Summary Title: Replacement of Gas Receiving Stations 1, 2, 3, & 4

Title: Approval of a Utilities Enterprise Fund Contract with Dresser, Inc. in an Amount of $935,700 for Supplying Regulating Equipment for Rebuilding of Gas Receiving Stations 1, 2, 3, and 4 Capital Improvement Program Projects GS-09000, GS-08000, GS-10000, and GS-11001

From: City Manager

Lead Department: Utilities

Recommendation
Staff recommends that Council approve and authorize the City Manager or his designee to execute the attached contract with Dresser, Inc. in an amount not to exceed $935,700.00 for Supplying Regulating Equipment for Rebuilding of Gas Receiving Stations 1, 2, 3, and 4 Capital Improvement Program Projects GS-09000 (Station 1), GS-08000 (Station 2), GS-10000 (Stations 3), and GS-11001 (Station 4).

Background
The project involves the redesigning and replacement of Gas Receiving Stations 1, 2, 3, and 4. These gas stations provide metering and pressure control functions at the four receipt points from the PG&E transmission system. Rebuilding of the Gas Receiving Stations is required to modernize aging equipment and controls at the Gas Stations. These stations are on average over 44 years old.

The work under this contract includes: a comprehensive evaluation of the existing gas receiving stations and site conditions, design of replacement piping and control systems, preparation of design drawings, remote fabrication of proposed facilities, hydro static pressure testing and calibration of each completely assembled station, and disassembly and transportation of the new systems to each designated site. City staff will assemble this equipment on each of the sites.

Discussion
This Request for Proposals was sent out on 3/23/2011. A summary of the proposal process is in the following table.
Dresser, Inc.’s proposal was the only proposal that was received. Other firms did not submit a proposal due to the complex and highly specialized work, the delivery schedule, and the availability of manufacturing facilities for remote fabrication and testing.

An evaluation committee consisting of Utilities Engineering and Operations staff reviewed the proposal. Dresser, Inc was invited to participate in oral interviews on April 18, 2011. The committee carefully reviewed the firm’s qualifications and submittal in response to the following selection criteria identified in the Request for Proposal (RFP):

- Submittal detail and completeness
- Ability of the firm to perform work within stated schedule
- Past experience and capabilities of the proposing company
- Price

The Dresser, Inc. proposal is recommended for award because they demonstrated that they had the experience and capability to perform the required work within the stated schedule and allocated budget.

The new gas receiving facilities will be fabricated in accordance with the latest requirements of all applicable codes and regulations, increase safety and reliability of the gas distribution system, and minimize costs associated with the stations’ maintenance. The new stations’ overpressure protection systems will be designed to eliminate the venting of gas to the

<table>
<thead>
<tr>
<th>Proposal Description/Number</th>
<th>Supplying Regulating Equipment for Rebuilding of Gas Receiving Stations 1, 2, 3, and 4 Capital Improvement Program Projects GS-09000 (Station 1), GS-08000 (Station 2), GS-10000 (Stations 3), and GS-11001 (Station 4).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Length of Project</td>
<td>4.5 months</td>
</tr>
<tr>
<td>Number of Proposals Mailed</td>
<td>7</td>
</tr>
<tr>
<td>Total Days to Respond to Proposal</td>
<td>24</td>
</tr>
<tr>
<td>Pre-proposal Meeting Date</td>
<td>April 6, 2011</td>
</tr>
<tr>
<td>Number of Company Attendees at Pre-proposal Meeting</td>
<td>4</td>
</tr>
<tr>
<td>Number of Proposals Received:</td>
<td>1</td>
</tr>
<tr>
<td>Company Name</td>
<td>Location (City, State)</td>
</tr>
<tr>
<td>1. Dresser, Inc.</td>
<td>41 Fisher Ave, Bradford, PA 16701</td>
</tr>
<tr>
<td>Range of Proposal Amounts Submitted</td>
<td>$935,700.00</td>
</tr>
</tbody>
</table>
atmosphere during an overpressure event reducing the City's contribution to greenhouse gas emissions.

The work is being performed by contract because the project requires manufacturing facilities for remote fabrication, assembly and testing of the stations.

**Resource Impact**
Funds for this capital project are available in the Gas Capital Improvement Program budgets GS-09000 (Station 1), GS-08000 (Station 2), GS-10000 (Stations 3), and GS-11001 (Station 4).

**Policy Implications**
The approval of this contract is consistent with existing City policies. This recommendation is consistent with the Council-approved Utilities Strategic Plan Key Strategy No. 1, “Operate distribution system in a cost effective manner,” Strategy No. 7, “Implement programs that improve the quality of the environment” and Objective No. 2, “Invest in utility infrastructure to deliver reliable service.”

**Environmental Review**
This project is categorically exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15301 (b) repair, maintenance of existing facilities and 15302 (c) replacement or reconstruction of existing facilities.

**Attachments:**
- Attachment A: Final Contract (PDF)

Prepared By:             Aleksandr Pishchik, Sr. Project Engineer

Department Head:         Valerie Fong, Director

City Manager Approval:   James Keene, City Manager
CITY OF PALO ALTO CONTRACT NO. C11140321

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND DRESSER, INC.

FOR PROFESSIONAL SERVICES

This Agreement is entered into on this 20\textsuperscript{TH} day of June 2011, ("Agreement") by and between the CITY OF PALO ALTO, a California chartered municipal corporation ("CITY"), and DRESSER, INC., a Delaware corporation, located at 41 Fisher Avenue, Bradford, Pennsylvania 16701 ("CONSULTANT").

REQUITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to redesign and rebuild Gas Receiving Stations 1, 2, 3 and 4 ("Project") and desires to engage a consultant to design, fabricate and assemble the four gas receiving stations in connection with the Project ("Services").

B. CONSULTANT has represented that it has the necessary professional expertise, qualifications, and capability, and either has or shall endeavor to obtain 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, contained in 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
In the event that delivery is delayed at the request of CITY for a maximum time period of ten (10) days after notification by CONSULTANT that the goods and/or equipment are complete and ready for delivery, CITY agrees to accept shipment of the goods and/or equipment at site or to CITY’s designated storage location at CITY’s risk and expense and pay CONSULTANT for all completed goods and/or equipment as of date of readiness to ship. Storage cost, maintenance of the goods and/or equipment during storage and delivery after storage are the responsibility of CITY. Title and risk of loss in the goods and/or equipment shall pass to CITY at time of delivery to site or storage at CITY’s option.

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 Nine Hundred Thirty Five Thousand Seven Hundred Dollars ($935,700).

SECTION 5. INVOICES. CONSULTANT shall submit invoices to the CITY describing the services performed and/or products supplied and the applicable charges (including reimbursable expenses), based upon the CONSULTANT’s compensation per task (set forth in Exhibit “C”). If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT’s invoices 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. Invoices shall be paid within (30) days of the date of the invoice.

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 applicable to CONSULTANT’S performance under this Agreement. CONSULTANT shall procure all permits and licenses, pay all charges and fees, and give all notices required by law related to...
SECTION 8. NOT APPLICABLE.

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. 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 a representative to represent CONSULTANT during the day-to-day work on the Project. If circumstances cause the substitution of the project representative, CONSULTANT will so advise the City. CONSULTANT, at CITY's request, shall promptly remove any of CONSULTANT's personnel performing services on CITY property 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 Aleksandr Pishchik, Utilities Department, Engineering Division, 1007 Elwell Court, Palo Alto, CA 94303, Telephone (650) 566-4521. 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 and full payment therefore, all Professional Services

Revised: June 2, 2010
work product, including all writings and drawings-developed specifically for and provide to CITY under this Agreement shall be and remain the exclusive property of CITY. Upon full payment of all sums due by CITY, CONSULTANT grants to the CITY a non-exclusive right and license to use and copy such writings and drawings in connection with the normal and specified use of the goods and services provided hereunder. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of the work.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, upon at least five (5) days prior written notice and during CONSULTANT’S normal business hours, during the term of this Agreement and for three (3) years thereafter, CONSULTANT’s records pertaining directly to CONSULTANT’S services under 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. 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, including death or injury to any person, property damage or any other loss, including all costs and expenses including reasonable attorneys fees, experts fees, court costs and disbursements (“Claims”), by a non-affiliated third party, that arise directly out of the negligence, recklessness, or willful misconduct of the CONSULTANT, its officers, employees, agents or contractors in performing the services under this Agreement.

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 negligence, sole negligence or willful misconduct of an Indemnified Party.

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 including 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.
18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The insurance 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, and 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.

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, with or without cause, by giving ten (10) days prior written notice thereof to CONSULTANT, or terminate this Agreement, with or without cause, by giving thirty (30) days prior written notice thereof to CONSULTANT. Upon receipt of such notice, CONSULTANT will immediately, or as soon as is practical, 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, including, but not limited to failure to pay any invoice when due.

19.3. Upon any such suspension or termination, CONSULTANT shall be paid for the Services rendered, goods or products produced for CITY, or materials sourced for the Project in accordance with the scope of Services and/or Scope of Work on or before the effective date (i.e., 30 days after giving notice) of suspension or termination. Upon full payment of all sums owed by CITY, CONSULTANT shall deliver to the City Manager any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed, prepared specifically for the CITY by CONSULTANT or its contractors, if any, or given to CONSULTANT or its contractors, if any, by CITY in connection with this Agreement. Such materials will become the property of CITY.

19.4. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 19.4, 20, and 25.

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, to the best if its information and belief, it presently has no interest, and will not knowingly or intentionally 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 knowingly or intentionally employ sub-consultants, contractors or persons having such an interest. CONSULTANT, to the best of its information and belief, does not believe that any 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”, for purposes of the Political Reform Act of 2011, 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 the Palo Alto Municipal Code section 2.30.510, CONSULTANT, in the performance of this Agreement, will 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 the requirements of Section 2.30.510 pertaining to nondiscrimination in employment, applicable to CONSULTANT in the performance of this Agreement.

SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. CONSULTANT, while performing any work or services on CITY property, shall comply with the City's Environmentally Preferred Purchasing policies which are available at the City's Purchasing Department, incorporated by reference and may be amended from time to time. CONSULTANT, while performing any work or services on CITY property, shall comply with zero 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, while performing work or services on CITY property, Consultant shall comply with the following zero waste requirements:

- If applicable, practical and without disrupting CONSULTANT'S normal business operations, 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.

- If applicable, practical, commercially available, and without disrupting CONSULTANT'S normal business operations, Goods purchased by Consultant on behalf of the City shall be purchased in 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.

- If applicable, practical and without disrupting CONSULTANT'S normal business operations, reusable/returnable pallets shall be taken back by the Consultant, at no additional cost to the City, for reuse or recycling.

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 shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

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 here to are by such reference incorporated in this Agreement and will be deemed to be a part of this Agreement.

25.8. 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.

SECTION 26. LIMITATIONS OF LIABILITY

26.1 The total liability of Consultant for all claims of any kind arising from or related to the formation, performance or breach of this Contract, or any Products or Services, shall not exceed the Contract Price.

26.2 Consultant shall not be liable for loss of profit or revenues, loss of use of equipment or systems, interruption of business, cost of replacement power, cost of capital, downtime costs, increased operating costs, any special, consequential, incidental, indirect, or punitive damages, or claims of City’s customers for any of the foregoing types of damages.

26.3 All Consultant liability shall end upon expiration of the applicable warranty period, provided that City may continue to enforce a claim for which it has given notice prior to that date by commencing an action or arbitration, as applicable under this Contract, before expiration of any statute of limitations or other legal time limitation but in no event later than one year after expiration of such warranty period.

26.4 Consultant shall not be liable for advice or assistance that is not required for the work scope under this Contract.

26.5 For purposes of this Article, the term "Consultant" means Consultant, its affiliates, subcontractors and suppliers of any tier, and their respective employees. The limitations in this Article shall apply regardless of whether a claim is based in contract, warranty, indemnity, tort/extra-contractual liability (including negligence), strict liability or otherwise, and shall prevail over any conflicting terms, except to the extent that such terms further restrict Consultant’s liability.

SECTION 27. WARRANTY

Consultant warrants that Products shall be delivered free from defects in material, workmanship and title and that Services shall be performed in a competent, diligent manner in accordance with any mutually agreed specifications.

The warranty for Products and Services shall expire three (3) years from delivery.
If Products or Services do not meet the above warranties, City shall promptly notify Consultant in writing prior to expiration of the warranty period. Consultant shall (i) at its option, repair or replace defective Products and (ii) re-perform defective Services. If despite Consultant’s reasonable efforts, a non-conforming Product cannot be repaired or replaced, or non-conforming Services cannot be re-performed, Consultant shall refund or credit monies paid by City for such non-conforming Products and Services. Warranty repair, replacement or re-performance by Consultant shall not extend or renew the applicable warranty period. City shall obtain Consultant’s agreement on the specifications of any tests it plans to conduct to determine whether a non-conformance exists.

City shall bear the costs of access for Consultant’s remedial warranty efforts (including removal and replacement of systems, structures or other parts of City’s facility), de-installation, decontamination, re-installation and transportation of defective Products to Consultant and back to City.

The warranties and remedies are conditioned upon (a) proper storage, installation, use, operation, and maintenance of Products, which shall be specified by Consultant, (b) City keeping accurate and complete records of operation and maintenance during the warranty period and providing Consultant access to those records, and (c) modification or repair of Products or Services only as authorized by Consultant in writing. Failure to meet any such conditions renders the warranty null and void. Consultant is not responsible for normal wear and tear.

This Article provides the exclusive remedies for all claims based on failure of or defect in Products or Services, regardless of when the failure or defect arises, and whether a claim, however described, is based on contract, warranty, indemnity, tort/extra-contractual liability (including negligence), strict liability or otherwise. The warranties provided in this Article are exclusive and are in lieu of all other warranties, conditions and guarantees whether written, oral, implied or statutory. NO IMPLIED OR STATUTORY WARRANTY, OR WARRANTY OR CONDITION OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE APPLIES.

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

Attachments:

EXHIBIT "A": SCOPe OF WORK
EXHIBIT "B": SCHEDULE OF PERFORMANCE
EXHIBIT "C": COMPENSATION
EXHIBIT "D": INSURANCE REQUIREMENTS
EXHIBIT “A”  
SCOPE OF SERVICES

Introduction

The work is for redesigning and rebuilding of Gas Receiving Stations 1, 2, 3, and 4. Work must be conducted and complete prior to October 15, 2011. Only one Gate Station can be non-operational at any given time. The duration of work at any Station shall not exceed two weeks.

The Work under this contract shall include a comprehensive evaluation of the existing gas receiving stations and site conditions, design proposal of stations control systems, preparation of the drawings, obtaining design approval from the City, remote fabrication of proposed facilities, including hydro testing of each completely assembled station, in accordance with approved design and all applicable standards, codes, and regulations, and break down and transportation of new systems to the city of Palo Alto’s holding yard, supply as built drawings, and recommend locations for concrete footings.

Consultant will not connect the stations to existing piping.

Scope of Work

1. Initial Study

   a. Gather project data including:

      • Visit the project sites
      • Review drawings of the existing Gas Receiving Stations
      • Obtain necessary data from PG&E
      • Submit a project schedule for design, fabrication, testing, and assembly phases of the Work.

2. Design

   All furnished equipment/piping shall be rated at minimum operating pressure of 400 PSIG and be able to flow stated capacities at the specified conditions in compliance with the City of Palo Alto Noise Ordinance.

   a. Parameters for Gas Receiving Stations:

      • Stations are downstream of PG&E
      • The PG&E delivery pressure approximately 60 PSIG
      • The flow to the Stations is approximately:
        o Station 1: PG&E flow to the station is 970,000 SCFH @ 60 PSIG
o Station 2: PG&E flow to the station is 970,000 SCFH @ 60 PSIG
o Station 3: PG&E total flow to the station is 650,000 SCFH @ 60 PSIG (includes 200,000 SCFH to VA Hospital)
o Station 4: PG&E total flow to the station is 120,000 SCFH @ 60 PSIG

- PG&E inlet piping MAOP:
o Station 1: 400 PSIG
o Station 2: 400 PSIG
o Station 3: 375 PSIG
o Station 4: 400 PSIG

- The City delivery pressure:
o Station 1: 25 PSIG
o Station 2: 25 PSIG
o Station 3: 25 PSIG and 35 PSIG (to VA Hospital)
o Station 4: 25 PSIG

b. Design Requirement for Gas Receiving Stations:

- Class location for all stations 4
- Gas flow velocity in the headers shall not exceed 100 ft/s
- Skids fabricated of structural steel, painted gray
- Skid mounted headers shall be designed to be positioned approximately 30" above the ground to center line of the pipe and have inlet and outlet valves sized as follows:
  - Station 1: 12" Inlet and 12" Outlet
  - Station 2: 12" Inlet and 10" Outlet
  - Station 3: 12" Inlet and 10" Outlet for Arastradero, Foothill, and Page Mill lines and 6" for VA Hospital Outlet
  - Station 4: 4" Inlet and 6" Outlet

The inlet valves for Stations 1, 2, 3 and 4 shall have 110V electric actuators with manual override; NEMA 4 explosion proof and NEMA 7 waterproof.

The consultant shall perform headers/piping sizing calculations to determine the gas velocities and the noise level in the piping systems. The consultant shall contain suggestion regarding the pipes’ diameters and schedule(s) to comply with the City of Palo Alto Noise Ordinance.

- Piping: steel pipe A53 schedule 40 Type S (Seamless) Grade B, over primer acrylic coated (in accordance with coating manufacturer’s recommendations), gray. Piping specifications’ selection and schedule are to be verified and substantiated by the Proposing Firm.
- There shall be a minimum of two runs per station with four minimum at Station 3. Each run must handle an entire station flow. Station 3 will require two separate runs with capacities of 450,000 and 200,000 scfh. The Contractor is also required to determine if a by-pass is necessary at each of the stations.
• Upstream Filter: Shall be a natural gas filter capable of flowing the stated capacities for each station and intended for removal of dry dust and pipe scale. The Proposing Firm will suggest the filters type and manufacturer, but will not supply the filter.

• Valves (manually operated): Cameron ball valve, full port 300 ANSI weld end x 300 ANSI flanged

• Valves (actuated): Cameron ball valve, full port, 300 ANSI weld end x 300 ANSI flanged

• Overpressure Protection: Standby Monitor System with Mooney Flowgrid Regulators, 300 ANSI, flanged end and Series 20 pilots

• Sensing lines: 3/8" stainless steel (304) tubing with isolating valves, 300 ANSI min.

• Three 1" Pressure taps on each run: P1 upstream of first pressure regulator, P2 upstream of second pressure regulator, and P3 downstream of second pressure regulator

• Insulating flanges at the outlet and inlet of the stations

• Zunt Monolithic Insulating Joint, welded, 300 ANSI installed upstream of an inlet flange

c. Testing

• Welding: All welded joints shall be inspected in accordance with API 1104, 19th Edition, visual and NDT 100% x-ray.

• Hydro test: At 1.5 times MAOP for 8 hours

Weld inspection and hydro tests documentation shall be submitted to the City prior to acceptance and shipping.

3. Submittals for Design Approval

The consultant shall submit for City’s review and approval the following Contract documents for each station prior to fabrication:

• Complete flow and sizing calculations
• Acoustic analysis
• Three dimensional diagrams of new piping/equipment – naming equipment and with indication of pipe and equipment sizes
• Proposed sectioning (if required) of regulator runs for shipping
• Structural drawings of skid frame and calculations
• Drawings shall be 24” x 36” sheet size with scale noted.
• Final delivery shall include drawings in AutoCAD 2010 (DWG) format in addition to hard copies
• Complete project management plan including engineering/design, procuring materials, fabrication, hydro testing. Upon submittal, these plans and specifications will become the property of the City.

4. Fabrication and Delivery to Sites

The new gas receiving stations shall be fabricated at the Contractor’s facilities in accordance with approved design and all applicable standards, codes, and regulations. Each station shall be pressure tested; all welds 100% NDT x-rayed; prior to delivery to the City sites.

The Contractor shall be responsible for recommending support locations on the skids.

The Contractor shall be required, after shipment of skids to submit a complete set of records drawings and operating manuals including manufacturer literature associated with installed components.

Skids will be shipped freight collect fully assembled.

5. Storage Facility

Municipal Service Center will provide the Contractor a location for temporary storage during the stations’ assembly.

6. Training of City Personnel

The Contract shall include free on-call help for the duration of the warranty period. The contractor shall provide an operating manual for these stations detailing suggested maintenance, parts lists for components and trouble shooting guidelines.

7. Information Provided by the City

The City shall provide the Fabricator with the available existing Gas Receiving Stations schematic drawings, schematic plans indicating City’s vision of the future facilities, and access to the sites. Proposers are advised that public record drawings may not be accurate.

8. Work Performed by City of Palo Alto

The City of Palo Alto will demolish abandoned utility control buildings at Stations 2 and 3 and modify the existing piping to accept the new facilities based on header design.
provided by the Contractor. The City, in accordance with furnished drawings and specifications, will install concrete footings, perform site assembly, startup, calibration and testing of new facilities. The City will also provide welder(s) to connect the new gas receiving stations’ infrastructure to City and PG&E lines.

C. Measurement and Payment

1. Progress Payments

The Fabricator will be paid as follows:
- Twenty percent (20%) upon submittal and approval of Contract drawings
- Seventy percent (70%) upon delivery of equipment to City
- Ten percent (10%) after completing City’s personnel training and submittal of final documents.

Station 1 –
Comprehensive evaluation of the existing **Gas Receiving Station One** (1735 Embarcadero Road) and site conditions, design proposal of station’s replacement control systems, preparation of the drawings, obtaining design approval from the City, remote fabrication of proposed facilities, hydro testing, in accordance with approved design and all applicable standards, codes, and regulations, recommending locations for concrete footings, furnishing record drawings

Station 2 –
Comprehensive evaluation of the existing **Gas Receiving Station Two** (Alma Street at Colorado Avenue) and site conditions, design proposal of station’s control systems, preparation of the drawings, obtaining design approval from the City, remote fabrication of proposed facilities, including hydro testing, in accordance with approved design and all applicable standards, codes, and regulations, recommending locations for concrete footings, furnishing record drawings

Station 3 –
Comprehensive evaluation of the existing **Gas Receiving Station Three** (1961 Old Page Mill Road) and site conditions, design proposal of station’s control systems, preparation of the drawings, obtaining design approval from the City, remote fabrication of proposed facilities, including hydro testing, in accordance with approved design and all applicable standards, codes, and regulations, recommending locations for concrete footings, furnishing record drawings

Station 4 –
Comprehensive evaluation of the existing **Gas Receiving Station Four** (Oak Road & Searsville Road) and site conditions, design proposal of station’s replacement control systems, preparation of the drawings, obtaining design approval from the City, remote fabrication of proposed facilities, including hydro testing, in accordance with approved design and all applicable standards, codes, and regulations, recommending locations for concrete footings, furnishing record drawings.
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 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 No. of Days/Weeks From NTP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Station 2</td>
<td>August 1, 2011</td>
</tr>
<tr>
<td>2. Station 3</td>
<td>August 15, 2011</td>
</tr>
<tr>
<td>3. Station 1</td>
<td>September 1, 2011</td>
</tr>
<tr>
<td>4. Station 4</td>
<td>September 19, 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.

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 $935,700. CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. 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 $935,700.

<table>
<thead>
<tr>
<th>BUDGET SCHEDULE</th>
<th>NOT TO EXCEED AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1</td>
<td>$261,150</td>
</tr>
<tr>
<td>(Gas Receiving Station 1)</td>
<td></td>
</tr>
<tr>
<td>Task 2</td>
<td>$255,000</td>
</tr>
<tr>
<td>(Gas Receiving Station 2)</td>
<td></td>
</tr>
<tr>
<td>Task 3</td>
<td>$301,250</td>
</tr>
<tr>
<td>(Gas Receiving Station 3)</td>
<td></td>
</tr>
<tr>
<td>Task 4</td>
<td>$118,300</td>
</tr>
<tr>
<td>(Gas Receiving Station 4)</td>
<td></td>
</tr>
<tr>
<td>Sub-total Basic Services</td>
<td>$935,700</td>
</tr>
<tr>
<td>Maximum Total Compensation</td>
<td>$935,700</td>
</tr>
</tbody>
</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.
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 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>Requirement</th>
<th>Minimum Limits</th>
<th>Each Occurrence</th>
<th>Aggregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>Worker’s Compensation</td>
<td>Statutory</td>
<td></td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>Employer’s Liability</td>
<td>Statutory</td>
<td></td>
<td>$1,000,000</td>
<td>$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>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Property Damage</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bodily Injury &amp; Property Damage Combined</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>Automobile Liability, Including All Owned, Hired, Non-Owned</td>
<td>Bodily Injury</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Each Person</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Each Occurrence</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Property Damage</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bodily Injury and Property Damage, Combined</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
<td></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></td>
<td>$1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

The City of Palo Alto may be included 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 subcontractors, if any, but also, with the exception of workers’ compensation, employer’s liability and professional insurance, including 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.
   D. Contractor’s insurance coverage will be primary only to the extent of contractor negligence.
   E. Contractor will provide its standard insurance certificate to City.

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

III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO “ADDITIONAL INSUREDS”
   A. PRIMARY COVERAGE

Professional Services
Rev June 2, 2010
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 INSURED.

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 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 THIRTY (30) 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