

CITY OF PALO ALTO,
A chartered city and municipal corporation

By: ____________________________
    Frank Benest
    City Manager
ACKNOWLEDGMENT

State of California

County of __________________________

On _________________, 2008, before me __________________________________________
personally appeared, __________________________________________

________________________________________

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature: __________________________

Signature of Notary Public
EXHIBIT D

LIST OF ENVIRONMENTAL DOCUMENTS


2. Santa Clara Valley Water District letter to Vance Brown & Sons, Inc. dated February 6, 1997 and attachments (UST Case Closure letter – Case No. 14-334);

3. Uriah, Inc. letter dated February 28, 1989 regarding the installation and development of one ground water monitoring well at 2747 Park Boulevard;

4. Uriah, Inc. letter to Vance Brown & Sons dated October 21, 1988 with enclosures (Soil Sampling Report dated October 18, 1988 re subsurface soil sampling following "dig out" at 2747 Park Boulevard);

5. Geonomics, Inc. letter to Vance M. Brown & Sons dated July 28, 1986 re precision tests on USTs at 2747 Park Boulevard;


7. Uriah Inc. letter to Vance Brown and Sons dated February 28, 1989 (regarding Installation and Development of One Groundwater Monitoring Well at 2747 Park Boulevard.); and

EXHIBIT E
[PRELIMINARY TITLE REPORT]
TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER
DATE: APRIL 14, 2008

DEPARTMENT: PUBLIC WORKS
CMR:186:08

SUBJECT: RECOMMENDATION FROM THE FINANCE COMMITTEE TO THE COUNCIL REGARDING THE UPDATE ON GENERAL FUND INFRASTRUCTURE BACKLOG

RECOMMENDATION
City Council review the General Fund Infrastructure Backlog information provided with this report and direct staff to return to the Finance Committee with an implementation plan to address the backlog.

COMMITTEE REVIEW AND RECOMMENDATIONS
The Committee voted unanimously to have staff present the same information presented to the Finance Committee to the City Council for their input as they review the Capital Budget during the upcoming budget process. There are no changes to the City Manager’s Report.

ATTACHMENTS
Attachment 1: CMR:167:08
Attachment 2: March 18, 2008 Finance Committee Meeting Minutes

PREPARED BY: MIKE SARTOR
Assistant Director of Public Works

DEPARTMENT HEAD: GLENN S. ROBERTS
Director of Public Works

CITY MANAGER APPROVAL: EMILY HARRISON
Assistant City Manager
TO:  HONORABLE CITY COUNCIL

ATTN:  FINANCE COMMITTEE

FROM:  CITY MANAGER

DATE:  MARCH 18, 2008

DEPARTMENT:  PUBLIC WORKS

SUBJECT:  UPDATE ON GENERAL FUND INFRASTRUCTURE BACKLOG

RECOMMENDATION
Finance Committee to review the General Fund Infrastructure backlog information provided with this report and direct staff to return to the Finance Committee with an implementation plan to address the backlog.

BACKGROUND
In 1998, staff proposed a $100 million, ten-year General Fund Infrastructure Management Plan (IMP) for maintenance and improvement of the City's existing infrastructure based on an infrastructure management study by Adamson Associates (Adamson Study) completed in January of that year. Although the Adamson Study identified nearly $400 million in recommended infrastructure improvements over a twenty-five year period, staff recommended limiting the IMP to $100 million over the first ten-year period for only the most critical needs addressing safety and building integrity issues. In 2001, staff presented a proposal to fund the $100 million, ten year IMP implementation. At that time Council also adopted a policy that existing resources would be used to rehabilitate existing infrastructure and new infrastructure projects would be approved only if new resources could be identified.

Despite that policy direction, a number of new projects have been approved by the Council using the funding designated for the IMP including the Library Bond Measure effort of 2002, Roth Building, Heritage Park, Children's Library renovation and expansion, and the design of the new Public Safety building. Also, the increasing cost of construction has impacted the IMP funding plan as costs have risen dramatically since the Adamson Study. Lastly, the Adamson Study did not provide for additional costs triggered by code requirements such as seismic upgrades and Americans with Disabilities Act (ADA) access. As a result, almost all of the Infrastructure Reserve (IR) funds have been appropriated for infrastructure CIP projects through 2007-08, seven years into the IMP, and there are many more critical rehabilitation projects to be accomplished.
In fiscal year 2006-07 Council adopted a proposal to add $3 million each year to the IR to address the growing backlog of infrastructure projects needed to be accomplished. This amount was included in the 2007-08 budget and will be continued in future years of the General Fund CIP development and will be increased each to address the rise in construction costs. The 2007-08 IR is currently at $16.2 million.

DISCUSSION
Staff has updated the General Fund infrastructure inventory, because the Adamson Study is 10 years old and so much has changed since it was done, and because the Council directed staff as part of the 2007-08 Budget process to reconfigure the IMP to incorporate new and existing infrastructure projects in a comprehensive, prioritized plan,

This report provides a snapshot of the total probable backlog for General Fund infrastructure that will need IR funding over the next twenty years (2007-27). This inventory does not include enterprise funded infrastructure such as utilities, water quality control plant, storm drains or the landfill and recycling center. The attached Table 1 shows a total backlog of about $307 million in 2008 dollars to accomplish infrastructure repairs and renovations over the next 20 years in the areas of streets, sidewalks, bridges, parks and open space, City buildings and at facilities shared with the Palo Alto Unified School District. In addition, the attached Table 2 shows another $148 million, in 2008 dollars, will be needed to address future infrastructure needs at major City facilities such as building replacements at the Municipal Services Center (MSC), Fire Stations 3 and 4, and the Animal Shelter, replacement of the Civic Center plaza deck and completion of the Charleston Arastradero Corridor and Byxbee Park Phase II projects. Therefore, the total General Fund infrastructure backlog for the next 20 years is projected to be almost $455 million in 2008 dollars. Unfortunately, the cost of construction will continue to increase these costs over time adding to the projected backlog.

The costs shown on Attachment A were developed using data provided by:
- Kitchell CEM, consultants who have recently completed a review of existing City Buildings and prepared associated cost estimates
- The City's pavement maintenance management system
- The City's 35 district sidewalk replacement program
- Parks and Open Space annual surveys
- Staff survey of all existing bridges within the City, many of which are shared by neighboring cities

RESOURCE IMPACT
While the adopted 2007-12 budget plans to appropriate $50.6 million $155.2 million has been identified as the cost to address the infrastructure backlog over the next five years (2007-12) while the Adopted 2007-12 budget plans to appropriate $50.6 million. This leaves almost $105 million in unfunded backlog for the first five years. The two primary reasons for this are IR Fund revenue limitations and staff resource limitations necessary to manage the projects. The
Kitchell report also noted that if the City devoted more staff time to facilities maintenance and repairs, future costs devoted to building renovations could likely be reduced.

Staff plans to return to the Finance Committee to present an implementation plan to address the General Fund infrastructure backlog.

ENVIRONMENTAL REVIEW
Finance Committee review of the General Fund infrastructure backlog does not represent a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS
Attachment A: Table 1 - “General Fund Infrastructure Backlog Summary”
Attachment B: Table 2 - “Other Major Infrastructure Projects”

PREPARED BY:  
J. MICHAEL SARTOR  
Assistant Public Works Director

DEPARTMENT HEAD:  
GLENN S. ROBERTS  
Director of Public Works

CITY MANAGER APPROVAL:  
EMILY HARRISON  
Assistant City Manager
## General Fund Infrastructure Backlog Summary

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<tbody>
<tr>
<td>Annual Maintenance</td>
<td>$4,800,000</td>
<td>$4,784,945</td>
<td>$15,055</td>
<td>$5,341,908</td>
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<tr>
<td>District Repairs</td>
<td>$11,676,134</td>
<td>$3,315,055</td>
<td>$8,361,079</td>
<td>$2,758,092</td>
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<tbody>
<tr>
<td>$438,490</td>
<td>$46,000</td>
<td>$392,490</td>
<td>$3,119,200</td>
<td>$2,626,750</td>
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</tbody>
</table>

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<tbody>
<tr>
<td>$7,244,000</td>
<td>$7,244,000</td>
<td>$0</td>
<td>$4,148,152</td>
<td>$7,206,220</td>
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<tbody>
<tr>
<td>$3,766,828</td>
<td>$1,306,500</td>
<td>$2,460,328</td>
<td>$3,961,787</td>
<td>$4,899,231</td>
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</thead>
<tbody>
<tr>
<td>Structures</td>
<td>$94,788,149</td>
<td>$18,376,702</td>
<td>$76,411,447</td>
<td>$10,911,139</td>
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<tr>
<td>Parking Lots</td>
<td>$2,493,565</td>
<td>$150,000</td>
<td>$2,343,565</td>
<td>$3,760,827</td>
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<tr>
<td>Site Improvements</td>
<td>$400,000</td>
<td>$400,000</td>
<td>$0</td>
<td>$1,453,340</td>
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</table>

<table>
<thead>
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</thead>
<tbody>
<tr>
<td>$255,000</td>
<td>$125,000</td>
<td>$130,000</td>
<td>$476,490</td>
<td>$122,500</td>
</tr>
<tr>
<td>Subtotals</td>
<td>$155,164,166</td>
<td>$50,622,116</td>
<td>$104,542,050</td>
<td>$57,379,916</td>
</tr>
<tr>
<td>Total Backlog</td>
<td>$155,164,166</td>
<td>$50,622,116</td>
<td>$104,542,050</td>
<td>$57,379,916</td>
</tr>
</tbody>
</table>

Total $307,170,445

Costs = construction cost x 1.4 for project development (excluding annual street program and sidewalks)
Costs are in 2008 dollars, inflation not included

1 No major work is anticipated until 2012
2 No work is needed due to life cycle analysis
**Other Major Infrastructure Projects**

<table>
<thead>
<tr>
<th>Project</th>
<th>Project Cost¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSC Building Replacement</td>
<td>$93,000,000</td>
</tr>
<tr>
<td>Fire Station 3</td>
<td>$6,700,000</td>
</tr>
<tr>
<td>Fire Station 4</td>
<td>$7,500,000</td>
</tr>
<tr>
<td>Animal Shelter</td>
<td>$6,350,000</td>
</tr>
<tr>
<td>Junior Museum</td>
<td>$735,000</td>
</tr>
<tr>
<td>Lytton Plaza</td>
<td>$350,000</td>
</tr>
<tr>
<td>Charleston Arastradero Corridor</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Civic Center Plaza Deck</td>
<td>$16,000,000</td>
</tr>
<tr>
<td>Bxybee Park Phase II</td>
<td>$3,625,000</td>
</tr>
<tr>
<td>Los Altos Treatment Plant Clean-up &amp; Preparation²</td>
<td>$2,040,000</td>
</tr>
<tr>
<td>San Antonio Road Median &amp; Roadway Improvements Phase II</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Roth Building Restrooms</td>
<td>$250,000</td>
</tr>
<tr>
<td></td>
<td><strong>$148,050,000</strong></td>
</tr>
</tbody>
</table>

¹ 2008 Dollars
²This is the general fund portion only

**Notes:**
- Library Bond to be on ballot in November 2008. If bond does not pass, major renovations are expected at Mitchell Park Library & Community Center, Downtown & Main Libraries. The renovations cost are not shown in the infrastructure backlog.
- This list does not include future new infrastructure such as an intermodal transit center, Caltrain grade separations for pedestrians, etc.
Chairperson Morton called the meeting to order at 7:01 p.m. in the Council Chambers, 250 Hamilton Avenue, Palo Alto, California.

Present: Burt, Morton (chair), Schmid, Yeh

1. Oral Communications

Wynn Grcich, 3045 Mira Loma, Union City, spoke regarding water pollution in the bay and where it is coming from.

Mike Francois, 224 Gardenia Way, East Palo Alto, spoke regarding pollution in the water in East Palo Alto.

2. Update on General Fund Infrastructure Backlog

Assistant Public Works Director Mike Sartor spoke regarding original general fund infrastructure reserve backlog versus updated inventory, summary of updated plan, challenges and next steps.

**MOTION:** Chairman Morton moved, seconded by Council Member Schmid to have staff incorporate tonight's visual presentation during the upcoming budget process for full Council review.

**MOTION PASSED 4-0.**

3. Utilities Advisory Commission Recommendation to Adopt a Resolution Adopting a Water Rate Increase and Amending Utility Rate Schedules W-1, W-2, W-4, and W-7

Utilities Director Valerie Fong presented the need for rate increases for the water, gas, and electric funds via the Proposition 218 process.

Wynn Grcich, 3045 Mira Loma, Union City spoke regarding water rates charged to Bay Area residents and not to raise water rates for Palo Alto residents.
MOTION: Council Member Yeh moved, seconded by Chairman Morton, that the Finance Committee recommend to the City Council to adopt the attached resolution to:

(a) Approve an 8 percent increase to retail water rates, for Fiscal Year (FY) 2008-09, effective July 1, 2008, which will increase annual revenues by $2.0 million; and

(b) Approve the changes to the Water Utility Rate Schedules (W-1, W-2, W-4, and W-7).

MOTION PASSED 4-0

The Committee took a break at 8:30 p.m., returning at 8:35 p.m.

4. Utilities Advisory Commission Recommendations to Adopt a Resolution to Adopting a Natural Gas Rate Increase and Amending Utility Rate Schedules G-1, G-2, G-6, and G-10

MOTION: Council Member Burt moved, seconded by Council Member Yeh, that the Finance Committee recommend to the City Council to approve the attached resolution to:

(a) Approve a 7.1 percent increase to natural gas retail rates, for Fiscal Year (FY) 2008-09, effective July 1, 2008, which will increase annual revenues by $3.4 million; and

(b) Approve the changes to the Gas Utility Rate Schedules (G-1, G-2, G-6 and G-10).

MOTION PASSED 4-0

5. Utilities Advisory Commission Recommendation to Adopt a Resolution Adopting an Electric Rate Increase and Amending Utility Rate Schedules E-1, E-1-G, E-2, E-2-G, E-4, E-4-G, E-4-TOU, E-7, E-7-G, E-7-TOU, E-14, E-16, E-18 and E-18-G

MOTION: Chairman Morton moved, seconded by Council Member Schmid, that the Finance Committee recommend to the City Council to approve to adopt the attached resolution to:

(a) Approve a 14 percent increase to electric retail rates, for Fiscal Year (FY) 2008-09, effective July 1, 2008, which will increase annual revenues by $12.9 million; and,
(b) Approve the changes to the Electric Utility Rate Schedules (E-1, E-1-G, E-2, E-2-G, E-2, E-2-G, E-4, E-4-G, E-4-TOU, E-7, E-7-G, E-7-TOU, E-14, E-16, E-18 AND E-18-G).

**MOTION PASSED** 4-0.

6. Approval of Refuse Rate Increase; Request for Adoption of a Resolution to Amend Utility Rate Schedules R-1, R-2, and R-3

Public Works Director Glen Roberts spoke regarding challenges in the refuse fund and the need for rate increases for refuse services via the Proposition 218 process.

**MOTION:** Council Member Schmid moved, seconded by Council Member Burt that the Finance Committee recommend to the City Council to approve the increase in Refuse Rates; and to adopt the resolution to Amend Utility Rate Schedules R-1, R-2, and R-3;

**MOTION PASSED:** 4-0

**MOTION:** Council Member Burt moved, seconded by Council Member Yeh that Staff bring back with the budget additional information based on discussion with the City Attorney on ways in which the cost structure might encourage waste reduction.

**MOTION PASSED** 4-0.

7. Discussion for Future Meeting Schedules and Agendas

   April 1, 2008
   April 22, 2008
   May 2008- Budget Meetings

**ADJOURNMENT:** The meeting adjourned at 10:01 p.m.
Palo Alto PSB - Massing Studies
Overview

- Background
- Peer Review Committee feedback
- Library/Community Center and Public Safety Building Cost Estimate Update
- Summary/Next Steps
- Council Questions
Background / Peer Review Committee

- February 11, 2008, Council directed staff to form a peer review committee
- Objective: evaluate project costs and designs
- Held three meetings: March 10, April 2, April 24

Committee Members:
- Doug Hohbach, Structural Engineer
- Tony Carrasco, Architect
- John Northway, Architect
- John Gaston, Construction Manager
- Michael Fuller, City of Mountain View
- DeeDee Flauding, City of San Jose
- City Staff

Peer Review Committee Feedback

- Project cost estimates are reasonable for both projects
- More efficient layout of the Public Safety Building (PSB) could reduce construction costs
- The City received today a letter of intent to purchase the adjacent parcel which will allow for this
- Staff plans to present this issue for Council consideration in June
Review of Project Costs

- Committee reviewed design, construction, and related project costs
- Design costs for other cities ranged 8 to 13% of construction
  - 10.5% for Public Safety Building design cost is reasonable
- Construction Management costs for other cities ranged from 4 to 8% of construction
- Construction costs for other libraries ranged from $413 – 561 / sf
  - Mitchell Park Library cost estimate: $455/sf

Review of Project Contingencies

- Two types of contingency
  - design - for changes in design scope
  - construction - for unforeseen costs during construction
- Project contingencies are reasonable
Review of Project Escalation Rates

- City currently using an 8% escalation rate
- Committee found this rate reasonable
- Past years: 10% or higher escalation rate
- Construction market different from consumer market
  - January 2008: construction costs up 30%, CPI up only 14.5%
- The Associated General Contractors of America (AGC) predicts 6-8% construction cost increases for 2008

Peer Evaluation of PSB design

- One-parcel design:
  - L-shaped building
  - Lower garage efficiency
  - Lower building efficiency

- Two-parcel design:
  - Parallel buildings
  - Garage more efficient and lower cost
  - More efficient building
### Public Safety Building Cost Update: May 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Public Safety Building - L Shaped</th>
<th>Public Safety Building - Parallel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Construction Cost in 2008</td>
<td>$36.0M</td>
<td>$33.0M</td>
</tr>
<tr>
<td>Design Costs (10%-11%)</td>
<td>$3.6M</td>
<td>$3.6M</td>
</tr>
<tr>
<td>Construction Management (3%)</td>
<td>$1.1M</td>
<td>$1.0M</td>
</tr>
<tr>
<td>Contingencies (20%)</td>
<td>$7.2M</td>
<td>$6.6M</td>
</tr>
<tr>
<td>Escalation Cost (4% Per year)</td>
<td>$7.0M (2 years)</td>
<td>$6.4M (2 years)</td>
</tr>
<tr>
<td>Equipment and Technology</td>
<td>$3.0M</td>
<td>$3.0M</td>
</tr>
<tr>
<td>Land Costs</td>
<td>$11.0M</td>
<td>$14.0M (estimated)</td>
</tr>
<tr>
<td>Total Escalated Project Cost</td>
<td>$69M</td>
<td>$68M (possible $1 million savings)</td>
</tr>
</tbody>
</table>

The above does not include financing costs.

### Libraries (Mitchell, Main, and Downtown) & Community Center Cost Update: May 2008

<table>
<thead>
<tr>
<th>Description</th>
<th>Costs - Feb 2008</th>
<th>Costs - May 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Cost</td>
<td>$39.5M</td>
<td>$39.5M</td>
</tr>
<tr>
<td>Project Development Cost</td>
<td>$11.4M</td>
<td>$9.0M</td>
</tr>
<tr>
<td>Contingency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Contingency-10%</td>
<td>$3.6M</td>
<td>$3.9M</td>
</tr>
<tr>
<td>Construction Contingency-10%</td>
<td>$3.9M</td>
<td>$3.9M</td>
</tr>
<tr>
<td>Escalation Cost (for 2-4 years, 8% / yr)</td>
<td>$16.3M</td>
<td>$15.3M</td>
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<tr>
<td>Equipment and Technology</td>
<td>$4.3M</td>
<td>$4.3M</td>
</tr>
<tr>
<td>Temporary Facilities (allowance)</td>
<td>$0.6M</td>
<td>$0.6M</td>
</tr>
<tr>
<td>Total Escalated Project Cost</td>
<td>$80M</td>
<td>$77M</td>
</tr>
<tr>
<td>LEED Gold (14-year payback period)</td>
<td>$1.2 M (4.3%)</td>
<td>$1.3 M (4.6%)</td>
</tr>
</tbody>
</table>

The above does not include financing costs.
**Libraries (Mitchell, Main, and Downtown) & Community Center Cost Update: May 2008**

<table>
<thead>
<tr>
<th></th>
<th>MITCHELL PARK LIBRARY &amp; CC</th>
<th>MAIN LIBRARY</th>
<th>DOWNTOWN LIBRARY</th>
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<tbody>
<tr>
<td><strong>Construction Cost</strong></td>
<td>$28.1M</td>
<td>$0.0M</td>
<td>$2.4M</td>
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<tr>
<td><strong>Project Development Cost</strong></td>
<td>$0.2M</td>
<td>$2.5M</td>
<td>$0.5M</td>
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<tr>
<td>Contingency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Contingency-10%</td>
<td>$2.0M</td>
<td>$0.5M</td>
<td>$0.2M</td>
</tr>
<tr>
<td>Construction Contingency-10%</td>
<td>$2.0M</td>
<td>$0.5M</td>
<td>$0.2M</td>
</tr>
<tr>
<td><strong>Escalation Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3% per yr)</td>
<td>$0.8M (3 years)</td>
<td>$5.2M (4 years)</td>
<td>$0.5M (2 years)</td>
</tr>
<tr>
<td><strong>Equipment and Technology</strong></td>
<td>$2.6M</td>
<td>$1.4M</td>
<td>$0.3M</td>
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<tr>
<td><strong>Temporary Facilities (allowance)</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Total Escalated Project Cost</strong></td>
<td>$52.7M</td>
<td>$18.7M</td>
<td>$4.1M</td>
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<tr>
<td>Eligible for GO bonds</td>
<td>$45.5M</td>
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<td>Non-eligible for GO bonds</td>
<td>$3.2M</td>
<td>$1.4M</td>
<td>$0.1M</td>
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*The above does not include financing costs*

**Summary**

Based on the Peer Review Committee’s input the City:

- May be able to reduce PSB costs by utilizing a two-parcel, more efficient building design
- Reduced library project development costs and resulting escalation amount to reflect current market conditions
Recommended Next Steps

Peer Review Committee future involvement:

- Review project delivery methods
  - Traditional Design-Bid-Build
  - Construction Manager as General Contractor
  - Multiple Prime Contracting
- Project layouts
- Potential design efficiencies

Council Questions