TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: AUGUST 2, 2010 CMR:333:10
REPORT TYPE: CONSENT

SUBJECT: Approval of a Contract with Alternative Resources Inc. in the Total Amount not to Exceed $197,758 for Energy/Compost Feasibility Study and Environmental Impact Initial Study

RECOMMENDATION
Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract (Attachment A) with Alternative Resources Inc., in the total amount of $197,758 for the Energy/Compost Feasibility Study and Environmental Impact Initial Study. This amount includes $179,758 for basic services and $18,000 for additional services.

BACKGROUND
On April 5, 2010 Council directed staff to initiate a feasibility study for dry anaerobic digestion in Palo Alto. The final approved motion consisted of the following points:

1. Direct staff to initiate the process to hire a consultant to conduct a feasibility study and appropriate-level environmental review for a dry anaerobic digestion facility on 8 to 9 acres of Byxbee Park adjacent to the Regional Water Quality Control Plant;
2. Continue the moratorium on commercial waste acceptance at the Palo Alto Landfill; and
3. Provide an interim report to Council regarding the economics of the feasibility study options.

A history of events leading up to the Council action on April 5, 2010 is detailed in CMR 165:10. Prior to solicitation, the draft scope of work and timeline for the feasibility study and environmental impact analysis was included in informational CMR:251:10 on May 24, 2010.

DISCUSSION
The result of the project will be a detailed feasibility study for a dry anaerobic energy facility in Palo Alto with the appropriate level of environmental impact review. The study will examine a facility that would recover energy from methane derived from dry anaerobic digestion from feedstocks consisting of food scraps, yard trimmings, and, possibly wastewater biosolids. Besides energy, the primary end product from the processes would be a marketable soil amendment material similar to finished compost.
An Initial Study Checklist pursuant to the California Environmental Quality Act (CEQA) will be prepared as early as possible during the study. Further CEQA work may be performed as appropriate following the Initial Study Checklist. The location of the Palo Alto facility would be immediately southeast of the Palo Alto Regional Water Quality Control Plant on an 8 to 9 acre site per Council direction.

Several project alternatives relating to the different possible feedstocks will be examined during the study. The costs, impacts, and benefits will be compared to a “no action” alternative and to the alternative of a similar processing facility located outside of Palo Alto, but within 20 miles.

The proposed contract timeline for the overall study is included as Exhibit “B” in Attachment A. The first major task that will be performed by the Consultant is the facilitation of at least one community scoping meeting for the study. This public scoping session will collect ideas and concerns for the project to help guide the rest of the study. This will be especially helpful for costing out suggested environmental mitigation proposals. One such proposal is that the facility includes a green roof system that integrates with the closed landfill cap. A follow-up suggestion indicated that the Byxbee Park recreational trail system needs to be considered in the design. Staff will present the results of the initial community meeting to the Parks and Recreation Commission tentatively scheduled for September 28, 2010.

The second major task will be the preparation of a preliminary economic analysis of the proposed facility funding and operating scenarios. The economic analysis will examine the project with and without a rent payment for use of the City-owned land. It will also include the economics of greenhouse gas (GHG) carbon credits and renewable energy credits. Lastly, it will present the economics in two main ways. The first would be in terms of the total overall costs and benefits to the City of Palo Alto and the partners of the Regional Water Quality Control Plant. The second way would be in terms of costs and benefits to the individual enterprise funds and general fund (if applicable). Staff expects to present a draft of the preliminary economic report to Council in early 2011. The final preliminary economic analysis would be presented by spring of 2011 for further Council action and direction on the overall project.

During the budget process in spring 2011, staff would initiate a formal capital improvement project (CIP) for the proposed facility depending on the outcome of future Council actions. Staff expects that an additional budget for the consultant beyond the initial contract award will be required to continue the project at that point.

The contract with Alternative Resources Inc. is for study purposes only and does not constitute a design contract. This feasibility study together with the preliminary environmental impact assessment can then be used by Council to make further decisions regarding a future project. A full appropriate-level environmental impact report would then be performed through a contract amendment for additional services depending on future Council action.
Summary of Solicitation Process

<table>
<thead>
<tr>
<th>Proposal Description/Number</th>
<th>Energy/Compost Feasibility Study and Environmental Impact Initial Study (RFP #136602)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>15 months</td>
</tr>
<tr>
<td>Number of Proposals Mailed</td>
<td>34</td>
</tr>
<tr>
<td>Total Days to Respond to Proposal</td>
<td>21</td>
</tr>
<tr>
<td>Pre-Proposal Meeting?</td>
<td>Yes</td>
</tr>
<tr>
<td>Number of Companies at Pre-Proposal Meeting on June 9, 2010</td>
<td>18</td>
</tr>
<tr>
<td>Number of Proposals Received:</td>
<td>7</td>
</tr>
<tr>
<td>1. Institute for Environmental Management</td>
<td>Palo Alto, CA</td>
</tr>
<tr>
<td>2. Alternative Resources Inc.</td>
<td>Concord, MA</td>
</tr>
<tr>
<td>3. WorleyParsons Group, Inc.</td>
<td>Martinez, CA</td>
</tr>
<tr>
<td>4. URS Corporation Americas</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>5. HDR Engineering, Inc.</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>6. Golder Associates, Inc.</td>
<td>Sunnyvale, CA</td>
</tr>
<tr>
<td>7. Carollo Engineers, Inc.</td>
<td>Walnut Creek, CA</td>
</tr>
<tr>
<td>Range of Proposal Amounts Submitted</td>
<td>$179,785 to $348,000</td>
</tr>
</tbody>
</table>

An evaluation committee consisting of 3 staff members from Public Works evaluated the written proposals. Three firms were selected for interviews. An expanded evaluation committee consisting of 5 staff members from Public Works and Utilities then unanimously selected Alternative Resources Inc. as the top proposer after interviewing them and the 2 other finalists on July 1, 2010. Alternative Resource Inc. is a small research firm with strong experience studying waste conversion technologies, including dry anaerobic digestion. Alternative Research Inc. was selected because they had the most direct experience analyzing similar potential facilities in the United States for government clients. The firm (and its sub-consultants) showed the most detailed understanding of the work which is needed in Palo Alto’s situation. Their approach for data collection for dry anaerobic digestion was extremely well-organized, and they recognized the need to be fully transparent with respect to all data and analysis. Other firm’s proposals were good, but not quite as strong.

**RESOURCE IMPACT**

Funding for this study is comprised of $75,000 from Refuse Fund operating budget for landfill contract services in fiscal year 2010-11; $47,758 from the Wastewater Treatment Fund; and $75,000 from the Electric Fund Calaveras Reserve. (Approval from Council to use $75,000 from the Calaveras Reserve is required and is the subject of a separate, companion City Manager’s Report (CMR:323:10) also on the August 2, 2010 Council Agenda. This expenditure has been reviewed by the Utilities Advisory Commission and is recommended for approval.)
POLICY IMPLICATIONS
The “no action” scenario and the use of a similar anaerobic digestion facility outside of Palo Alto represent the current organic waste management policy established in the Zero Waste Operations Plan. That 2007 policy document recommends using regional facilities to handle organics processing, however it does state in chapter 1.4 that emerging technologies such as anaerobic digestion could assist the City with achieving higher rates of waste diversion.

The proposed Palo Alto dry anaerobic digestion facility scenario is consistent with established Council policies on reducing greenhouse gas emissions, but is not consistent with the Comprehensive Plan or the 2008 Baylands Master Plan. However, the current action by Council only authorizes a Feasibility Study. Should a project be proposed, the Comprehensive Plan and the 2008 Baylands Master Plan would have to be modified.

ENVIRONMENTAL REVIEW
As requested by Council an appropriate level of environmental review will be performed as part of this detailed feasibility study. However, it is important to note that a feasibility study is not subject to environmental review requirements under Section 15262 of the California Environmental Quality Act (CEQA) Guidelines.

ATTACHMENTS
Attachment A: Contract

PREPARED BY: MATTHEW A. RASCHKE
Senior Engineer

DEPARTMENT HEAD: GLENN S. ROBERTS
Director of Public Works

CITY MANAGER APPROVAL: JAMES KEENE
City Manager
CITY OF PALO ALTO CONTRACT NO.: C11136602

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND
ALTERNATIVE RESOURCES, INC.
FOR PROFESSIONAL SERVICES

ENERGY/COMPOST FEASIBILITY STUDY AND ENVIRONMENTAL
IMPACT INITIAL STUDY

This AGREEMENT is entered into on this ______ day of August, 2010, by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and ALTERNATIVE RESOURCES, INC., a corporation in the State of Massachusetts, with offices located at 1732 Main Street, Concord, MA 01742-3837 ("CONSULTANT").

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to conduct a Feasibility Study for a Dry Anaerobic Digestion facility for organic residuals ("Project") and desires to engage a consultant to prepare the Feasibility Study 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 January 31, 2012 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.
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 fault of CONSULTANT.

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit “A”, including both payment for professional services and reimbursable expenses, shall not exceed one hundred seventy-nine thousand seven hundred fifty-eight dollars ($179,758). In the event Additional Services are authorized, the total compensation for services and reimbursable expenses shall not exceed one hundred ninety-seven thousand seven hundred fifty-eight dollars ($197,758). The applicable rates and schedule of payment are set out in Exhibit “C-1”, entitled “HOURLY RATE SCHEDULE,” which is attached to and made a part of this Agreement.

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 invoices to the CITY describing the services performed and the applicable charges (including an identification of personnel who performed the services, hours worked, hourly rates, and reimbursable expenses), based upon the CONSULTANT’s billing rates (set forth in Exhibit “C-1”). If applicable, 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 all permits and licenses, pay all
CITY OF PALO ALTO CONTRACT NO.: C11136602

charges and fees, and give all notices required by law in the performance of the Services.

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or ambiguities 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 errors, omissions or ambiguities discovered prior to and during the course of construction of the Project. This obligation shall survive termination of the Agreement.

SECTION 9. COST ESTIMATES. If this Agreement pertains to the design of a public works project, CONSULTANT shall submit estimates of probable construction costs at each phase of design submittal. If the total estimated construction cost at any submittal exceeds ten percent (10%) of the CITY’s stated construction budget, CONSULTANT shall make recommendations to the CITY for aligning the PROJECT design with the budget, incorporate CITY approved recommendations, and revise the design to meet the Project budget, at no additional cost to CITY.

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:

1. Douglas Environmental
2. Ascent Environmental
3. Facility Builders & Erectors

CONSULTANT shall be responsible for directing the work of any 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.

SECTION 13. PROJECT MANAGEMENT. CONSULTANT will assign James Binder as the Principal to have supervisory responsibility for the performance, progress, and execution of the Services and as the project manager to represent CONSULTANT during the day-to-day work on the
Project. If circumstances cause the substitution of the project director, project coordinator, 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 Phil Bobel, Public Works Department, Environmental Compliance Division, 2501 Embarcadero Way, Palo Alto, CA 94303, Telephone: 650-329-2285. 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. 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 without the prior written approval of the City Manager or designee. CONSULTANT makes no 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.

☐ [Option A applies to the following design professionals pursuant to Civil Code Section 2782.8: architects; landscape architects; registered professional engineers and licensed professional land surveyors.] 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 attorneys fees, 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, regardless of whether or not it is caused in part by an Indemnified Party.

☒ [Option B applies to any consultant who does not qualify as a design professional as defined in Civil Code Section 2782.8.] 16.1. To the fullest extent permitted by law, CONSULTANT shall
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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 attorneys fees, experts fees, court costs and disbursements (“Claims”) resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from Claims arising from the active negligence, sole negligence or willful misconduct of an Indemnified Party.

16.3. 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 and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days’ prior written notice of the cancellation or modification, 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
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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 a 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 as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion.

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
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.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT shall comply with the City’s Environmentally Preferred Purchasing policies which are available at the city’s Purchasing Department which are incorporated by reference and may be amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of the City’s Zero Waste Program. Zero Waste best practices include first minimizing and reducing waste; second, reusing waste and third, recycling or composting waste. In particular, Consultant shall comply with the following zero waste requirements:

- All printed materials provided by Consultant to City generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by the City’s Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable based inks.
- Goods purchased by Consultant on behalf of the City shall be purchased in
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accordance with the City’s Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Office.

- Reusable/returnable pallets shall be taken back by the Consultant, at no additional cost to the City, for reuse or recycling. Consultant shall provide documentation from the facility accepting the pallets to verify that pallets are not being disposed.

SECTION 24. NON-APPROPRIATION

24.1. 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.

24.2. 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.

SECTION 25. MISCELLANEOUS PROVISIONS.

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

25.2. 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.

25.3. The prevailing party in any action brought to enforce the provisions of this Agreement may recover its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to recover an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.

25.4. 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.

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

25.6. 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.
25.7. 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.

24.10 If, pursuant to this contract with CONSULTANT, City shares with CONSULTANT personal information as defined in California Civil Code section 1798.81.5(d) about a California resident ("Personal Information"), CONSULTANT shall maintain reasonable and appropriate security procedures to protect that Personal Information, and shall inform City immediately upon learning that there has been a breach in the security of the system or in the security of the Personal Information. CONSULTANT shall not use Personal Information for direct marketing purposes without City's express written consent.

24.11 All unchecked boxes do not apply to this agreement.
CITY OF PALO ALTO CONTRACT NO.: C11136602

CITY OF PALO ALTO

City Manager
(Required for contracts over $85,000)
Purchasing Manager
(Required for contracts over $25,000)
Contracts Administrator
(Required for contracts under $25,000)

APPROVED AS TO FORM:

Senior Assistant City Attorney

CONSULTANT:
ALTERNATIVE RESOURCES, INC.

By:

Name:

Title:

Attachments:

EXHIBIT “A”: SCOPE OF WORK
EXHIBIT “B”: SCHEDULE OF PERFORMANCE
EXHIBIT “C”: COMPENSATION
EXHIBIT “C-1”: SCHEDULE OF RATES
EXHIBIT “D”: INSURANCE REQUIREMENTS
CITY OF PALO ALTO CONTRACT NO.: C11136602

EXHIBIT “A”
SCOPE OF SERVICES

GENERAL DESCRIPTION OF WORK
The project is to prepare a Feasibility Study for a Dry Anaerobic Energy/Compost Facility in the City of Palo Alto, California. The facility would recover energy from methane derived from dry anaerobic digestion of food scraps, yard trimmings, and, possibly wastewater biosolids. The chief residual from the processes would be compost. The Feasibility Study would include an economic, greenhouse gas, and environmental impact analysis. An Initial Study (CEQA Checklist) pursuant to the California Environmental Quality Act will also be prepared. (Further California Environmental Quality Act work may be performed through a Contract Amendment.) Several suboptions will be studied. The costs, impacts, and benefits will be compared to a “no action” alternative and to the alternative of a similar processing facility located outside of Palo Alto, but within 20 miles. The location of the Palo Alto facility would be immediately southeast of the Palo Alto Regional Water Quality Control Plant on an 8-9 acre site.

BACKGROUND
The City of Palo Alto currently handles organic residuals in the following ways:
1. Yard trimmings are composted at the Palo Alto landfill site in uncovered windrows;
2. Residential food scraps are disposed of with the garbage and landfilled in South San Jose;
3. Commercial food scraps are increasingly being source separated and composted near Gilroy, CA, with the remainder being landfilled in South San Jose; and
4. Wastewater Biosolids are dewatered and incinerated at the Regional Water Quality Control Plant in Palo Alto.

The 8-9 acre site described above is currently on dedicated Parkland. The site would have to be undedicated by a vote of the residents before an Energy/Compost Facility could be constructed. A number of other approvals and permits would also be needed. However, this Scope of Services does not include working on these approval processes. The City already operates its own gas and electric utilities, which are potential users of gas or energy generated by an anaerobic digestion facility. The electric enterprise fund has been directed to procure 33% of its electric supply from renewable sources by 2015. The gas enterprise fund is investigating opportunities to supply some load using biogas. The City also fuels a portion of its vehicle fleet with compressed natural gas, which is another potential use for biogas generated by the facility.

PROJECT APPROACH
The Consultant will evaluate and compare three basic alternatives:
Alternative 1: A new dry anaerobic digestion facility adjacent to the Palo Alto Wastewater Treatment Plant.
Alternative 2: A similar Regional Facility adjacent to the San Jose Wastewater Treatment Plant
Alternative 3: The current facilities and plans which Palo Alto has arranged for its organics residuals following closure of the Palo Alto Landfill.

The City will provide much of the data for the analysis of Alternatives 2 and 3. The majority of the Consultants work will be on Alternative 1. There are two sites involved in Alternative 1, the 8-9 acre Landfill site just Southeast of the Wastewater Treatment Plant, and the Wastewater
Treatment Plant itself. Therefore, there will be subalternatives to Alternative 1 as follows:

Sub-options to Alternative 1:
1a.) A new dry anaerobic digestion for yard, food and biosolids on the landfill site (biosolids in separate cells).
1b.) Dry anaerobic digestion for yard, food and wet anaerobic digestion for biosolids on the landfill site.
1c.) Dry anaerobic digestion for yard and food on the landfill site and wet anaerobic digestion for biosolids on the Wastewater Plant site.
1d.) Dry anaerobic digestion for yard and food waste and no methane production from the biosolids.

The analysis of all four sub-options of Alternative 1 will assume that a common methane energy recovery facility will be located on the Landfill site. The analysis of all main options and sub-options will include:

1. A financial analysis;
2. A life-cycle analysis of greenhouse gas emissions; and
3. An analysis of environmental and other impacts.

The analysis of the wet anaerobic digestion process in Alternative 2 and Alternative 3 will be performed through a separate, parallel study: the Wastewater Long Range Planning process. The firm selected for that study will provide the evaluation of wet anaerobic digestion to the Consultant. Following submittal of Preliminary Analysis (Task 4), City will consider whether other alternatives should be considered as well. For example, it may become apparent that an alternative of a somewhat larger or smaller site would better accommodate a cost effective option, and be within the intent of the Council April 5, 2010 Directive to staff.

CONSULTANT SERVICES

TASK 1: Development of Detailed Workplan
The Consultant will develop a draft detailed Workplan and attend a kick-off meeting in Palo Alto with City representatives. The draft Workplan will be available for review prior to the meeting. Other goals of the kick-off meeting will be to review the draft Workplan and schedule, to establish the City's goals, objectives and expectations for the Feasibility Study and Environmental Impact Initial Study, and to establish lines of communication.

TASK 2: Community Scoping for Feasibility Study and for Environmental Review
The Consultant will attend a community meeting arranged by the City to solicit input on the Feasibility Study and Environmental Impact Initial Study. In addition to gathering information from the public on the Feasibility Study, a primary purpose of the community scoping meeting will be to identify key community concerns regarding the project's potential environmental effects. The CEQA environmental review process will be described, as necessary, and the opportunities for the public to participate in the environmental review process will be identified. Following the meeting, City comments will be incorporated into and a final Workplan will be issued.
TASK 3: Preparation of Draft Preliminary Financial and Greenhouse Gas Analysis
The Consultant will develop a financial model to evaluate each of the four (4) sub-options of Alternative 1. Using budgetary cost estimates supplemented with additional information such as estimated financing costs, the Consultant will calculate annual costs per ton and the total present value cost over the life cycle for each sub-option. The economic model will be constructed to enable the analysis of alternative project development scenarios (for example, private ownership and operation compared to publically-financed design/build/operate implementation), as well as the impact of potential grant and funding sources. In addition, the economic model will provide for consideration of the potential cost-savings associated with the prevailing tax exempt market should the City own the energy/compost facility. The preliminary financial model will be submitted to the City for review.

Key environmental parameters will be considered in preparing the draft preliminary evaluation. The key environmental parameters will be identified through consultation with the City, through the community scoping meeting input, and based on the professional experience of the project team. The key environmental parameters will be presented in a data management system format.

The greenhouse gas (GHG) analysis will discuss the current state of the science (e.g., Intergovernmental Panel on Climate Change's [IPCC] Fourth Assessment Report) along with applicable regulatory framework and relevant guidance (e.g., Assembly Bill [AB] 32, recently adopted CEQA Guideline amendments and Bay Area Air Quality Management District's [BAAQMD] Air Quality Guidance and GHG Thresholds of Significance). Specifically, as required by Senate Bill 97, the CEQA Guidelines were revised on December 30, 2009, to address GHG emissions under CEQA; this analysis will comply with these newly adopted guidelines along with those adopted by BAAQMD on June 2, 2010. The following analysis will be conducted for all alternatives and sub-options.

For project-generated construction-related emissions, the Urban Emissions Model (URBEMIS) will be used to estimate increases in GHGs (e.g., heavy-duty construction equipment exhaust). This modeling will be based on BAAQMD-recommended input parameters, project-specific construction data (e.g., size of disturbed ground area, construction phasing schedule), and URBEMIS default settings.

URBEMIS, the BAAQMD GHG Model (BGM), and methods from the California Air Resources Board (ARB) will be used to estimate direct project-generated operational-related emissions of GHGs for mobile, stationary, and area source types (e.g., vehicle trips associated with facility employees and material collection and delivery). This modeling will be based on BAAQMD-recommended input parameters, project-specific operational data (e.g., type and size of the proposed facility, operational schedule), default settings, and project specific traffic data (e.g., overall trip generation and vehicle miles traveled [VMT]). Other applicable quantification methods, emissions factors, and assumptions protocols from, but not limited to, the Western Climate Initiative, IPCC, California Climate Action Registry's General Reporting Protocol, and ARB will be used to estimate long-term operational-related indirect source emissions. These types of facilities are not a covered sector under ARB regulation for the mandatory reporting of GHG emissions; however, aspects of the digester offset quantification protocol may apply.
Additionally, though mandatory reporting would not be required or utilization of the digester offset protocol, quantification methods selected for this project will rely on ARB requirements and default emission factors, where applicable to this exact facility type, as stated in the regulation for usability in the future and substantiation of approach for legal defensibility. This analysis will also address the GHG emissions (e.g., lifecycle) from the alternate fates (e.g., composting, land filling, and incinerating) of the wastes by virtue of the collection of these wastes for use with regards to the proposed project.

 Increases in GHGs will be compared to applicable thresholds and mitigation measures prepared as needed that clearly identify timing, responsibility, and performance standards. A two-tiered approach will be used to assess the project's potential generation of GHGs and its incremental contribution to the cumulative effect resulting from emissions of GHGs as follows: (1) the potential for project-generated GHG emissions to have a significant impact on the environment and (2) the potential for the project to conflict with applicable plans, policies, or regulations adopted for the purpose of reducing GHG emissions. The amount of GHGs determined in this analysis (and associated impacts) will be presented in a data management system.

 TASK 4: Preparation of Final Preliminary Financial and Greenhouse Gas Analysis
Based on the City's comments from review of the preliminary financial and greenhouse analysis, a final preliminary analysis will be submitted to the City. This will include a working model in Excel format that will allow the City to test a change in clearly identified variables to assess the impact on life-cycle cost and greenhouse gas emissions.

 TASK 5: Preparation of Draft Feasibility Study and California Environmental Quality Act Checklist
The Consultant will assist the City in presenting the preliminary financial analysis to the Community and City Council. In consultation with the City, comments and suggestions received from these presentations will be incorporated into a draft feasibility report which will be prepared to succinctly compile the results of the work performed. The report will include an overview, introduction, waste analysis, conversion technology facility description, and economic analysis. The introduction will include a description of the project planning and history, system elements, and participants. The waste analysis section of the report will include an overview of the existing solid waste management system in the City as well as summarizing available information on waste generation, composition of yard trimmings, food scraps, and biosolids, and waste flow control provisions. Site regulatory and permitting considerations will be included with descriptions of the technologies responding to the request-for-information described in Task 8. The economic analysis section of the report will include a discussion of scope and methods, capital and operation and maintenance cost estimates, financing considerations, and life-cycle cost analysis with sensitivities.

 Following presentation of the Preliminary Analysis to the community and City Council, the Consultant will prepare a Draft CEQA Initial Study (CEQA Checklist). The Consultant will coordinate with City of Palo Alto staff and the project team members to identify the elements to be included in the Initial Study project description. The project description will focus on the changes anticipated with implementation of the Feasibility Study. Depending upon the alternative approach selected by the City, the key considerations will likely include the odor and...
traffic generating potential of the proposed Dry Anaerobic Energy/Compost Facility and its compatibility with Byxbee Park users, biological resources, and the nearby municipal airport.

The Environmental Checklist Form will be completed with explanations for each response for the proposed project. The level of analysis and degree of impact will vary depending on the environmental topic. Mitigation measures will be developed, when necessary, to minimize environmental impacts anticipated from the proposed project. An administrative draft Initial Study will be prepared for review by City staff and the project team members. The Initial Study will be revised based on the comments received on the administrative draft document. The completed document will be presented to the City for public distribution.

TASK 6: Preparation of Final Feasibility Study, California Environmental Quality Act Checklist, and Workplan for Completion of California Environmental Quality Act Analysis
The Consultant will assist the City in presenting the draft Feasibility Study to the Community and to City Council. Comments and suggestions received from these presentations will be incorporated, in consultation with the City, into a final Feasibility Study. Feedback gathered during the City Council meeting will be used to finalize the Initial Study including any information presented regarding potential environmental effects or suggested mitigation strategies. The administrative draft Initial Study will be revised based on the comments received during the City Council meeting. The completed document will be submitted to the City

TASK 7: Preparation of Workplan for Complete California Environmental Quality Act Analysis
Following completion of the Initial Study, the Consultant will confer with the City and the project team regarding the appropriate level of CEQA review for the Feasibility Study (i.e., Program EIR, Project-level EIR, or Focused EIR). Based on the direction provided by the City, the Consultant will prepare a work plan for the preparation of the environmental review document identified by the City as being appropriate for the Feasibility Plan.
TASK 8: Analysis of Energy Generation from Methane

Four (4) sub-options for Alternative 1 will be evaluated for a new dry anaerobic facility at the landfill site. These options are in the following matrix:

<table>
<thead>
<tr>
<th>Sub-option</th>
<th>Anaerobic Digestion System</th>
<th>Yard Trimmings</th>
<th>Food Scaps</th>
<th>Biosolids</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 a)</td>
<td>Dry</td>
<td>X</td>
<td>X</td>
<td>X (separate cell)</td>
</tr>
<tr>
<td></td>
<td>Wet</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>1 b)</td>
<td>Dry</td>
<td>X</td>
<td>X</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Wet</td>
<td>--</td>
<td>--</td>
<td>X</td>
</tr>
<tr>
<td>1 c)</td>
<td>Dry</td>
<td>X</td>
<td>X</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Wet</td>
<td>--</td>
<td>--</td>
<td>X (wastewater treatment plant site)</td>
</tr>
<tr>
<td>1 d)</td>
<td>Dry</td>
<td>X</td>
<td>X</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>Wet</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

The Consultant will prepare a request-for-information (RFI) document for selected technology companies, requesting cost and performance data for each of the sub-options identified above. The Consultant understands that cost and performance data for the wet anaerobic digestion or biosolids will be provided by another firm selected by the City for the facility planning process associated with the wastewater treatment facility (i.e., the Long Range Facilities Plan).

The RFI will include an introduction, discussion of general conditions, schedule, submission of information requirements, and qualification information. The RFI approach will enable the Consultant to solicit project-specific information and will enable the responding companies to incorporate their current thinking regarding both technology and business postures in their responses. The Consultant’s database will also be used to compare the cost and performance data received from the technology companies through the RFI process for reasonableness. Adjustments will be made to cost and performance data input to the economic model, as deemed necessary.

Based on the response to the RFI and the Consultant’s experience and judgment, the quantity of biogas generated in each of the four (4) sub-options will be estimated. The quantity of landfill gas available from the Palo Alto landfill will be considered in a separate sensitivity analysis and a recommendation made as to whether landfill gas should be incorporated into the sub-options.
The methane-rich gas produced from the dry anaerobic digestion process can be used in a variety of electrical generation equipment including: internal combustion engines, gas turbines, gas turbines in a combined cycle configuration, or fuel cells. The methane-rich gas can also be upgraded for production of compressed natural gas or pipeline quality natural gas. A common methane energy recovery system will be adopted by the Consultant for the analysis of the four (4) sub-options. This selection will be made based on the Consultant’s experience and the responses to the RFI received from technology companies.

The Consultant will also investigate grant and funding opportunities that could result in either a lower overall amount of borrowing or a lower cost of capital. These include, among others, Clean Renewable Energy Bonds (CREBS), Qualified Energy Conservation Bonds (QECBs), Tax Credit Bonds, United States Department of Energy (USDOE) grants, and loan guarantees. Additional funding opportunities may be available through various State-administered programs.

In addition, the Consultant will analyze the advantages and disadvantages of public and private models for project delivery, considering ownership, risk sharing for performance and cost, financing options and opportunities for grants and low interest loans available on a State and Federal basis for different methods of project delivery. These methods include both public and private models; design-build (DB), design-build-operate (DBO) and design-build-own-operate-transfer (DBOOT).

A preliminary site engineering analysis will be conducted for the landfill site including consideration of access, space requirements, rough grading requirements, foundation considerations, and interconnection of utilities. The City will provide the Consultant with a quantity estimate of cubic yards of in-place refuse that will need to be relocated from the site. The City will also provide the Consultant copies of previous geotechnical investigations performed on and adjacent to the landfill site. A conceptual site layout drawing will be prepared indicating the arrangement and location of the facility on the site. The drawing will be compatible with the City's GIS system. If facility information is available in sufficient detail to depict plan and side views, additional drawings will be prepared depicting a three dimensional view of the facility.

TASK 9: Project Management
The Consultant will meet with the City monthly to review progress and establish priorities for work to be conducted the following month. It is anticipated that these meetings will be conducted both in person, as needed, and by teleconference.
CITY OF PALO ALTO CONTRACT NO.: C11136602

EXHIBIT “B”
SCHEDULE OF PERFORMANCE

CONSULTANT shall perform the Services so as to complete each milestone within the specified below. 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.

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Completion from NTP</th>
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</thead>
<tbody>
<tr>
<td>1. Community Scoping meeting (City to lead)</td>
<td>September 15, 2010</td>
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<tr>
<td>8. Community Meetings</td>
<td>August 2011</td>
</tr>
<tr>
<td>10. Final Workplan for Completion of California Environmental Quality Act documentation</td>
<td>October 30, 2011</td>
</tr>
</tbody>
</table>
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 $179,758.00. 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 $197,758.00. 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 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 $179,758.00 and the total compensation for Additional Services does not exceed $18,000.00.

<table>
<thead>
<tr>
<th>Task</th>
<th>NOT TO EXCEED AMOUNT</th>
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<tbody>
<tr>
<td>Task 1</td>
<td>$3,460</td>
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<tr>
<td>(Development of Detailed Workplan)</td>
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<tr>
<td>Task 2</td>
<td>$5,640</td>
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<tr>
<td>(Community Scoping for Feasibility Study and for Environmental Review)</td>
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<tr>
<td>Task 3</td>
<td>$34,367</td>
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<tr>
<td>(Preparation of Draft Preliminary Financial and Greenhouse Gas Analysis)</td>
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<td>Task 4</td>
<td>$18,456</td>
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<tr>
<td>(Preparation of Final Preliminary Financial and Greenhouse Gas Analysis)</td>
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<tr>
<td>Task 5</td>
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<tr>
<td>(Preparation of Draft Feasibility Study and California Environmental Quality Act Checklist)</td>
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<tr>
<td>Task 6</td>
<td>$16,996</td>
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<tr>
<td>(Preparation of Final Feasibility Study, California Environmental Quality Act Checklist, and Workplan for Completion of California Environmental Quality Act Analysis)</td>
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<tr>
<td>Task 7</td>
<td>$5,025</td>
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<tr>
<td>(Preparation of Workplan for Complete California Environmental Quality Act Analysis)</td>
<td></td>
</tr>
</tbody>
</table>
Task 8 $38,472  
(Analysis of Energy Generation from Methane)  

Task 9 $8,200  
(Project Management)  

Sub-total Basic Services $171,858  

Reimbursable Expenses $7,900  

Total Basic Services and Reimbursable expenses $179,758  

Additional Services (Not to Exceed) $18,000  

Maximum Total Compensation $197,758  

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 at cost. Expenses for which CONSULTANT shall be reimbursed are:  

A. Travel outside the San Francisco Bay area, including transportation and meals, will be reimbursed at reasonable, actual cost subject to the City of Palo Alto’s policy for reimbursement of travel and meal expenses for City of Palo Alto employees.  

B. Long distance telephone cellular phone, facsimile transmission and postage charges are reimbursable at actual cost.  

All requests for payment of expenses shall be accompanied by appropriate backup information. Any expense anticipated to be more than $2,500.00 shall be approved in advance by the CITY’s project manager.  

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 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:

- Meetings, testing or design services not covered in Basic Services
## CITY OF PALO ALTO CONTRACT NO.: C11136602

### EXHIBIT “C-1”
### HOURLY RATE SCHEDULE

<table>
<thead>
<tr>
<th>POSITION</th>
<th>HOURLY RATE</th>
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<tbody>
<tr>
<td><strong>ALTERNATIVE RESOURCES, INC.</strong></td>
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<tr>
<td>Principal / Project Manager</td>
<td>$205</td>
</tr>
<tr>
<td>Energy Consultant</td>
<td>$175</td>
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<tr>
<td>Financial Analyst</td>
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<tr>
<td>Conversion Technology Specialist</td>
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<tr>
<td>Anaerobic Digestion Specialist</td>
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<tr>
<td>Air Quality Specialist</td>
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<tr>
<td>Word Processing</td>
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<tr>
<td><strong>DOUGLAS ENVIRONMENTAL</strong></td>
<td></td>
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<tr>
<td>Douglas Brown</td>
<td>$160</td>
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<tr>
<td>Susan Alves</td>
<td>$115</td>
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<tr>
<td>Phil Bernard</td>
<td>$95</td>
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<tr>
<td>Lois Montes</td>
<td>$80</td>
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<tr>
<td>Word Processing/Graphics</td>
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<td><strong>ASCENT ENVIRONMENTAL</strong></td>
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<tr>
<td>Honey Walters</td>
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<tr>
<td>Austin Kerr</td>
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<tr>
<td>Heather Phillips</td>
<td>$115</td>
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<tr>
<td><strong>ASCENT ENVIRONMENTAL</strong></td>
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<tr>
<td>Jerry Gunn</td>
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<tr>
<td>Scott Supernauhgh</td>
<td>$150</td>
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</tbody>
</table>
CITY OF PALO ALTO CONTRACT NO.: C11136602

EXHIBIT “D”
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 AN 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>REQUIREMENT</th>
<th>MINIMUM LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>WORKER’S COMPENSATION EMPLOYER’S LIABILITY</td>
<td>STATUTORY</td>
<td>EACH OCCURRENCE $1,000,000 AGGREGATE $1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY</td>
<td>BODILY INJURY</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PROPERTY DAMAGE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BODILY INJURY &amp; PROPERTY DAMAGE COMBINED</td>
<td>$1,000,000</td>
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<tr>
<td>YES</td>
<td>AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED</td>
<td>BODILY INJURY</td>
<td>$1,000,000</td>
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<tr>
<td></td>
<td></td>
<td>- EACH PERSON</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- EACH OCCURRENCE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PROPERTY DAMAGE</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BODILY INJURY AND PROPERTY DAMAGE, COMBINED</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE</td>
<td>ALL DAMAGES</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS’ COMPENSATION, EMPLOYER’S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.

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. CONTACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.

III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO “ADDITIONAL INSUREDS”
   A. PRIMARY COVERAGE
      WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED 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 INSURED 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 INSURED, 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