Pursuant to the provisions of California Governor’s Executive Order N-29-20, issued on March 17, 2020, to prevent the spread of Covid-19, this meeting will be held by virtual teleconference only, with no physical location. The meeting will be broadcast on Cable TV Channel 26, live on YouTube at  https://www.youtube.com/c/cityofpaloalto, and Midpen Media Center at  https://midpenmedia.org. Members of the public who wish to participate by computer or phone can find the instructions at the end of this agenda.

**PUBLIC COMMENT**
Members of the public may speak to agendized items; up to three minutes per speaker, to be determined by the presiding officer. All requests to speak will be taken until 5 minutes after the staff's presentation. Written public comments can be submitted in advance to city.council@cityofpaloalto.org and will be provided to the Council and available for inspection on the City’s website. Please clearly indicate which agenda item you are referencing in your email subject line.

**TIME ESTIMATES**
Time estimates are provided as part of the Council's effort to manage its time at Council meetings. Listed times are estimates only and are subject to change at any time, including while the meeting is in progress. The Council reserves the right to use more or less time on any item, to change the order of items and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting or to adapt to the participation of the public.

**AMERICANS WITH DISABILITY ACT (ADA)**
Persons with disabilities who require auxiliary aids or services in using City facilities, services or programs or who would like information on the City’s compliance with the Americans with Disabilities Act (ADA) of 1990, may contact (650) 329-2550 (Voice) 24 hours in advance

**CALL TO ORDER**

**CLOSED SESSION (5:00 P.M. – 6:00 P.M.)**
*Public Comments: Members of the public may speak to the Closed Session item(s); three minutes per speaker.*

2. **CONFERENCE WITH CITY ATTORNEY-EXISTING LITIGATION**  
   Subject: Hamilton and High, LLC, The Keenan Family Trust, et al.  
   v. City of Palo Alto
SPECIAL ORDERS OF THE DAY (6:00 P.M. – 6:15 P.M.)

1. The Great California Shake Out

AGENDA CHANGES, ADDITIONS AND DELETIONS

PUBLIC COMMENT (6:15 P.M. – 6:30 P.M.)

Members of the public may speak to any item NOT on the agenda. Council reserves the right to limit the duration of Oral Communications period to 30 minutes.

CONSENT CALENDAR (6:30 P.M. – 6:40 P.M.)

Items will be voted on in one motion unless removed from the calendar by three Council Members.

3. Approval of Minutes from October 4, 2021

4. Adoption of an Ordinance and Resolution to Extend the Temporary Outdoor Encroachment Permit Program for Dining, Retail, and Other Uses, Including the Parklet Pilot Program, until June 30, 2022

5. Approval of Funding Allocations for the Second Round of Human Services Resource Allocation Process Funding for FY 2022 in the Amount of $200,000 and Authorize the City Manager to Execute Contracts with the Nine Recipient Organizations

QA 6. Review and Approve a Fire Department Ambulance Subscription Program: 1) Adopt Ordinance to Establish Program and Fees, and 2) Approval of a Budget Amendment in the General Fund

QA 7. Approval of Facility Interior Finishes Replacement Purchase as Approved in the CIF With Pivot Interiors in the Amount of $349,545 Project PF-02022

8. Adoption of a Park Improvement Ordinance for Renovations, Expansion and New Amenities at John Boulware Park as Recommended by the Parks and Recreation Commission


QA 10. Approval of Fiscal Year 2021 Reappropriation Requests to be Carried Forward Into Fiscal Year 2022 and Budget Amendments in Various Funds
11. Approval of Contract Number C21181420 with West Coast Arborists, Inc. for a Total Not-to-Exceed Amount of $3,765,380 Over a Three-Year Term for Tree Pruning and Removal Services

CITY MANAGER COMMENTS (6:40 P.M. – 7:00 P.M.)

ACTION ITEMS


12. Approval of Advanced Metering Infrastructure (AMI) Contract with Sensus USA Inc. in the Amount of $15,283,218; and Authorization for the City Manager to Negotiate and Execute Change Orders up to a Not-to-Exceed Amount of $1,484,000, for a Total Contract Amount Not-to-Exceed $16,767,218; Approval of Amendment No. 2 with E Source in an Amount Not-to-Exceed $1,339,947 for Phase 3 AMI Consulting; and 3) Adoption of a Resolution to Transfer up to $18,900,000 from the Electric Special Project Reserves to the Smart Grid Technology Installation Project EL-11014 (7:00 P.M. - 7:30 P.M.)

13. Consideration of Policy and Services Committee Recommendations to Council on the Updates to Title 8 of Municipal Code (Tree Protection), Expanding the Role of the Parks & Recreation Commission, and Elevating the Position of Urban Forester. (7:30 P.M. – 9:30 P.M.)

14. PUBLIC HEARING: Discussion of an Updated Commercial Linkage Fee Feasibility Study and Adoption of an Ordinance Amending the City's Fiscal Year (FY) 2022 Municipal Fee Schedule to Adjust the Affordable Housing Commercial Impact Fee; the Current Fee is $39.50 per Square Foot ($20.37 / Square Foot for Hotels). (9:30 P.M. – 11:00 P.M.)

COUNCIL MEMBER QUESTIONS, COMMENTS, ANNOUNCEMENTS

Members of the public may not speak to the item(s)

ADJOURNMENT

INFORMATION REPORTS

Information reports are provided for informational purposes only to the Council and the public but are not listed for action during this meeting’s agenda.

OTHER INFORMATION
Standing Committee Meetings

- Finance Committee Meeting October 19, 2021
- City Schools Liaison Committee October 21, 2021

Schedule of Meetings

AMENDED AGENDA ITEMS

The order for Agenda items 1 and 2 were reorganized for more convenient public participation.
PUBLIC COMMENT INSTRUCTIONS

Members of the Public may provide public comments to teleconference meetings via email, teleconference, or by phone.

1. **Written public comments** may be submitted by email to city.council@cityofpaloalto.org.

2. **Spoken public comments using a computer** will be accepted through the teleconference meeting. To address the Council, click on the link below to access a Zoom-based meeting. Please read the following instructions carefully.
   A. You may download the Zoom client or connect to the meeting in-browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
   B. You may be asked to enter an email address and name. We request that you identify yourself by name as this will be visible online and will be used to notify you that it is your turn to speak.
   C. When you wish to speak on an Agenda Item, click on “raise hand.” The Clerk will activate and unmute speakers in turn. Speakers will be notified shortly before they are called to speak.
   D. When called, please limit your remarks to the time limit allotted.
   E. A timer will be shown on the computer to help keep track of your comments.

3. **Spoken public comments using a smart phone** will be accepted through the teleconference meeting. To address the Council, download the Zoom application onto your phone from the Apple App Store or Google Play Store and enter the Meeting ID below. Please follow the instructions B-E above.

4. **Spoken public comments using a phone** use the telephone number listed below. When you wish to speak on an agenda item hit *9 on your phone so we know that you wish to speak. You will be asked to provide your first and last name before addressing the Council. You will be advised how long you have to speak. When called please limit your remarks to the agenda item and time limit allotted.

[CLICK HERE TO JOIN] Meeting ID: 362 027 238   Phone:1(669)900-6833
The City Council of the City of Palo Alto met on this date in virtual teleconference at 5:01 P.M.

Participating Remotely: Burt, Cormack, DuBois, Filseth, Kou, Stone, Tanaka

Absent:

Agenda Changes, Additions and Deletions
None

Consent Calendar

Council Member Tanaka registered a no vote on Agenda Item Number 4.

**MOTION:** Council Member Kou, seconded by Council Member Tanaka, third by Council Member Stone to pull Agenda Item Number 5

**MOTION:** Mayor DuBois moved, seconded by Council Member Cormack to approve Agenda Item Numbers 2-4, 6.

1. Approval of Minutes from August 30, 2021 City Council Meeting.

2. Request for Authorization to Amend the Existing Agreement for Litigation Defense Services with the Law Firm of Jarvis, Fay & Gibson (Contract S15159508) to Extend the Term to June 30, 2022.

3. Approval of a Budget Amendment (Requires 2/3 Approval) for General Fund Operating Budget in Community Services Department Implementing a Grant from the Institute of Museum and Library Services (IMLS) Museums for America Grant Awarded to the Palo Alto Art Center Foundation to Support Creative Attention Initiative at the Palo Alto Art Center.

4. Approval of an Exemption to Competitive Solicitation and Change Order No. 1 to Existing Contract C20172366A With Hotline Construction, Inc. for Additional Underground Construction and Emergency Construction On-call Services, Increasing the Contract Amount by $6,800,000 for a new Not-to-Exceed Amount
of $11,300,000; and Approve a Budget Amendment in the Electric Fund.

5. Approval of Advanced Metering Infrastructure (AMI) Contract with Sensus USA Inc. in the Amount of $15,283,218; and Authorization for the City Manager to Negotiate and Execute Change Orders up to a Not-to-Exceed Amount of $1,484,000, for a Total Contract Amount Not-to-Exceed $16,767,218; Approval of Amendment No. 2 with E Source in an Amount Not-to-Exceed $1,339,947 for Phase 3 AMI Consulting; and 3) Adoption of a Resolution to Transfer up to $18,900,000 from the Electric Special Project Reserves to the Smart Grid Technology Installation Project EL-11014. (This item is continued to a date uncertain)

6. Approval of Construction Contract Number C22181780 with Roofing Constructors, Inc. in the Amount Not-to-Exceed $362,713 to Replace the Existing F & FH Wing Roofs at Cubberley Community Center, Capital Improvement Program Project CB-16002; and Authorization of Contract Contingency in an Amount Not-to-Exceed $36,271 for Related, Additional but Unforeseen Work Which May Develop During the Project.

ITEMS 2, 3, 6 OF MOTION PASSED: 7-0

ITEM 4 OF MOTION PASSED: 6-1, Tanaka no

Action Items

7. Update from the Palo Alto Advisory Committee on Early Care & Education (PAACECE) on recent Assessment of Local Families, Effect of COVID on Child Care providers and plans to address identified needs, including the Approval of Budget Amendments in the General Fund and the Child Care Trust Fund to Implement the PAACECE's Annual Work Plan.

MOTION: Council Member Stone moved, seconded by Mayor DuBois to approve an amendment the Fiscal Year 2022 Budget Appropriation for:

A. The Child Care Trust Fund by:

i. Increasing the expense appropriation transfer to the General Fund by $50,000, with the additional funding proportionally allocated as indicated in the report; and
DRAFT ACTION MINUTES

ii. Decreasing the ending fund balance by $50,000, with the additional funding proportionally allocated as indicated in the report;

B. The General Fund by:

i. Increasing the revenue estimate transfer from the Child Care Trust Fund by $50,000, with the additional funding proportionally allocated as indicated in the report; and

ii. Increasing the Community Services Department expenditure appropriation by $50,000, with the additional funding proportionally allocated as indicated in the report, to address the needs of Early Education Providers and local families as identified by the Palo Alto Early Care & Education Committee.

MOTION FAILED: 4-3, Cormack, Filseth, Tanaka no

MOTION: Mayor DuBois, seconded by Council Member Stone to approve an amendment the Fiscal Year 2022 Budget Appropriation for:

A. The Child Care Trust Fund by:

i. Increasing the expense appropriation transfer to the General Fund by $30,000; and

ii. Decreasing the ending fund balance by $30,000;

B. The General Fund by:

i. Increasing the revenue estimate transfer from the Child Care Trust Fund by $30,000; and

ii. Increasing the Community Services Department expenditure appropriation by $30,000 to address the needs of Early Education Providers and local families as identified by the Palo Alto Early Care & Education Committee.

MOTION PASSED: 7-0

The City Council went on break at 6:26 P.M. and returned at 6:36 P.M.

8. 922 College Avenue [20PLN-00104]: Request for Review of a Parcel Map with Exceptions to Adjust Lot Lines for Two Substandard Parcels to Facilitate the Redevelopment and Sale of Two Homes.

**MOTION:** Council Member Cormack moved, seconded by Mayor DuBois to:

A. Find the project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15303, and 15061(b)(3); and

B. Find that the subject parcel map with exceptions substantially conforms to the approved preliminary parcel map with exceptions and approve the subject parcel map with exceptions on the consent calendar pursuant to Palo Alto Municipal Code (PAMC) Chapter 21.16 and the Subdivision Map Act.

**MOTION PASSED:** 7-0

AA1. Public Hearing: Adoption of Two Ordinances Implementing the Objective Standards Project, Including: 1) New Chapter 18.24, Objective Design Standards, to Replace Existing Context-Based Design Criteria; 2) Modifications to Affordable Housing (AH) and Workforce Housing (WH) Overlay Districts to Eliminate the Legislative Process; 3) Expansion of Affordable Housing (AH) and Housing Incentive Program (HIP) to PTOD-Eligible Properties; 4) Changes to Remove Inconsistencies and Redundancies, and Streamline Project Review Throughout Title 18 Chapters.

Public Hearing opened at 7:11 P.M.

Public Hearing closed at 7:26 P.M.

**MOTION:** Council Member Cormack moved, seconded by Council Member Kou to continue this item to the October 25, 2021 City Council meeting.

**MOTION PASSED:** 7-0

The City Council took a break at 9:30 P.M. and returned at 9:40 P.M.

9. Adopt an Ordinance Amending Palo Alto Municipal Code Title 10 (Parking) to Allow Virtual Parking Permits and Update Definitions and Procedures; and Direct Staff to Implement Virtual Parking Permits in a Phased Approach.

**MOTION:** Council Member Stone moved, seconded by Vice Mayor Burt to:
DRAFT ACTION MINUTES

A. Adopt the attached ordinance amending Palo Alto Municipal Code (PAMC) Title 10 (Parking) to allow virtual parking permits and update definitions and procedures;

B. Approve modifications to the City’s various on-street parking permit policies to implement virtual permits; and

C. Direct Staff to study the delivery service double-parking issue and return to the City Council with a proposal to regulate on-street parking of delivery vehicles for commercial purposes.

MOTION PASSED: 7-0

Adjournment: The meeting was adjourned at 10:36 P.M.

ATTEST:                                                 APPROVED:

____________________   ____________________
City Clerk                                              Mayor

NOTE: Action minutes are prepared in accordance with Palo Alto Municipal Code (PAMC) 2.04.160(a) and (b). Summary minutes (sense) are prepared in accordance with PAMC Section 2.04.160(c). Beginning in January 2018, in accordance with Ordinance No. 5423, the City Council found action minutes and the video/audio recordings of Council proceedings to be the official records of both Council and committee proceedings. These recordings are available on the City’s website.
Summary Title: Legislation to Extend Outdoor Dining/Retail Encroachment Permits (incl. Parklets) Through June 2022

Title: Adoption of an Ordinance and Resolution to Extend the Temporary Outdoor Encroachment Permit Program for Dining, Retail, and Other Uses, Including the Parklet Pilot Program, until June 30, 2022

From: City Manager

Lead Department: Planning and Development Services

Recommendation
As directed by Council on September 13, 2021, staff recommends the City Council adopt the attached ordinance and resolution to extend the City’s pilot parklet program and other temporary outdoor encroachment permits for dining, retail, and personal services until June 30, 2022.

Background
The City Council adopted the existing resolution and ordinance on June 7, 2021 with a sunset date of December 31, 2021. Previous iterations of these pieces of legislation were first adopted in June 2020. (See Staff Report #11439).

On September 13, 2021, the City Council directed staff to return with a resolution extending the Uplift Local Streets program and the pilot parklet program (Staff Report #13540).  

The motions as they appear in the draft minutes is:

MOTION: Vice Mayor Burt moved, seconded by Mayor DuBois to:

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A. Direct the City Manager to reopen University Avenue on October 15, 2021;
B. Adopt a Resolution to continue with a partial closure on Ramona, extending until June 2022;
C. Modify the parklet rules to accommodate additional parklets adjacent to restaurants where they are not interfering with retailers that oppose, and extend the Parklet Program until June 2022;
D. Direct Staff to proceed with a Streetscape RFP including stakeholder input and that the consultants’ recommendations would build off the learning experiences in the reopening of the coming months.

Motion passed 7-0.

A. Adopt a Resolution authorizing the closure of California Avenue through June 2022
B. Direct Staff to return to the City Council for further discussion regarding additional elements on the California Ave street closure; and
C. Direct Staff to return to the City Council for discussion on a permanent street closure for California Ave.

Motion passed 5-2 (Filseth and Kou voting no).

Discussion
The ordinance permits the City to temporarily issue encroachment permits for dining, retail, personal service, and indoor recreation in outdoor areas, such as public streets when closed to traffic, sidewalks, public parking lots, and on-street parking spaces when used as parklets. It also allows the use of private parking lots for similar uses in lieu of normal parking requirements.

The resolution directs the Director of Public Works to implement the pilot parklet program and gives the Director authority to implement regulations to review and approve encroachment permits for temporary parklets.

Both the resolution and the ordinance have no substantive changes from the existing versions except for the extension of the effective date. Neither piece of legislation deals with whether to open or close University Avenue, California Avenue, or other adjacent streets.

During this extension, as discussed in September 2021, staff expect to bring forward a permanent parklet program for the Council’s consideration prior to the sunset of this extension.

Environmental Review
The attached resolution and ordinance are categorically exempt from CEQA under CEQA Guidelines Sections 15301 (existing facilities) and 15304(e) (minor temporary use of land having...
negligible or no permanent effects on the environment).

Attachments:

Attachment4.a: Attachment A – Interim Ordinance Continuing Outdoor Use Encroachment Permits, Including for Parklets, Sidewalks, and Streets, Through June 2022 (PDF)

Attachment4.b: Attachment B – Resolution Continuing Parklet Pilot Program Through June 2022 (PDF)
Ordinance No. ______

Interim Ordinance of the Council of the City of Palo Alto Temporarily Continuing the Expansion of Outdoor Dining, Retail and Other Activities on Public and Private Property and Relaxing Regulations Regarding Onsite Parking, On-Sale of Alcohol, Design/Architectural Review, Permit Fees, and Alcohol Consumption in Public Places, All to Facilitate Such Outdoor Use

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

A. On June 23, 2020, the City Council adopted Ordinance 5500, an emergency ordinance, in response to COVID-19 and its effects on local businesses. At that time and since then, county and state regulations related to COVID-19 have limited or curtailed many indoor activities, including dining, bars, retail, performances, and other recreational uses.

B. In June 2021, the City Council adopted Ordinance 5526, which amended and re-stated Ordinance 5500 on a non-emergency basis (among other changes). Ordinance 5526 will sunset on December 31, 2021 unless amended by the City Council.

C. Through this Ordinance, the City Council desires to amend and restate Ordinance 5526 with a new sunset date of June 30, 2022 to allow the provisions of that ordinance to continue.

SECTION 2. City Manager Authorization

The City Manager or his or her designee(s) may promulgate guidelines and implementing regulations for the uses and programs described in this Ordinance as long as such regulations do not conflict with this Ordinance.

SECTION 3. Fee Waivers for Encroachment Permits and Parking Space Closures

A. The permit fees set forth in the Municipal Fee Schedule are temporarily waived for applications for encroachment permits under Palo Alto Municipal Code Section 12.12.010 and Section 12.12.020, as modified by this Ordinance, to place structures and equipment in the public right-of-way (including closed streets and sidewalks) for purposes of outdoor dining and outdoor retail sales and display of wares.

B. The parking space closure fee in the Municipal Fee Schedule collected by the Department of Planning and Development Services is temporarily waived for the use of a parking space(s) on-street or in a parking lot for purposes of outdoor dining and outdoor retail sales and display of wares as authorized through an encroachment permit, license, or agreement with the City.
SECTION 4. Modified Review Process for Commercial Sidewalk Encroachment Permits

Notwithstanding contrary provisions of PAMC Section 12.12.020, permits may be granted for commercial sidewalk encroachments for outdoor retail sales and display areas and outdoor eating areas. Permits for these purposes shall not be required to undergo and complete design review by the Planning Department described in subsection (d) of Section 12.12.020. Except as expressly modified herein, the provisions of Section 12.12.020 shall apply to commercial sidewalk encroachments.

SECTION 5. Eating and Drinking Establishments

Eating establishments, and drinking establishments may temporarily relocate some or all of their existing indoor seating capacity to outdoor seating capacity, as follows:

A. Location. Outdoor eating areas may be placed in one or more of the following areas:

1. Public streets temporarily closed by the City of Palo Alto, through issuance of an encroachment permit under PAMC Section 12.12.010;

2. Sidewalks through issuance of an encroachment permit under PAMC Section 12.12.020, as modified by Section 4 of this Ordinance;

3. In on-street parking spaces approved for use as temporary parklets, in accordance with the Pilot Parklet Demonstration Project as first approved by Council Resolution No. 9909 and continued by subsequent resolutions;

4. Surface parking lots that currently provide required onsite parking for the eating/drinking establishment, through issuance of an approval by the Director of Planning, or his or her designee, as described in subsections C and D of this Section, below;

5. Other outdoor areas on the eating/drinking establishment site not originally permitted for outdoor seating in the establishment’s approved site plan or planning entitlement (such as landscaped areas), through issuance of an approval by the Director of Planning, or his or her designee, in accordance with subsections C and D of this Section, below; and

6. In other areas that the Council identifies by resolution or ordinance.


1. Notwithstanding the parking requirements applicable to eating/drinking establishments in Title 18 (Zoning) of the PAMC or in individual planning entitlements...
or approvals for eating/drinking establishments, an eating/drinking establishment may place outdoor eating areas in its parking lot, so long as at least half of the parking spaces on the subject site remain available for use by vehicles. If the establishment’s parking lot has ten or fewer parking spaces, up to 100 percent of the parking lot may be used for outdoor eating, subject to review and approval of the Planning Director or his or her designee.

2. Notwithstanding the parking requirements applicable to shopping centers and their tenant businesses in Title 18 (Zoning) of the PAMC or in individual planning entitlements or approvals for shopping centers or their tenant businesses, a shopping center with an eating/drinking establishment tenant(s) may place outdoor eating areas for such tenant business(es) in the shopping center parking lot, so long as at least half of the parking spaces on the subject site remain available for use by vehicles.

C. **Application.** An application in a form approved by the Director of Planning shall be submitted to the Planning and Development Services Department to relocate some or all of an eating/drinking establishment’s permitted indoor restaurant seating to outdoor seating in privately-owned areas on the eating/drinking establishment site not originally permitted for outdoor eating. The Director of Planning is authorized to establish submittal requirements and procedures. Temporary Use Permits (TUP) under PAMC Section 18.42.050 may be utilized for this purpose. A TUP issued for this purpose may be valid for a specified period longer than 45 days, notwithstanding subsection (d) of Section 18.42.050. The Planning Director may extend a TUP issued prior to the effective date of this Ordinance to be valid beyond 45 days.

D. **Seating Layout Review.** A Seating Layout Review is required to relocate some or all of an eating/drinking establishment’s permitted indoor seating to outdoor seating in privately-owned areas on the eating/drinking establishment site not originally permitted for outdoor eating. The Seating Layout Review shall be conducted by a transportation planner, planner, and/or fire inspector who will review and either approve or require modifications to the proposed outdoor seating layout based on the following criteria:

1. Seating layout does not create a safety risk and adequate pedestrian and vehicular separation is maintained, including with movable barriers as appropriate where outdoor seating is to be placed in parking lots or on-street parking spaces.

2. Seating layout accommodates appropriate vehicle and pedestrian circulation and maintains adequate paths of travel and complies with accessibility requirements of the Americans with Disabilities Act.

3. Any tents must comply with fire codes and Palo Alto Fire Department issued standards for tents, and safety standards set forth by the National Fire Protection Association for fire-resistant tents and must include an affixed manufacturer’s
label stating the tent meets NFPA requirements. A State Fire Marshal seal on the tent or a certificate is needed to prove treatment.

4. Any heaters must comply with fire codes.

5. An adequate and visible barrier is placed that clearly separates the retail area from the parking area and provides sufficient protection for patrons. Adequacy shall be defined in standards and guidelines issued by the Director of Planning.

6. Other requirements established in the standards and guidelines issued by the Director of Planning.

E. **Fee.** No fee will be charged for submittal and review of the Application and for conducting a Seating Layout Review.

F. **Occupancy.** Total seating occupancy (including all indoor and outdoor seating) shall not exceed the overall occupancy for which the restaurant is permitted.

G. **Alcohol Service.** Establishments that are allowed by the City to serve alcohol for onsite consumption by issuance of a conditional use permit (“CUP”) as required by PAMC Section 18.42.090 or as a legal nonconforming use, and that both have an on-sale license from the Department of Alcoholic Beverage Control (“ABC”) and are duly authorized by ABC to serve alcohol in outdoor areas, shall be allowed to serve alcohol for onsite consumption in such outdoor areas, notwithstanding any prohibition on outdoor alcohol service or consumption in the PAMC or planning entitlement issued under Title 18 (Zoning) of the PAMC. During the effective period of this Ordinance, establishments that meet the preceding requirements may expand their footprint to outdoor areas without an amendment of the CUP, notwithstanding PAMC Section 18.42.090(c). Outdoor alcohol service shall be in full compliance with ABC regulations, as amended.

H. **No Architectural Review.** Notwithstanding PAMC Sections 18.77.077 and 18.76.020, architectural review shall not be required for proposed outdoor eating areas or signage related to such areas during the effective period of this Ordinance.

**SECTION 6. Retail Establishments**

Retail establishments may temporarily relocate some or all of their existing customer-accessible square footage to outdoor spaces as follows:

A. **Location.** Outdoor retail sales and display areas and outdoor eating areas may be placed in one or more of the following areas:

1. Public streets temporarily closed by the City of Palo Alto, through issuance of an encroachment permit under PAMC Section 12.12.010;
2. Sidewalks through issuance of an encroachment permit under PAMC Section 12.12.020, as modified by Section 4 of this Ordinance;

3. Surface parking lots that currently provide required onsite parking for the retail establishment, through issuance of an approval by the Director of Planning, or his or her designee, as described in subsections C and D of this Section, below;

4. Other outdoor areas on the retail establishment site not originally permitted for retail sales and display or dining in the retail establishment’s approved site plan or planning entitlement (such as landscaped areas), through issuance of an approval by the Director of Planning or his or her designee in accordance with subsections C and D of this Section, below; and

5. In other areas that the Council identifies by resolution or ordinance.


1. Notwithstanding the parking requirements applicable to retail establishments in Title 18 (Zoning) of the PAMC or in individual planning entitlements or approvals for retail establishments, a retail establishment may conduct outdoor retail sales and display and may place outdoor eating areas in its parking lot, so long as at least half of the parking spaces on the subject site remain available for use by vehicles. If the establishment’s parking lot has ten or fewer parking spaces, up to 100 percent of the parking lot may be used for outdoor dining/retail, subject to review and approval of the Planning Director or his or her designee.

2. Notwithstanding the parking requirements applicable to shopping centers and their tenant businesses in Title 18 (Zoning) of the PAMC or in individual planning entitlements or approvals for shopping centers or their tenant businesses, a shopping center with a retail establishment tenant(s) may place outdoor retail sales and display areas and outdoor eating areas for such tenant business(es) in the shopping center parking lot, so long as at least half of the parking spaces on the subject site remain available for use by vehicles.

C. Application. An application in a form approved by the Director of Planning shall be submitted to the Planning and Development Services Department to relocate some or all of a retail establishment’s customer-accessible square footage to outdoor retail sales and display in privately-owned areas on the retail establishment site not originally permitted for outdoor retail sales and display. The Director of Planning is authorized to establish submittal requirements and procedures. Temporary Use Permits (TUP) under PAMC Section 18.42.050 may be utilized for this purpose. A TUP issued for this purpose may be valid for a specified period longer than 45 days, notwithstanding subsection (d) of Section
18.42.050. The Planning Director may extend a TUP issued prior to the effective date of this Ordinance to be valid beyond 45 days.

D. Merchandise or Seating Layout Review. A Layout Review is required to relocate some or all of an retail establishment’s permitted indoor customer-accessible square footage to privately-owned areas on the retail establishment site not originally permitted for retail. The Layout Review shall be conducted by a transportation planner, planner, and/or fire inspector who will review and either approve or require modifications to the proposed retail layout based on the following criteria:

1. The placement of the merchandise, displays, or other items does not create a safety risk and adequate pedestrian and vehicular separation is maintained, including with movable barriers as appropriate where outdoor seating is to be placed in parking lots or on-street parking spaces.

2. The layout accommodates appropriate vehicle and pedestrian circulation and maintains adequate paths of travel and complies with accessibility requirements of the Americans with Disabilities Act.

3. Any tents must comply with fire codes and Palo Alto Fire Department issued standards for tents, and safety standards set forth by the National Fire Protection Association for fire-resistant tents and must include an affixed manufacturer’s label stating the tent meets NFPA requirements. A State Fire Marshal seal on the tent or a certificate is needed to prove treatment.

4. Any heaters must comply with fire codes.

5. An adequate and visible barrier is placed that clearly separates the retail area from the parking area and provides sufficient protection for patrons. Adequacy shall be defined in standards and guidelines issued by the Director of Planning.

6. Other requirements established in the standards and guidelines issued by the Director of Planning.

E. Fee. No fee will be charged for submittal and review of the Application and for conducting a Layout Review.

F. No Architectural Review. Notwithstanding PAMC Sections 18.77.077 and 18.76.020, architectural review shall not be required for proposed outdoor retail areas or signage related to such areas during the effective period of this Ordinance.
SECTION 7. Compliance with Other Regulations, Orders and Approvals

The uses of public and private property allowed in this Ordinance shall be conducted in compliance with any applicable state or county mandate (including executive orders and health orders), this Ordinance, Resolution No. 9909 and its successors, and all other local and state regulations, orders, and approvals, as applicable (collectively, “Applicable Law”). Any approval, allowance or permit to conduct such temporary outdoor use(s) shall be subject to revocation by the issuing City official if the use is conducted in violation of Applicable Law, or poses a threat to public health, safety or welfare.

SECTION 8. No Vested Rights

The outdoor uses of public and private property allowed in this Ordinance are temporary and shall be terminated upon the earlier of the date stated in the applicable permit/approval or the expiration of this interim Ordinance, unless earlier revoked by the City Manager or other authorized official (or their designee) or terminated by action of the City Council. The City may discontinue one or more, or all, of the allowed outdoor uses at any time if the City Manager or designee determines that the public health, safety or welfare warrant such action. Nothing in this Ordinance shall establish a vested right.

SECTION 9. Suspension of Prohibition on Alcohol Consumption in Lytton Plaza and Cogswell Plaza

Notwithstanding PAMC Sections 22.04.330 and 22.04.331, the City Manager is authorized to suspend the prohibition on consumption of alcoholic beverages in the parking lots adjacent to Lytton Plaza and Cogswell Plaza.

SECTION 10. Use of City Parking Lots for Reopening Activities

A. The City Manager, or his or her designee (“City Manager”), is authorized to permit outdoor dining, retail and other activities necessary to facilitate the reopening of businesses, in public parking lots owned by the City, subject to the City Manager’s adoption of rules, regulations, guidelines, and standards for such use (“Regulations”), and publication of such Regulations on the City’s website. Use of parking lots, or portions thereof, by a business shall require a license or other agreement, including an agreement to indemnify and hold harmless the City, and provision of insurance.

B. The City Manager is authorized to waive any fee in the Municipal Fee Schedule associated with the temporary use of parking areas for the purposes identified in Section A above.

C. Notwithstanding PAMC Section 9.04.020, the City Manager is authorized to suspend the prohibition on consumption of alcoholic beverages in any City owned parking lot.

//
SECTION 11. Personal Services, Indoor Recreation and Other Uses

The authorized outdoor uses of public and private spaces authorized in this Ordinance may be applied to personal services, indoor recreation and other uses. Prior to authorizing these additional activities to occur, the City Manager, or his or her designee (“City Manager”), shall adopt rules, regulations, guidelines, and standards for these uses, and publish them on the City’s website.

SECTION 12. Severability

If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

SECTION 13. Environmental Review

The Council finds that the Ordinance is categorically exempt from CEQA under CEQA Guidelines Sections 15301 (existing facilities) and 15304(e) (minor temporary use of land having negligible or no permanent effects on the environment).

SECTION 14. Effective Date

This Ordinance shall be effective 31 days after adoption and shall remain in effect until June 30, 2022 unless otherwise modified, repealed or extended by the City Council.

SECTION 15. Uncodified

This Ordinance shall not be codified.
SECTION 16. Supercedes Ordinance 5526.

As of the effective date of this Ordinance, this Ordinance shall supercede Ordinance 5526, and any conflict shall be resolved in favor of this Ordinance.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

NOT PARTICIPATING:

ATTEST:

____________________________________  ______________________________________
City Clerk                          Mayor

APPROVED AS TO FORM:

____________________________________  APPROVED:
Deputy City Attorney              City Manager

____________________________________
Director of Public Works

____________________________________
Director of Planning & Development Services
Resolution No. _____

Resolution of the Council of the City of Palo Alto Continuing the Pilot Parklet Demonstration Program as Continued by Resolution 9962

RECITALS

A. In June, 2020, the City Council adopted Resolution 9909 in response to COVID-19 and its effects on local businesses. Resolution 9909 created a Pilot Parklet Demonstration Program and also permitted the City Manager to temporarily close certain streets. At that time and since then, county and state regulations related to COVID-19 have limited or curtailed many indoor activities, including dining, bars, retail, and other recreational uses.

B. On June 7, 2021, the City Council adopted Resolution 9962, which amended and restated Resolution 9909 on a non-emergency basis (among other changes). Resolution 9962 will sunset on December 31, 2021.

C. The Council desires to amend and restate Resolution 9962 to temporarily continue the Pilot Parklet Demonstration Program until June 30, 2022.

D. This Resolution, like its predecessors, implements a temporary parklet program authorized by Ordinance ____.

NOW THEREFORE THE CITY COUNCIL OF THE CITY OF PALO ALTO RESOLVES AS FOLLOWS:

SECTION 1. Findings and Declarations. The Council hereby adopts the above Recitals as findings of the Council.

SECTION 2. Pilot Parklet Program and Design Requirements. The City Council hereby approves the temporary use of on-street parking spaces in Palo Alto for parklets under the Pilot Parklet Demonstration Program as first described Resolution 9909 and continued by its successor resolutions.

A. The Director of Public Works/City Engineer, or his or her designee (the “Director”), is delegated the authority to exercise their discretion to approve specific parklet locations, plans, designs, materials, and standards, and amendments thereto, consistent with the Parklet Standards and Requirements. The plans and designs shall be signed by the Director. Any existing parklet locations, plans, designs, materials, standards, and amendments to the Parklet Standards and Requirements approved by the Director under the authority of Resolution 9909 and/or
its successors shall remain valid under the authority of this Resolution unless otherwise amended, rescinded, or modified in any other way.

B. The Director is authorized to issue implementing guidelines and regulations for the Pilot Parklet Demonstration Program, and to approve amendments to the Parklet Standards and Requirements as the Director in his or her discretion deems necessary and proper. Any existing guidelines, regulations, or amendments issued by the Director under the authority of Resolution 9909 and/or its successors shall remain valid under the authority of this Resolution unless otherwise amended, rescinded, or modified in any other way.

C. A valid encroachment permit issued under Palo Alto Municipal Code Section 12.12.010 is required to operate a parklet under this Program. The Director may approve a parklet application through issuance of an Encroachment Permit, subject to the general regulations in Palo Alto Municipal Code Section 12.12.010 and the following criteria and procedures:

1. **Use.** Parklets shall be restricted to outdoor eating areas of eating establishments.

2. **Application and Review.** A complete application for a parklet encroachment permit shall be reviewed by City staff for a determination as to whether such application complies with the Parklet Standards and Requirements. The application shall include all information necessary for a determination on the application including, but not limited to a certificate of insurance and a hold harmless and indemnity agreement in favor of the City shall be submitted in accordance with the provisions of Palo Alto Municipal Code Section 12.08.120. The Director shall grant or deny the application.

3. **Conditions.** Conditions of approval may be imposed on parklet encroachment permits to maintain the public health, safety and welfare.

4. **Revocation.** The Director may revoke a parklet encroachment permit if he or she determines that the conditions of the permit, the provisions of this Resolution, or any applicable regulation, ordinance, or provision of the Municipal Code are being violated, or if the municipal use of the area is required for reasons of public health, safety, welfare or convenience. The permittee shall be notified of an intent to revoke the
permit and shall be entitled to a hearing before the Director whose decision shall be final.

5. **Existing Permits.** Any parklet encroachment permit issued under the authority of Resolution 9909 and/or its successors shall remain valid under the authority of this Resolution unless such a permit is otherwise amended, revoked, or modified in any other way.

**SECTION 3. Rules and Regulations.** In addition to the authority given to the Director of Public Works and his or her designee in Section 2 of this Resolution, the City Manager is authorized to enact any rule or regulation or implementing guidelines to effectuate and implement this Resolution.

**SECTION 4. Compliance with Other Regulations, Orders and Approvals.** The uses of public and private property allowed in this Resolution shall be conducted in compliance with any applicable state or county mandate (including executive orders and health orders), and all other local, county, and state regulations, orders, and approvals, as applicable (collectively, “Applicable Law”). Any approval, allowance or permit to conduct such temporary outdoor use(s) shall be subject to revocation by the issuing City official if the use is conducted in violation of Applicable Law, or poses a threat to public health, safety or welfare.

**SECTION 5. No Vested Rights.** The uses allowed in this Resolution are temporary and shall be terminated upon the earlier of the date stated in the applicable permit/approval or the expiration of this Resolution, unless earlier revoked by the City Manager or other authorized official (or their designee) or terminated by action of the City Council. The City may discontinue one or more, or all, of the allowed uses at any time if the City Manager or designee determines that the public health, safety or welfare warrant such action. Nothing in this Resolution shall establish a vested right.

**SECTION 6.** The Council finds that this Resolution is categorically exempt from CEQA under CEQA Guidelines Sections 15301 (existing facilities) and 15304(e) (minor temporary use of land having negligible or no permanent effects on the environment).

**SECTION 7.** This Resolution supersedes Resolution 9962. Any conflict between this Resolution and Resolution 9962 shall be resolved in favor of this Resolution.

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SECTION 8. This Resolution shall become effective immediately upon approval and shall remain in effect until June 30, 2022 unless otherwise modified, repealed or extended by the City Council.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

_________________________________________    __________________________________________
City Clerk   Mayor

APPROVED AS TO FORM:

_________________________________________
Deputy City Attorney

APPROVED:

_________________________________________
City Manager

_________________________________________
Director of Public Works

_________________________________________
Director of Planning and Development Services
Title: Approval of Funding Allocations for the Second Round of Human Services Resource Allocation Process Funding for FY 2022 in the Amount of $200,000 and Authorize the City Manager to Execute Contracts with the Nine Recipient Organizations

From: City Manager

Lead Department: Community Services

Recommendation
The Human Relations Commission and staff recommend that the City Council:

1. Approve the Human Services Resource Allocation Process (HSRAP) organizational funding allocations as recommended by the Human Relations Commission, and

2. Authorize the City Manager or their designee to execute contracts for Fiscal Year 2022 with nine organizations for amounts not-to-exceed those recommended by the Human Relations Commission. The total amount of these contracts shall not exceed $200,000.

Background
This report transmits the Human Relations Commission’s (HRC) proposed funding recommendations for a second allocation of funds available through the Human Services Resource Allocation Process (HSRAP) for Fiscal Year 2022. The funding recommendations will provide $200,000 to be distributed between nine organizations (listed here) for Fiscal Year (FY) 2022.

During the FY 2022 City budget deliberations, Council expressed concern for local nonprofits, specifically how they are faring due to COVID related financial impacts. Council approved a one-time HSRAP allocation in the amount of $200,000 in the FY 2022 adopted budget (staff report and action minutes June 21, 2021) to offer one-year financial assistance to organizations serving the Palo Alto community.

A Request for Proposals (RFP) was released in July 2021 to solicit proposals for funding, with a due date of August 13, 2021. The RFP was sent to 35 community service organizations serving the Palo Alto community that provide services that address the identified priority of needs as approved by the HRC and included in the RFP. Funding

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requests were received from ten applicants in an amount that exceeded the available funding by $248,075. The proposals were first thoroughly reviewed by a group of reviewers (Reviewers) consisting of two members of the HRC, a former HRC Commissioner and a community member, who then passed on their recommendations to the full HRC for discussion at their September 23, 2021 meeting.

Discussion
The HRC met on September 23, 2021 to discuss the funding recommendations from the Reviewers. The staff report to the HRC includes a background on the HSRAP process, details on the funding deliberations by the HSRAP Reviewers, funding recommendations, HSRAP Priority of Needs for Fiscal Year 2022, and the proposal summaries submitted for funding consideration.

HRC Chair Kaloma Smith, who served as one of the Reviewers, presented the recommendations to the Commission. He emphasized that a thorough review was conducted and that the recommendations made were grounded in the following:

1. Quality of Proposal and alignment with the Evaluation Criteria as stated in the Request for Proposal (application);
2. Council concern regarding the financial impact of COVID on local nonprofits;
3. Funding philosophy of HSRAP, which states that the “Primary goal of HSRAP is to meet the needs and improve the quality of life of low income and vulnerable populations while considering and addressing the financial, cultural, psychological and physical barriers that prevent residents of the Palo Alto community from accessing the human services they need";
4. The amount requested and its correlation to the programs being provided; and
5. Careful consideration of what would be the appropriate balance of program support based on the funding requested.

After a short discussion, the HRC voted unanimously to forward the Reviewers’ recommended funding allocations to the Council, with the Commissioners acknowledging the thorough vetting process of the proposals by the Reviewers. The draft action minutes from the HRC’s September 23, 2021 meeting are provided here.

The agencies recommended to receive funding are listed below:

1. AbilityPath provides support services to people with special needs such as day center support services, early intervention for children with special needs, childcare for developmentally delayed children, employment services, a creative recreation program, among other services. Proposed funding will help support their adult services including educational, recreational and art programs. ($18,884.25)
2. DreamCatchers provides free individualized mentoring, academic, and social emotional support to socioeconomically disadvantaged middle school students
and their families. Proposed funding will help support their Parent Engagement Program. ($15,000)

3. Karat School Project’s services in Palo Alto include services and support to families living in Recreational Vehicles (RVs). Proposed funding will help support their educational assistance programs. ($18,884.25)

4. LifeMoves provides financial assistance to low income and homeless residents of Palo Alto, as well as food, shelter, case management, and an array of other services at the Opportunity Services Center. Proposed funding will help support food expenses to feed unhoused individuals. ($30,000)

5. PARCA offers an array of services for individuals with special needs and operates Page Mill Court, an independent living apartment complex for adults with developmental disabilities in Palo Alto. Proposed funding will help support Healthy Living (food and exercise) programs. ($20,000)

6. Peninsula HealthCare Connections is a medical clinic which provides affordable healthcare, outreach services including backpack medicine, particularly to underserved and at-risk community members experiencing homelessness. Proposed funding will help support a clinic administrator. ($33,825)

7. Ravenswood Family Health Network operates the May View Community Health Center which provides medical and mental health care services to low-income residents. Proposed funding will help support the development of an optometry program for low-income individuals. ($25,000)

8. Vista Center for the Blind and Visually Impaired provides no or low-cost vision loss rehabilitation and disability support services to individuals who are blind or visually impaired. Proposed funding will help support vision loss counseling and rehabilitation services. ($18,713)

9. Youth Community Service provides leadership training, service-based learning opportunities and social emotional wellness for youth in the community. Proposed Funding will help support service learning and peer leadership programs. ($19,693.50)

The HRC did not make a funding recommendation for Caminar, which submitted a proposal in the amount of $200,000 for full funding to restore their programs at their Palo Alto location (due to past budget cuts, these services were moved to their San Jose office). While the Reviewers felt that restoration of these services in Palo Alto was important, there was little diversification of funding beyond HSRAP to reinstate the programs or sustain them beyond the current year.

**Timeline**
Upon approval by the City Council, the contract period will be the date of full execution of each contract until June 30, 2022.
**Resource Impact**
The HSRAP funding recommendations in this report will allocate $200,000 to nine agencies. This funding is available in the City’s Fiscal Year 2022 Adopted Operating Budget. Funding for future year HSRAP allocations is subject to City Council approval through the annual budget process.

**Stakeholder Engagement**
The RFP was sent out to over 35 human services organizations that serve the Palo Alto community via a direct invitation. The RFP was also listed on Planet Bids. All HSRAP funding applicants were made aware of the September 23, 2021 HRC meeting at which the Commission would be discussing the draft funding recommendations. Several applicants were present for the virtual meeting.

**Environmental Review**
This grant program is not a project as defined by the California Environmental Quality Act (CEQA) and is not subject to CEQA review.
Title: Review and Approve a Fire Department Ambulance Subscription Program: 1) Adopt Ordinance to Establish Program and Fees, and 2) Approval of a Budget Amendment in the General Fund

From: City Manager

Lead Department: Fire

Recommendation
To establish a Fire Department Ambulance Subscription Program, the Finance Committee and staff recommend that the City Council:

1. Approve a new Ambulance Subscription Program and associated fees for Residential and Business Participants;
2. Adopt the Finance Committee’s recommended fees including the adoption of an Ordinance amending the Fiscal Year 2022 Municipal Fee Schedule (Attachment A); and,
3. Approve a Budget Amendment Ordinance for Fiscal Year 2022 in the General Fund by:
   a. Increasing the Fire Department Operating Budget by $50,000 for marketing costs, and
   b. Increasing the Fire Department Operating Budget by $60,000 for Allocated Charges for Utility Payment Processing, and
   c. Decreasing the General Fund Reserve: Transition Costs* by $110,000.
4. Approve a Budget Amendment Ordinance for Fiscal Year 2022 in the Utilities Administrative Fund by:
   a. Increasing the Utilities Department Charges to Other Funds revenue by $60,000, and
   b. Increasing the Ending Fund Balance by $60,000.

* These funds are included in a reappropriation request to carry them forward from FY 2021 to FY 2022 in a separate CMR also on this October 18th agenda.

Executive Summary
As part of the Fiscal Year 2021 Adopted Budget, both a new Ambulance Subscription Program and First Responder Fee were proposed for residents and businesses for Fire Department services. This report specifically addresses establishing the new ambulance subscription program. This program will be voluntary and proposes to waive the insurance co-pay that the City Fire Department would otherwise charge participants for ambulance transport to a
hospital. It is recommended that the program be established with a flat monthly participation fee that would be administered by adding it to the household or business utility bill.

Background
The Palo Alto Fire Department (PAFD) has been operating an ambulance service since 1974. PAFD is the only fire agency in Santa Clara County that provides an ambulance service, which performs approximately 3,500 transports each year. Emergency medical calls for service make up approximately two-thirds of all calls for service for the Fire Department annually. For at least 5 consecutive years, PAFD has exceeded the response standard for Emergency Medical Service (EMS) response for a unit to arrive on-scene in 8 minutes or less 90% of the time, and a paramedic on-scene in 12 minutes or less 99% percent of the time. The ambulance transport service has been recognized as one of the City’s highest-rated services, based on customer satisfaction surveys.

On June 22, 2020, City Council adopted a budget for Fiscal Year 2021 that included revenue of $1.5 million from creating a new Ambulance Subscription Program. The Ambulance Subscription Program is an optional fee for residents and businesses to secure co-pay-free ambulance transport.

The Ambulance Subscription Program proposed by the Fire Department is modeled after similar programs offered by other fire departments in California that also provide an ambulance transport service. The voluntary program covers the co-pay for ambulance transports to the residents or employees of participating businesses. The first known Ambulance Subscription Program was established in 1985 in Anaheim, California, and most cities that have offered such a program are in Southern California.

The PAFD identified five other fire departments in California that offer an Ambulance Subscription Program. All cities offer the program to residents and some offer it to businesses. Each city has a flat annual fee, ranging from $43-$60 for participation that was determined when the program started, and they have not been adjusted since the programs started.

All cities reported participation rates of 25-30% of all residents and/or businesses in the initial year of implementation and slowly declining participation rates over decades as residents and businesses turn over. Some cities reported running marketing campaigns every 2-3 years to boost enrollment or even adding an automatic voluntary payment on the utility bill once per month to encourage enrollment.

Corona, California, a city in Riverside County with a resident population of 152,374 (2010 Census), provided some details on the number of participants and revenue received from the program. Their program was established in 2004, and charges $60 per household per year to participate. In Fiscal Year 2018, they had a total of 18,470 subscribers, approximately twelve percent (12%) of the resident population. The program generated $886,564 of revenue.
In December 2020, the Department brought forward a report (CMR 11710) and proposed three fee tier options, asking Finance Committee to decide upon a fee level for the Ambulance Subscription Program. After discussing the program and fees, the Finance Committee directed staff to collect more information and opinions from the community on the amount at which to set the fees. The Department conducted an online survey and virtual focus group in order to gauge the community’s interest and collect opinions on the rate at which to set the fee. The results of those studies are presented in this report and the Department is proposing a fee structure based on the community’s input.

On September 21, 2021 the Finance Committee unanimously approved the proposed Program and Fees outlined in this report to be brought forward to City Council for adoption.

Discussion

Community Input

The survey included eight questions focused on the value of adding this program to the community, individual interest in participating in the program, and fee amounts were sent to the Emergency Service Volunteer Group. We received a total of 35 responses, with the survey open for one week.

Result Highlights:

- 52% think the program would be extremely or very valuable
- Interest in the program was split (34% very, 31% somewhat, 35% not so or not at all)
- More commercial insurance respondents (57%) reported the program to be extremely or very valuable than Medicare respondents (43%)
- More commercial insurance respondents (43%) reported they would be extremely or very interested than Medicare respondents (21%)
- The more interested in the program, the more they are willing to pay. Of those responding “extremely or very” interested in the program, most would be willing to pay $100 or more annually.

On May 5, 2021 the Fire Department held a virtual conference focus group with one of the City’s neighborhood associations. A total of 7 residents participated in the focus group and provided helpful information and asked questions that helped to shape the proposed program.

Feedback and Suggestion Highlights:

- All thought the program would be beneficial to the community
- It would be best to target towards families
- Make it a monthly program, not annual
- 2 people wanted the City to charge the highest tier fee ($10/month)
- 1 person wanted the City to charge a lowest amount ($6.67/month) believing this would get more people to sign up
- The group was excited about the program and wanted to help the City promote the program
• Create a way to donate if you didn’t want to sign up for the entire fee
• Create a way for someone to pay for someone else’s membership in the program

Key Quotes from Focus Group Participants:

“Well, being that I have five kids and we went through all the teenage years with them. We’ve met many opportunities to partake of the lovely ambulance service. So, we would have paid off in dividends for us.”

“Well, I was saying this to Amber and the Chief, you know, it's just something for them to keep in mind, but I too, I have four grandchildren, grandchildren now left in the school system and they all play sports big time and they all two of them have had injuries.”

“Oh, $10, 10, well, whatever it works out $12 to make it $12 a month. And that doesn't sound painful. So, I just thank you. You're really on the right track with that.”

“So, I think it's a showstopper. If you don't cover the out of County ambulances, if I pay for this and then you charge me, I'm going to be really pissed off. I, I think that's just a social cost. Right.”

“I think that I think $120 a year is a lot, honestly, I would go lower just because I think it would make it. I mean, you guys, in your model, you show the same number of people adopting it at every level. We all know demand; curves don't work that way. So, you will get fewer people if you positioned higher.”

“As a member of the [neighborhood] association board, which a number of us are here, I think we should promote it in the community.”

Costs to Patients and Program Design
The PAFD has established ambulance transport fees, and contracts with a third-party vendor to collect insurance fees. Often patients are responsible for a co-pay when transported to the hospital, depending on their insurance coverage. In Fiscal Year 2019, the average deductible/co-pay required for a single trip to the hospital for patients with commercial insurance was $650, with most patients paying $385 out-of-pocket for a transport.

For residents or businesses that elect to enroll in the Ambulance Subscription Program, a flat monthly fee will be assessed, and eligible participants will have the co-pay amount waived when transported by PAFD to the hospital. This program has the potential to reduce revenue generated by the City’s paramedic transportation service fees (approximately $3 million annually); however, with the expected participation levels in the program, staff estimates the impact to be no greater than $15,000 to $25,000 annually. During the implementation of the program, staff will track how many co-pay waivers are granted to monitor the impacts on
paramedic transportation revenue.

Participation in the program will be limited to residents and businesses within the City of Palo Alto, and applies to EMS responses within the Palo Alto city limits.
- For residential participants, all household members who are permanent residents of the subscribing household will be covered. The program will include umbrella coverage for visitors in the subscribing household who need emergency medical transport from a resident that is a program participant.
- For business participants, the Program will cover all employees at the business address or those elsewhere in the City of Palo Alto during the course of their duties. A business subscription will not cover customers or other visitors to the premises of the business.

This program will not be available for Stanford student or residents. The Department will offer an option to Stanford University if it chooses to cover its residents and day-time population. A separate agreement with the University would be negotiated if they are interested.

Program Administration and Fee Collection
Participants who elect to enroll in the Program will be able to do so through various methods including online, email or phone. Current administrative staff within the PAFD will be assigned to assist residents and businesses with enrolling and answering any questions they may have about the program, and the Department will use current technology to create a database of participants. Fees will be collected in partnership with the Utilities Department, and Fire Administrative staff will collaborate with Utilities Customer Support to coordinate enrollment and billing.

From a customer perspective, the enrollment will be seamless after submitting their information, and the pro-rated monthly charge will show up on their next utility bill. Participants will be able to elect to unenroll at any time for any reason, and their subscription benefits will be terminated upon request, effective the following month.

All cities interviewed reported the success of enrolling participants in the program resulted from a strong marketing and outreach campaign over the course of the first year. The PAFD will launch a community education and outreach campaign to inform the residents and businesses about the new program benefits and provide clear communication on the eligibility and enrollment in collaboration with the City Manager’s Office.

Fee Setting and Revenue Estimates
The FY 2022 Adopted Budget assumed a revised revenue estimate of $550,000 generated from residential and business participants for the second half of the fiscal year, assuming a launch by January 2022. The Fire Department is seeking to adjust the FY 2022 Municipal Fee Schedule to add this fee, and approval from the Finance Committee on the amount of monthly Residential and Business Fees. The cities identified with similar programs in California set fees upon the program’s onset and have not increased them. With most of those fees set more than thirty
years ago, the Fire Department is proposing a higher rate than compared to other city programs based on the current cost of services as well as the financial benefit of the program should the co-payment paid by the participant be waived.

Residential Participants
Participants in the Online Survey and Focus Group were given 3 tiers of annual fees to consider. Based on their feedback the Department is proposing a monthly rate, rather than annual. The Department is also proposing setting that monthly fee in the middle of the options proposed to the community based on the mixed feedback from the community. The proposed monthly fee would be set at a rate of $8 per month.

There are approximately 25,000 residential Utility customers in Palo Alto that could elect to participate in the program. Using other cities as a benchmark who have reported a 25-30% participation rate in Ambulance Subscription Programs, the Fire Department is estimating 6,250 residential utility customers (25 percent) will enroll in the program. With a $8 per month fee, this would generate $600,000 in gross programmatic revenue annually.

Business Participants
In March of 2020 the City of Palo Alto considered a Local Tax Measure (CMR 11161) which provided data on business population from the California Employment Development Department (EDD). That data showed an estimated 3,141 businesses with employee counts ranging widely from under 10 to 1,000 or more. It should be noted that these estimates and data reflect information prior to the current shelter in place environment and the long-term impacts of business models as a result of the current public health emergency.

A modified program approach similar to that of Corona, CA, that sets the Business rate based on employee headcount is recommended. The Palo Alto Ambulance Subscription Program would establish 5 tiers of rates for businesses based on employee headcount.

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*Expected Participation Rate* 25%

**Total Estimated Revenue** $600,900

Resource Impact
The proposed fees estimate a total annual revenue of up to $1.2 million using an estimated participation rate of 25% for both residential and commercial utility customers. This voluntary
fee does not need to be based on costs, in contrast to fees imposed by the City for services. The Department intends to have the fees and revenue targets remain flat for the first few years of implementation while staff analyzes trends and viability of the program.

There are costs to implement this program unanticipated at the time of budget development. In collaboration with the Utilities Department, staff have identified a way to leverage existing invoice infrastructure, however some marginal additional staff resources will required to support the billing activities of the Program. Utilities estimates a total of 30 hours each month will be required for customer support, amounting to an annual charge of $60,000 to support customer inquiries, payment posting, credit collection, and accounting. The fee for Utilities support will be evaluated annually and charged in arrears based on the actual level of effort. An ongoing base budget increase to interdepartmental services costs of $60,000 annually will be needed in the General Fund. And, if this program is approved service cost would be included in the FY 2023 base budget for the administration of this program.

The Fire Department will conduct a strong marketing and outreach campaign throughout the first year in collaboration with the City Manager’s Office. This will include no-cost efforts, such as press releases, and for-cost efforts including print and digital marketing. Additional one-time funding of $50,000 will be necessary to cover the campaign’s costs and will be recommended as a budget amendment in FY 2022 when presented to the City Council. The funding source for these additional funds would be recommended to be drawn from available reserve funds or the Budget Stabilization Reserve. In order to maintain enrollment rates, a strong marketing campaign will be required every 2-3 years, and the budget will be recommended for adjustment in the future to boost enrollment when needed.

Funding is recommended to come from the General Fund “Reserve: Transition Costs” that was specifically set aside for unanticipated costs associated with changes to services delivery as adopted in the budget and transition costs unforeseen as part of the budget process. Remaining funding in this reserve would be approximately $0.7 million.

**Stakeholder Engagement**

Residents and businesses have been engaged in the budget adoption process; however, targeted outreach and information marketing are required to provide clear communication and information to residents and businesses about the program benefits and enrollment. The above-recommended approach includes a robust initial outreach campaign.

**Environmental Review**

Council’s adoption of an Ambulance Subscription Program and related fees is not a project requiring environmental review for the purpose of the California Environmental Quality Act, because the Program will not result in a direct or reasonably foreseeable indirect physical change in the environment (Pub. Res. Code sec. 21065, 14 CCR sec. 15378(b)(4)).

Council’s approval of budget adjustments associated with Program approval does not
constitute a project requiring environmental review for the purpose of the California Environmental Quality Act, as the creation of governing funding mechanisms and fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. sec. 15378(b)(4)).

Attachments:
- Attachment 6a: Attachment A: Ambulance Fee Ordinance
*Yet to be Passed*

Ordinance No. ___

Ordinance of the Council of the City of Palo Alto Amending the Fiscal Year 2021 Municipal Fee Schedule to Add Fire Department Ambulance Subscription Program Fees

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

A. The City of Palo Alto Fire Department has provided an ambulance transport service since 1974.

B. The City plans to establish a new Ambulance Subscription Program (Program) allowing eligible participants to pay an annual fee to have the insurance co-pay waived for ambulance transports occurring within the City.

C. All residences and businesses within the City of Palo Alto are eligible for voluntary participation in the program.

D. A Residential Program subscription will cover all permanent residents at the subscribing household address, as further described in the Program terms.

E. A Business Program subscription will cover all employees at the subscribing business address or those who are elsewhere in the City of Palo Alto during the course of their duties, as further described in the Program terms.

The City will fund the Program through a flat monthly fee for Residential and Business Program participants.

SECTION 2. The Council of the City of Palo Alto approves and adopts new fees for an Ambulance Subscription Program available to residential and business participants and adopts the amendments to the Fiscal Year 2021 Municipal Fee Schedule as set forth in Exhibit “A” and incorporated here by reference.

SECTION 3. The fees in this Ordinance are for voluntary enrollment in the Program. Pursuant to Art. XIII C, Section 1(e) of the California Constitution, such fees are not a tax.
SECTION 4. The Council finds that adoption of an Ambulance Subscription Program and related fees is not a project requiring environmental review for the purpose of the California Environmental Quality Act, because the Program will not result in a direct or reasonably foreseeable indirect physical change in the environment (Pub. Res. Code sec. 21065, 14 CCR sec. 15378(b)(4)).

SECTION 5. This ordinance shall be effective thirty-one days after the date of its adoption.
Fiscal Year 2021 Municipal Fee Schedule  
Chapter VIII - Fire Fees

New Fee: Ambulance Subscription Program

### Residential Rate

| Monthly Fee per Household | $8 |

### Business Rate

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City of Palo Alto
City Council Staff Report

Report Type: Consent Calendar           Meeting Date: 10/18/2021

Title: Approval of Facility Interior Finishes Replacement Purchase as Approved in the CIF With Pivot Interiors in the Amount of $349,545 Project PF-02022

From: City Manager

Lead Department: Utilities

Recommendation
Staff recommends that the City Council approve a Purchase Order with Pivot Interiors, Inc. in the amount of $349,545 under the City's Government Purchasing Cooperative Contract through OMNIA Partners for the purchase of new office and cubicle furniture and assembly for Utility staff located at Elwell Court.

Background
City of Palo Alto currently leases from McCANDLESS LIMITED, LLC, a California limited liability company (“Landlord”) approximately nine thousand two hundred two (9,202) square feet of space located at 1007 Elwell Court, Palo Alto, California (the “1007 Premises”) and approximately six thousand nine hundred fifty-five (6,955) square feet located at 1005 Elwell Court, Palo Alto, California (the “1005 Premises”) for a total area of 16,157 square feet of office space pursuant to that certain lease dated as of July 31, 1998. Council approved the lease amendment on June 21, 2021 to extend the term for three (3) additional years until August 31, 2024 (Lease Agreement). The 1007 Premises and the 1005 Premises are located in a building commonly known as 1001-1007 Elwell Court, Palo Alto, California. The building provides office space for approximately 45 Utilities Engineering employees and their equipment, a library for utilities system documentation and plan review, engineering training stations, and conference rooms. The Utilities Engineering office at Elwell Court has not had any significant interior updates since the City entered into the lease agreement in 1998.

The previous lease amendments did not include any tenant improvement allowance. In the new lease amendment, the landlord has agreed to contribute up to $250,000 for improvements. Interior finishes improvements will include flooring, paint, ceiling tiles, cabinetry, countertop, HVAC reconfiguration, water heater and ADA compliance upgrades.

Discussion
The office cubicles and furniture are over 20 years of age and are also ready for replacement. Following the interior finishes improvements, workspaces will be reconfigured to be more ergonomic friendly and modernized for current business trends that use less paper, storage, and compartmentalization, more openness, and collaboration. Funding of $370,000 for the workspace improvement is included in the Facility Interior Finishes Replacement (PF-02022) capital improvement program. The quote received from Pivot Interiors Inc. (Pivot) for the new office and cubicle furniture purchase and assembly for 1005 and 1007 Elwell Court is $349,545 (Attachment A). It is for this purchase that staff is seeking Council approval.

Procurement Process
Palo Alto Municipal Code section 2.30.360 (j) allows the use of cooperative purchasing agreements in lieu of conducting a competitive solicitation. The City has been purchasing Herman Miller furniture under a Government Purchasing Cooperative through OMNIA Partners, where the supplier agrees to provide furniture products either directly or through a network of primary dealers (Attachment B and Attachment C). Pivot Interiors Inc. is an authorized Herman Miller dealer. By utilizing this cooperative agreement, the City can benefit from competitive cooperative contract pricing to purchase office and cubicle furniture. If not approved, the facility will remain as is.

Resource Impact
Funding for the contract is available in the FY 2022 capital budget of the Facility Interior Finishes Replacement project (PF-02022).

Policy Implications
The approval of this Purchase Order is consistent with existing City policies and supports the Utilities Strategic Plan.

Priority 1: Workforce – We must create a vibrant and competitive environment that attracts, retains, and invests in a skilled and engaged workforce.

Environmental Review
Approval of this Purchase Order does not meet the California Environmental Quality Act’s definition of a “project” under Public Resources Code Section 21065.

Attachments:
- Attachment7.a: Attachment A: Pivot Quote
- Attachment7.b: Attachment B: Herman Miller Agreement
- Attachment7.c: Attachment C: Co-Op Contract

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1 OMNIA Partners is a cooperative purchasing organization.
**Quotation**

**Bill to:**  
City of Palo Alto  
Po Box 10250  
Palo Alto, CA 94303-0862  
USA

**Ship to:**  
City of Palo Alto - Utilities Department  
1005 Elwell Ct  
Palo Alto, CA 94303-4308  
USA

**Totals:**  
Total nontaxable: $0.00  
Total taxable: $76,187.38  
Tax: $6,952.10  
TOTAL AMOUNT - USD: $83,139.48

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**Information**

Quote: 405989-01  
Description: Elwell Utilities Dept Area 1005 - UPDATED  
Document date: 9/30/2021  
Payment terms: Net 30  
Expiration date: 10/27/2021

**Team**

Sales representative: Stacey Bailey  
Email: sbailey@pivotinteriors.com  
Phone: 925 218 0934

Sales coordinator: Heidi Ferguson  
Email: hferguson@pivotinteriors.com  
Phone: 925 734 3601

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---|---|---|---|---|---|---
1 | NOTE | NOTE | | 1.00 | $0.00 | $0.00
1 | * | City of Palo Alto contract | | | | |
1 | * | Contract 202000622 | | | | |
1 | * | until 1.19.22 | | | | |
1 | * | AP4665 | | | | |
2 | PIV-PM | Project Management | | 1.00 | $1,488.00 | $1,488.00
3 | ASSEMBLY-SUB | Assembly Services | 1005 | 1.00 | $11,500.00 | $11,500.00
3 | * | Service West | | | | |
3 | * | 290012-QT003 | | | | |
3 | * | Labor to receive deliver and install | | | | |
3 | * | (8) Canvas full panel height | | | | |
3 | * | workstations w (1) height | | | | |
3 | * | adjustable desk, (5) | | | | |
3 | * | flipper door overheads | | | | |
3 | * | units (1) open shelf | | | | |
3 | * | (1) ped and (1) lateral file | | | | |
3 | * | Normal Business hours | | | | |
4 | 26-3020-3N | File,FS Lat Std Pull,3 11 3/4" Dwr 30W | HM TU ELWELL 1005 | 6.00 | $564.96 | $3,389.76
4 | S | smooth paint on smooth steel | | | | |
4 | G2 | graphite satin | | | | |
4 | T1 | 1"-high painted metal top with squared edge | | | | |
4 | KA | keyed alike | | | | |
4 | B1 | 1"-high base | | | | |
4 | CB | counterweight (recommended) | | | | |
4 | 9P | front-to-back filing rail | | | | |
5 | 26-4220-4N | +FILE,FS LAT STD PULL,4 11 3/4 DWR CLIENT | INVENTORY | 7.00 | $0.00 | $0.00
5 | T5 | +SMOOTH PAINT ON TEXTURED STEEL | | | | |
5 | BU | +BLACK UMBER | | | | |
5 | T2 | +1 1/4 -HIGH PAINTED METAL TOP WITH Squared EDGE | | | | |
5 | KD | +KEYED DIFFERENTLY, BLACK | | | | |
5 | B2 | +1 1/2 -HIGH BASE | | | | |
5 | NO | +NO COUNTERWEIGHT (MUST GANG OR ANCHOR) | | | | |
5 | 9P | +FRONT-TO-BACK FILING RAIL | | | | |
6 | DT1AS.2448LT | Everywhere Rectangular Table,Squared Edge,Lam Top/Thermo Edge,T-Leg 24D 48W | HM EVERYWHERE AND MOTIA ELWELL | 1.00 | $363.63 | $363.63
6 | HP | light anigre | | | | |
6 | HP | light anigre | | | | |
6 | G2 | graphite satin | | | | |
6 | 57 | glides | | | | |
6 | NTG | no grommet | | | | |

**Bill to:** C00278  
City of Palo Alto  
Po Box 10250  
Palo Alto, CA 94303-0862  
USA

**Ship to:**  
City of Palo Alto - Utilities Department  
1005 Elwell Ct  
Palo Alto, CA 94303-4308  
USA

**Totals:**  
Total nontaxable: $0.00  
Total taxable: $76,187.38  
Tax: $6,952.10  
TOTAL AMOUNT - USD: $83,139.48
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Total nontaxable $0.00
Total taxable $76,187.38
Tax $6,952.10
TOTAL AMOUNT - USD $83,139.48
TERMS AND CONDITIONS

This quotation, which includes the preceding portion hereof (collectively, Quotation) is subject to the terms and conditions set forth below, and shall be void unless accepted by the Buyer signing a copy and returning it to Pivot Interiors (Seller) no later than thirty (30) days from the date of the Quotation.

1. Terms: All sales by Seller hereunder are final, and the terms of the Quotation may not be modified without the prior written consent of an authorized representative of Seller. Additional or different terms and conditions proposed by Buyer shall not be binding on Seller without Seller’s prior written approval.

2. Payment: Unless otherwise stated in the Quotation, payment terms are net, not later than the date specified in the preceding portion of this Quotation. Unless waived by Seller in writing, Buyer shall deposit with Seller the deposit sum specified above in the preceding portion of this Quotation, which shall be payable concurrently with Seller’s receipt of Buyer’s written acceptance of the Quotation. All sales and shipments are subject to Buyer’s credit approval. If Buyer’s credit information is not available or if its credit is not approved by Pivot, payment by Buyer must be made in full at or before the time of purchase.

3. Proposals: Terms and conditions of this Quotation (collectively, Purchase Items) are set forth above in the preceding portion of this Quotation.

4. Price: The total price (Price) for Purchase Items being provided by Seller is set forth above in the preceding portion of this Quotation. Unless otherwise noted, all applicable freight charges are included above in the preceding portion of this Quotation and, if not included therein, freight charges will be quoted and invoiced to Buyer as a separate line item. The Price, if not specified in the preceding portion of this Quotation, does not include applicable taxes, or other items specifically enumerated below.

5. Taxes: All applicable taxes on the Purchase Items will be in addition to the Price, and will be added to invoices and paid by Buyer when the invoice is due, at the rate in effect at time of invoicing. If Buyer claims exemption from taxes, Buyer will provide Seller with a valid Certificate of Exemption concurrently with Buyer’s acceptance of this Quotation.

6. Freight: All freight and related delivery charges applicable to the Purchase Items, unless already stated in the preceding portion of this Quotation, will be in addition to the Price, and will be added to invoices and paid when the invoice is due.

7. Changes, Cancellations, & Returns: Products and services sold to Buyer hereunder are custom designed and/or manufactured. All sales are final. No changes, cancellations or returns are allowed without the prior written approval of Seller and the applicable manufacturer. If changes, cancellations or returns are approved by Seller, all direct and indirect costs and expenses thereof shall be paid by Buyer.

8. Product Storage: If Buyer is unable or unwilling to accept delivery of Purchase Items within thirty (30) days of product receipt at Seller’s (and/or Seller’s agents) facility, all resulting costs and expenses incurred by Seller and/or its agents, including costs of moving, handling and storage of Purchase Items pending delivery, shall be paid by Buyer. Such Purchase Items shall be invoiced and shall be paid in full by Buyer within thirty (30) days after date of invoice. Provided, however, all moving, handling and storage costs and expenses incurred by Seller and/or its agents shall be paid by Buyer immediately upon receipt of invoice.

9. Title & Security Interest: Title to all Purchase Items shall pass from Seller to Buyer upon delivery and payment in full of the invoiced amounts and all other costs and expenses due under this Quotation. Seller shall have and Buyer hereby grants to Seller a continuing first security interest in all Purchase Items to secure grantment of the Price and all invoiced portions thereof, and other obligations of Buyer under this Quotation. All Purchase Items shall remain personal property regardless whether affixed to real property. If Buyer shall default in payment under this Quotation, Seller shall have all applicable rights and remedies of a secured party pursuant to the California Commercial Code. Buyer agrees to execute a Security Agreement and related financing documents promptly upon Seller’s request.

10. Delay: Due to uncertain factory shipping schedules common to the componentized modular furniture business, no obligation or liability shall be incurred by Seller for failure to deliver Purchase Items by any particular date. Seller shall not be liable for any loss, expense, claim or damage incurred by Buyer or others resulting from any delay or failure in shipment or delivery of Purchase Items caused in whole or in part by delay or default in transportation, labor disputes, inability in obtaining materials or product, natural disasters, acts of God, war or terrorism or any other cause not within the reasonable control of Seller.

11. LIMITATION OF WARRANTIES: SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR AS TO THE SUITABILITY OF ANY PURCHASE ITEMS OR SERVICES FOR ANY PARTICULAR PURPOSE. BUYER’S SOLE WARRANTY AND OTHER RIGHTS HEREUNDER FOR PRODUCT DEFECTS OF ANY KIND SHALL BE THE WARRANTY THAT IS PROVIDED BY THE MANUFACTURERS OF SUCH PRODUCTS. MOST MANUFACTURERS WARRANT THEIR PRODUCTS TO BE FREE FROM DEFECTS IN MATERIAL AND WORKMANSHIP FOR A PERIOD OF AT LEAST ONE (1) YEAR FROM DATE OF DELIVERY, AND BUYER SHALL HAVE THE BENEFIT OF ANY SUCH MANUFACTURER WARRANTIES. SELLER AGREES TO SERVE AS FACILITATOR OF ANY CLAIMS MADE BY BUYER AGAINST MANUFACTURERS, BUT SELLER SHALL HAVE NO LIABILITY WHATSOEVER WITH REGARD TO ANY SUCH FACILITATION EFFORT. ANY CLAIM AGAINST A MANUFACTURER’S WARRANTY MUST BE MADE TO THE MANUFACTURER PROMPTLY UPON DISCOVERY OF A DEFECT. BUYER’S SOLE REMEDY FOR DEFECTIVE INSTALLATION PERFORMED BY SELLER SHALL BE TO REPAIR OR REPLACE, AT SELLER’S SOLE OPTION, THE SAME WITHIN THE FIRST YEAR IMMEDIATELY FOLLOWING DELIVERY. SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES. NO OTHER WARRANTIES OF ANY KIND ARE EXPRESSED OR IMPLIED, AND BUYER HEREBY DISCLAIMS ANY AND ALL RIGHTS THERETO. IN ADDITION, PRODUCT WARRANTIES MAY BE INVALIDATED ON NON-COMMERCIAL ITEMS (RESIDENTIAL OR RETAIL SOURCED) USED IN COMMERCIAL SETTINGS (INCLUDING WITHOUT LIMITATION OFFICES AND HOSPITALS). SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR AS TO THE SUITABILITY OF ANY PURCHASE ITEMS OR SERVICES FOR ANY PARTICULAR PURPOSE. THE SOLE WARRANTY OBLIGATION OF SELLER TO BUYER SHALL BE EXPRESSLY LIMITED TO THE WARRANTY SET FORTH IN THIS PARAGRAPH 11 ALONE.

12. LIMITATION OF DAMAGES: EACH PARTY’S TOTAL LIABILITY FOR DAMAGES OR CLAIMS ARISING OUT OF OR RELATING TO THIS QUOTATION SHALL NOT EXCEED THE AGGREGATE FEES PAID OR PAYABLE BY BUYER TO SELLER UNDER THIS QUOTATION UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE IN ANY WAY FOR SPECIAL, INDIVIDUAL, CONSEQUENTIAL OR NON-DIRECT DAMAGES ARISING IN ANY WAY OUT OF THIS QUOTATION, HOWEVER CAUSED, WHETHER ARISING OUT OF CONTRACT, TORT (INCLUDING NEGLIGENCE OR OTHERWISE), INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, OR LOSS OF TIME, INCONVENIENCE OR COMMERCIAL COSTS. THE LIMITATIONS OF LIABILITY SET FORTH HEREBIN SHALL APPLY NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY OF THE LIMITED REMEDIES SET FORTH HEREIN.

13. Finance Charges: A finance charge of 1.5% per month (ANNUAL PERCENTAGE RATE OF 18.0% PER ANNUM) will be charged on all past due accounts. In the event any action, suit or other proceeding is required to collect amounts owing to SELLER under this Quotation, Buyer shall reimburse all costs and expenses incurred therein by SELLER, including reasonable attorney’s fee and costs.

14. Delivery and Installation Conditions: Buyer shall have the following obligations, which Buyer shall cause to occur at its sole cost and expense:

a. Job Site: Job Site, including all passageways, corridors and the areas designated for installation, shall be clean, free and clear of personnel, existing furnishings, construction materials or debris or any other obstruction.

b. Access: Doorways, openings and elevators shall be sufficient to allow delivery of Purchase Items without necessity of dismantling.

c. Utilities: Services, electricity, heat, lighting, elevator or hoisting services shall be furnished by Buyer without cost to Seller. Parking and adequate facilities for off-loading, staging, moving and handling of Purchase Items shall be provided by Buyer.

d. Hours of Delivery Job Site shall be open and available for delivery and installation of Purchase Items during Seller’s normal business hours, Monday - Friday, 8:00 a.m. - 5:00 p.m.

15. Termination: This Quotation may be terminated by either party upon its issuance of written notice to the other party of its breach of the terms of the Quotation, which breach is not cured within fifteen (15) days of such notice. A termination by Seller of Buyer for breach will not relieve Buyer of its payment obligations to Seller existing at the time of such termination, and such sums shall become immediately due and payable. A termination by Seller of Buyer for breach shall not be the exclusive remedy of Seller, and Buyer shall be obligated to reimburse Seller in full for all costs Seller incurs in connection with cancellation of any orders which have not yet been shipped or any services which have not yet been rendered.

16. Authorization: Buyer represents and warrants that the person signing below on behalf of Buyer possesses full and proper authorization to enter into this Quotation, and acknowledges that the Quotation is legally binding agreement as to Buyer.

17. Governing Law: This Quotation shall be governed by the laws of the State of California (without regard to any conflict of laws provision), Any legal action regarding the enforcement or construction of the terms of this Quotation shall be determined solely and exclusively in the venue of the United States Federal Court or the Superior Court of the State of California, in the city of San Jose and the County of Santa Clara.

18. Entire Agreement: This Quotation contains the complete and exclusive agreement and understanding between the parties concerning the subject matter of this Quotation, and supersedes all prior and contemporaneous proposals, agreements, understandings, representations, warranties, conditions, and communications, oral or written, between the parties relating to the same subject matter. The terms and conditions of this Quotation will prevail in the event of any different, conflicting or additional terms and conditions that may appear on any purchase order, acknowledgment. The provisions of this Quotation may be issued by either party in connection with this Quotation. If the word or phrase is not used in this Quotation, it shall have the meaning assigned to it in this Quotation.
Quotation
SAQT-000044098

and is signed by an authorized representative of Seller and Buyer.

19. Confidentiality: Buyer agrees, except upon the prior written consent of Seller, that it will keep and maintain in strict confidence the existence and contents of this Quotation, for a period of one (1) year from date hereof.

20. General:
   a. Assignment: Neither this Quotation nor any portion thereof, nor any right or interest therein, shall be assignable or transferable by Buyer without the express written consent of Seller, and any attempted assignment or transfer by Buyer which is lacking such consent shall be void and of no effect whatsoever.
   b. Attorneys’ Fees: In the event of any legal action brought by a party to enforce or construe this Quotation or any of the provisions thereof, the party prevailing in such action shall be entitled, in addition to other relief, to recover its reasonable attorneys’ fees and costs incurred therein.
   c. Attorneys’ Fees: Storage Services. In the event that all or any portion of this Quotation pertains to Seller’s providing to Buyer storage services relating to any items of property owned by Buyer, the following terms shall apply: (i) SELLER MAKES NO WARRANTY WHATSOEVER, WHETHER EXPRESS, IMPLIED OR OTHERWISE, RESPECTING THE CONDITIONS APPLICABLE TO THE STORAGE FACILITIES INCLUDING, WITHOUT LIMITATION, ANY WARRANTY RESPECTING THE SAFETY OF SUCH FACILITIES FROM FIRE, EARTHQUAKE, WAR, TERRORISM OR INSURRECTION, OR ANY OTHER RISKS, INCLUDING WITHOUT LIMITATION BURGLARY, ROBBERY OR THEFT; (ii) Buyer shall indemnify Seller from and hold Seller free and harmless from any claim or demand by any party against Seller, including attorneys’ fees and costs, respecting any of Buyer’s property items being stored by Seller; (iii) Seller shall at all times have, in addition to any other liens provided for herein, a lien and security interest against all items stored by Buyer with Seller from time to time hereunder, to secure the obligations of Buyer for all storage fees and related charges and other claims arising hereunder; and (iv) Seller shall have, without limiting its other rights and remedies, all the rights and benefits provided under the California Commercial Code and any other laws, in California or elsewhere, applicable to warehousemen and warehouse owners and operators. The signature of the Buyer below shall signify its agreement to the terms and conditions of this Quotation.

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<td>TOTAL AMOUNT - USD</td>
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Signature:Title:Date:

Print name:Email:

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All products sold by Pivot Interiors, Inc are TSCA Title VI Compliant for Formaldehyde
# Quotation

**Bill to:**
City of Palo Alto  
Po Box 10250  
Palo Alto, CA 94303-0862  
USA

**Ship to:**
City of Palo Alto - Utilities Department  
1005 Elwell Ct  
Palo Alto, CA 94303-4308  
USA

**Totals:**
- **Total nontaxable:** $0.00
- **Total taxable:** $244,128.70
- **Tax:** $22,276.74
- **TOTAL AMOUNT - USD:** $266,405.44

**Information**

- **Quote:** 405989-02
- **Description:** Elwell Utilities Dept Area 1007 - UPDATED
- **Document date:** 9/30/2021
- **Payment terms:** Net 30
- **Expiration date:** 10/27/2021

**Team**

- **Sales representative:** Stacey Bailey  
  sbailey@pivotinteriors.com  
  925 218 0934
- **Sales coordinator:** Heidi Ferguson  
  hferguson@pivotinteriors.com  
  925 734 3601

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<td></td>
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<td>+black umber</td>
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<td>+1 1/4&quot;-high painted metal top with squared edge</td>
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<td>+keyed differently, black</td>
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<td></td>
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<td>+1 1/2&quot;-high base</td>
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<td>+no counterweight (must gang or anchor)</td>
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<td>+front-to-back filing rail</td>
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<td>graphite satin leg with graphite satin foot</td>
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<td>simple cable</td>
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<td>DU6ACS.3084LD</td>
<td>Renew Rect Tbl, C-Foot,Sq-Edge,Lam Top/Thermo Edge,Elec Ext Range,30D 84W</td>
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**www.pivotinteriors.com**
Pivot Interiors, Inc. | 3355 Scott Blvd Ste 110 | Santa Clara, CA 95054-3138 USA

Page 1 of 12
<table>
<thead>
<tr>
<th>Item Code</th>
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<td>Conn 90,Universal, 2way, 90 deg-for 46H frames and lower</td>
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<td>26</td>
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<td>27</td>
<td>FT123.168BP</td>
<td>Conn Cover 90-Deg, 1 Side Covered, Base Cover Ptd 68H graphite</td>
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<td>28</td>
<td>FT123.242BP</td>
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<td>30</td>
<td>FT126.2AP</td>
<td>Top Cap, Conn 90-Deg, Connects-2 Frame Top Caps, 90-Deg Ptd graphite</td>
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<td>34</td>
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<td>FT140.06</td>
<td>Power Entry, External Direct Connect 6’long PVC-free</td>
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<td>36</td>
<td>FT143.68E</td>
<td>Ceiling Power Entry, Conn, 4-circ pwr, connects in base 68H PVC-free graphite</td>
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<td>FT155.A</td>
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<td>FT155.B</td>
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<td>HM CANVAS ELWELL 1007</td>
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<td>FT180.4124T</td>
<td>Tile, Full-Height, Tackable Fabric 41H 24W</td>
<td>HM CANVAS ELWELL 1007</td>
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<td>$25.81</td>
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<tr>
<td>61</td>
<td>FT280.48LP</td>
<td>Trans Surf, Sq-Edge Lam Top/Thermo Edge Surf, Ptd Stndrd Top Cap 48W</td>
<td>light anigre</td>
<td>1.00</td>
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<tr>
<td>62</td>
<td>FT290.24L</td>
<td>Surface Cantilever, for 20''-or 24'' deep surface,lft-hnd</td>
<td>ironstone</td>
<td>36.00</td>
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<td>63</td>
<td>FT290.24R</td>
<td>Surface Cantilever, for 20''-or 24'' deep surface,rt-hnd</td>
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<td>FT290.30L</td>
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<td>66</td>
<td>FT2G2.S24RL</td>
<td>Support Panel, Frame-Att, Sq-Edge, Right-Hand Support, Lam 24D</td>
<td>graphite</td>
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<td>Shelf 30W</td>
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<td>FT420.24PL</td>
<td>Flip Dr Unit,B-Style Pntd, Lock 24W</td>
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<td>70</td>
<td>FT420.42PL</td>
<td>Flip Dr Unit,B-Style Pntd, Lock 42W</td>
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<td>72</td>
<td>FTS10.2424LF</td>
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<td>73</td>
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<td>Rectangular Surface, Sq-Edge, Lam Top/Thermo Edge, 24D 78W, Frame Atch</td>
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<td>Rectangular Surface, Sq-Edge, Lam Top/Thermo Edge, 24D 84W, No Brkts</td>
<td>HM CANVAS ELWELL 1007, OFFICE</td>
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<td>$159.50</td>
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<td>Rectangular Surface, Sq-Edge, Lam Top/Thermo Edge, 30D 30W, Frame Atch</td>
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<td>Rectangular Surface, Sq-Edge, Lam Top/Thermo Edge, 30D 42W, Frame Atch</td>
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<td>Open Support Leg, Archtrl Foot, Adj Hght, Lft 24D</td>
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<td>Open Support Leg, Archtrl Foot, Adj Hght, Rt 24D</td>
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<td>Open Support Leg, Archtrl Foot, Adj Hght, Lft 30D</td>
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<td>Ovhd Stg Cab, Sliding Full Enclsr, Wall Mount, Lam Case/Doors, Trans Plstc Door, Lock 15H 42W</td>
<td>HM CANVAS ELWELL 1007, OFFICE</td>
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<td>88 FV696.43</td>
<td>Stiffener, 43 1/4W</td>
<td>HM CANVAS</td>
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<td>90 FV980.WM2942R</td>
<td>Tackboard, wall mntd, Tckble Fabric, Hrzntl 28 1/2H 42W</td>
<td>HM CANVAS</td>
<td>light anigre</td>
<td>ELWELL 1007,</td>
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<td>2I08 WC410P</td>
<td>Caper Stacking Chair, Molded Seat, Fixed Arms</td>
<td>HM CAPER</td>
<td>light anigre</td>
<td>ELWELL 1007,</td>
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<tr>
<td>91 WC410P</td>
<td>Caper Stacking Chair, Molded Seat, Fixed Arms</td>
<td>HM CAPER</td>
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<td>Meridian File Top, Lam Top/TP Edge 42W 20D</td>
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<td>1007 COMMON TOP</td>
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<td>94 TPL-08420</td>
<td>Meridian File Top, Lam Top/TP Edge 84W 20D</td>
<td>HM MER ELWELL</td>
<td>light anigre</td>
<td>1007 COMMON TOP</td>
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<tr>
<td>95 26-4220-3N</td>
<td>File, FS Lat Std Pull, 3 11 3/4&quot; Dwr 42W 20D</td>
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<td>light anigre</td>
<td>1007 FOR LOBBY A</td>
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<td>96 LW100.20BBF</td>
<td>Ped W-Pull, Freestd 20D B/B/F</td>
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<td>1007</td>
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<td>97 LW100.20BBF</td>
<td>Ped W-Pull, Freestd 20D B/B/F</td>
<td>HM TU ELWELL</td>
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<td>1007, OFFICE</td>
<td>2.00</td>
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<td>98 LW200.421</td>
<td>Lat File, W-Pull Freestd 2 Dwr Raised Hgt 42W</td>
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<td>99</td>
<td>Lat File,W-Pull Freestd 2 Dwr 42W</td>
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<td>textured paint on smooth steel, graphite, keyed alike, counterweight (recommended), front-to-back filing rail</td>
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<td>Stg Twr,W-Pull,Stor Case Wdrb Rt,B/B,F, 68H</td>
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<td>full-extension ball-bearing, textured paint on smooth steel, graphite, keyed alike</td>
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**Subtotal**

- **Total nontaxable** $0.00
- **Total taxable** $244,128.70
- **Tax** $22,276.74

**TOTAL AMOUNT - USD** $266,405.44
TERMS AND CONDITIONS

This quotation, which includes the preceding portion hereof (collectively, Quotation) is subject to the terms and conditions set forth below, and shall be void unless accepted by the Buyer signing a copy and returning it to Pivot Interiors (Seller) no later than thirty (30) days from the date of the Quotation.

1. Terms: All sales by Seller hereunder are final, and the terms of the Quotation may not be modified without the prior written consent of an authorized representative of Seller. Additional or different terms and conditions proposed by Buyer shall not be binding on Seller without Seller's prior written approval.

2. Payment, Deposit, Credit Approval: Products and services shall be invoiced upon Seller's request. Seller shall have all applicable rights and remedies of a secured party pursuant to the California Commercial Code. Buyer agrees to execute a Security Agreement and related financing documents promptly upon Seller's request.

3. Proposed Purchase: The products and/or services covered by this Quotation (collectively, Purchase Items) are set forth above in the preceding portion of this Quotation. Price: The total price (Price) for Purchase Items being provided by Seller is set forth above in the preceding portion of this Quotation. Unless waived by Seller in writing, Buyer shall deposit with Seller the deposit sum specified above in the preceding portion of this Quotation, which shall be payable concurrently with Seller's receipt of Buyer's written acceptance of the Quotation. All sales and shipments are subject to Buyer's credit approval by Seller. If Buyer's credit information is not available or if its credit is not approved by Pivot, payment by Buyer must be made in full at or before the time of purchase.

4. Price: The total price (Price) for Purchase Items being provided by Seller is set forth above in the preceding portion of this Quotation. Unless otherwise noted, all applicable freight charges are included above in the preceding portion of this Quotation and, if not included therein, freight charges will be quoted and invoiced to Buyer as a separate line item. The Price, if not specified in the preceding portion of this Quotation, does not include applicable taxes, or other items specifically enumerated below.

5. Taxes: All applicable taxes on the Purchase Items will be in addition to the Price, and will be added to invoices and paid by Buyer when the invoice is due, at the rate in effect at time of invoicing. If Buyer claims exemption from taxes, Buyer shall provide Seller with a valid Certificate of Exemption concurrently with Buyer's acceptance of this Quotation.

6. Freight: All freight and related delivery charges applicable to the Purchase Items, unless already stated in the preceding portion of this Quotation, will be in addition to the Price, and will be added to invoices and paid when the invoice is due.

7. Changes, Cancellations, & Returns: Products and services sold to Buyer hereunder are custom designed and/or manufactured. All sales are final. No changes, cancellations or returns are allowed without the prior written approval of Seller and the applicable manufacturer. If changes, cancellations or returns are approved by Seller, all direct and indirect costs and expenses thereof shall be paid by Buyer.

8. Product Storage: If Buyer is unable or unwilling to accept delivery of Purchase Items within thirty (30) days of product receipt at Seller's (and/or Seller's agents) facility, all resulting costs and expenses incurred by Seller and/or its agents, including costs of moving, handling and storage of Purchase Items pending delivery, shall be paid by Buyer. Such Purchase Items shall be invoiced and shall be paid in full by Buyer within thirty (30) days after date of invoice. Provided, however, all moving, handling and storage costs and expenses incurred by Seller and/or its agents shall be paid by Buyer immediately upon receipt of invoice.

9. Title & Security Interest: Title to all Purchase Items shall pass from Seller to Buyer upon delivery and payment in full of the invoiced amounts and all other costs and expenses due under this Quotation. Seller shall have and Buyer hereby grants to Seller a continuing first security interest in all Purchase Items to secure grantment of the Price and all invoiced portions thereof, and other obligations of Buyer under this Quotation. All Purchase Items shall remain personal property regardless whether affixed to real property. If Buyer shall default in payment under this Quotation, Seller shall have all applicable rights and remedies of a secured party pursuant to the California Commercial Code. Buyer agrees to execute a Security Agreement and related financing documents promptly upon Seller's request.

10. Delay: Due to uncertain factory shipping schedules common to the componentized modular furniture business, no obligation or liability shall be incurred by Seller for delivery of Purchase Items by any particular date. Seller shall not be liable for any loss, expense, claim or damage incurred by Buyer or others resulting from any delay or failure in shipment or delivery of Purchase Items caused in whole or in part by default or delay in transportation, labor disputes, inability in obtaining materials or product, natural disasters, acts of God, war or terrorism or any other cause not within the reasonable control of Seller.

11. LIMITATION OF WARRANTIES: SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR AS TO THE SUITABILITY OF ANY PURCHASE ITEMS OR SERVICES FOR ANY PARTICULAR PURPOSE. BUYER'S SOLE WARRANTY AND OTHER RIGHTS HEREUNDER FOR PRODUCT DEFECTS OF ANY KIND SHALL BE THE WARRANTY THAT IS PROVIDED BY THE MANUFACTURERS OF SUCH PRODUCTS. MOST MANUFACTURERS WARRANT THEIR PRODUCTS TO BE FREE FROM DEFECTS IN MATERIAL AND WORKMANSHIP FOR A PERIOD OF AT LEAST ONE (1) YEAR FROM DATE OF DELIVERY, AND BUYER SHALL HAVE THE BENEFIT OF ANY SUCH MANUFACTURER WARRANTIES. SELLER AGREES TO SERVE AS FACILITATOR OF ANY CLAIMS MADE BY BUYER AGAINST MANUFACTURERS, BUT SELLER SHALL HAVE NO LIABILITY WHATSOEVER WITH REGARD TO ANY SUCH FACILITATION EFFORT. ANY CLAIM AGAINST A MANUFACTURER'S WARRANTY MUST BE MADE TO THE MANUFACTURER PROMPTLY UPON DISCOVERY OF A DEFECT. BUYER'S SOLE REMEDY FOR DEFECTIVE INSTALLATION PERFORMED BY SELLER SHALL BE TO REPAIR OR REPLACE, AT SELLER'S SOLE OPTION, THE SAME WITHIN THE FIRST YEAR IMMEDIATELY FOLLOWING DELIVERY. SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL OR INCIDENTAL DAMAGES. NO OTHER WARRANTIES OF ANY KIND ARE EXPRESSED OR IMPLIED, AND BUYER HEREBY DISCLAIMS ANY AND ALL RIGHTS THEREOF. IN ADDITION, PRODUCT WARRANTIES MAY BE INVALIDATED ON NON-COMMERCIAL ITEMS (RESIDENTIAL OR RETAIL SOURCED) USED IN COMMERCIAL SETTINGS (INCLUDING WITHOUT LIMITATION OFFICES AND HOSPITALS). SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR AS TO THE SUITABILITY OF ANY PURCHASE ITEMS OR SERVICES FOR ANY PARTICULAR PURPOSE. THE SOLE WARRANTY OBLIGATION OF SELLER TO BUYER SHALL BE EXPRESSLY LIMITED TO THE WARRANTY SET FORTH IN THIS PARAGRAPH 11 ALONE.

12. LIMITATION OF DAMAGES: EACH PARTY'S TOTAL LIABILITY FOR DAMAGES OR CLAIMS ARISING OUT OF OR RELATING TO THIS QUOTATION SHALL NOT EXCEED THE AGGREGATE FEES PAID OR PAYABLE BY BUYER TO SELLER UNDER THIS QUOTATION UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE IN ANY WAY FOR SPECIAL, INDIVIDUAL, CONSEQUENTIAL OR NON-DIRECT DAMAGES ARISING IN ANY WAY OUT OF THIS QUOTATION, HOWEVER CAUSED, WHETHER ARISING OUT OF CONTRACT, TORT (INCLUDING NEGLIGENCE OR OTHERWISE), INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFITS, LOSS OF TIME, INCONVENIENCE OR COMMERCIAL COSTS. THE LIMITATIONS OF LIABILITY SET FORTH HEREIN SHALL APPLY NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY OF THE LIMITED REMEDIES SET FORTH HEREIN.

13. Finance Charges: A finance charge of 1.5% per month (ANNUAL PERCENTAGE RATE OF 18.0% PER ANNUM) will be charged on all past due accounts. In the event any action, suit or other proceeding is required to collect amounts owing to Seller under this Quotation, Buyer shall reimburse all costs and expenses incurred therein by Seller, including reasonable attorney's fees and costs.

14. Delivery and Installation Conditions: Buyer shall have the following obligations, which Buyer shall cause to occur at its sole cost and expense:

a. Job Site: Job Site, including all passageways, corridors and the areas designated for installation, shall be clean, free and clear of personnel, existing furnishings, construction materials or debris or any other obstruction.

b. Access: Doorways, openings and elevators shall be sufficient to allow delivery of Purchase Items without necessity of dismantling.

c. Utilities/Services: Electric, gas, heat, lighting, elevator or hoisting services shall be furnished by Buyer without cost to Seller. Parking and adequate facilities for off-loading, staging, moving and handling of Purchase Items shall be provided by Buyer.

d. Hours of Delivery: Job Site shall be open and available for delivery and installation of Purchase Items during Seller's normal business hours, Monday - Friday, 8:00 a.m. - 5:00 p.m. Labor costs of Seller resulting from overtime work shall be invoiced to and fully paid by Buyer.

e. Receiving: Buyer accepts responsibility for inspecting Purchase Items shipped directly by manufacturer to Buyer, to note on bills of lading of any damage, and to notify carrier of such damage within 24 hours of delivery. Any such damage shall not excuse or delay payment by Buyer of Seller's invoices.

f. Damage: After Delivery: Any loss of or damage to product after delivery to Buyer, whether due to weather, fire, elements, other trades or causes, shall be the sole responsibility of Buyer. Buyer shall hold Seller harmless from any such loss or damage.

15. Termination: This Quotation may be terminated by either party upon its issuance of written notice to the other party of its breach of the terms of the Quotation, which breach is not cured within fifteen (15) days of such notice. A termination by Seller of Buyer for breach will not relieve Buyer of its payment obligations to Seller existing at the time of such termination, and such sums shall become immediately due and payable. A termination by Seller of Buyer for breach shall not be the exclusive remedy of Seller, and Buyer shall be obligated to reimburse Seller in full for all costs Seller incurs in connection with cancellation of any orders which have not yet been shipped or any services which have not yet been rendered.

16. Authorization: Buyer represents and warrants that the person signing below on behalf of Buyer possesses full and proper authorization to enter into this Quotation, and acknowledges that the Quotation is legally binding agreement as to Buyer.

17. Governing Law: This Quotation shall be governed by the laws of the State of California (without regard to any conflict of laws provision), Any legal action regarding the enforcement or construction of the terms of this Quotation shall be determined solely and exclusively in the venue of the United States Federal Court or the Superior Court of the State of California, in the city of San Jose and the County of Santa Clara.

18. Entire Agreement: This Quotation contains the complete and exclusive agreement and understanding between the parties concerning the subject matter of this Quotation, and supersedes all prior and contemporaneous proposals, agreements, understandings, negotiations, representations, warranties, conditions, and communications, oral or written, between the parties relating to the same subject matter. The terms and conditions of this Quotation will prevail and control in the event of any different, conflicting or additional terms and conditions that may appear on any purchase order, acknowledgment. The products or services issued by either party in connection with this Quotation. The execution and delivery of this Quotation shall supersede and control over any course of performance, course of dealing, or usage of the trade inconsistent with any of the terms of this Quotation. No amendment or modification of this Quotation shall be effective unless it is made in writing.
and is signed by an authorized representative of Seller and Buyer.

19. Confidentiality: Buyer agrees, except upon the prior written consent of Seller, that it will keep and maintain in strict confidence the existence and contents of this Quotation, for a period of one (1) year from date hereof.

20. General:
   a. Assignment: Neither this Quotation nor any portion thereof, nor any right or interest therein, shall be assignable or transferable by Buyer without the express written consent of Seller, and any attempted assignment or transfer by Buyer which is lacking such consent shall be void and of no effect whatsoever.
   b. Attorneys’ Fees: In the event of any legal action brought by a party to enforce or construe this Quotation or any of the provisions thereof, the party prevailing in such action shall be entitled, in addition to other relief, to recover its reasonable attorneys’ fees and costs incurred therein.
   c. Attorneys’ Fees: Storage Services In the event that all or any portion of this Quotation pertains to Seller’s providing to Buyer storage services relating to any items of property owned by Buyer, the following terms shall apply: (i) SELLER MAKES NO WARRANTY WHATSOEVER, WHETHER EXPRESS, IMPLIED OR OTHERWISE, RESPECTING THE CONDITIONS APPLICABLE TO THE STORAGE FACILITIES INCLUDING, WITHOUT LIMITATION, ANY WARRANTY RESPECTING THE SAFETY OF SUCH FACILITIES FROM FIRE, EARTHQUAKE, WAR, TERRORISM OR INSURRECTION, OR ANY OTHER RISKS, INCLUDING WITHOUT LIMITATION BURGLARY, ROBBERY OR THEFT; (ii) Buyer shall indemnify Seller from and hold Seller free and harmless from any claim or demand by any party against Seller, including attorneys’ fees and costs, respecting any of Buyer’s property items being stored by Seller; (iii) Seller shall at all times have, in addition to any other liens provided for herein, a lien and security interest against all items stored by Buyer with Seller from time to time hereunder, to secure the obligations of Buyer for all storage fees and related charges and other claims arising hereunder; and (iv) Seller shall have, without limiting its other rights and remedies, all the rights and benefits provided under the California Commercial Code and any other laws, in California or elsewhere, applicable to warehousemen and warehouse owners and operators. The signature of the Buyer below shall signify its agreement to the terms and conditions of this Quotation.

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Signature: __________________________ Title: __________________________ Date: ________________

Print name __________________________ Email __________________________

All products sold by Pivot Interiors, Inc are TSCA Title VI Compliant for Formaldehyde

www.pivotinteriors.com Pivot Interiors, Inc. | 3355 Scott Blvd Ste 110 | Santa Clara, CA 95054-3138 USA
Contract # P4665.A.000
Name: City of Palo Alto/OMNIA Partners Municipal
Status: Active
Contract Type: Project - Complex
Region: 12 - San Francisco Bay Area

Customer
City of Palo Alto
250 Hamilton Ave
Palo Alto, CA 94301-2593

Project
HMI Projected Volume (List): 780459.0000
City: Palo Alto
State/Pr: CA
Country: US

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Sales Lead
John Ellis/Herman Miller

Pricing

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<td>Tu Pedestals (UP)</td>
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<td>Tu Towers (UT)</td>
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<td>$0.00</td>
<td>67.00%</td>
<td>73.50%</td>
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Terms

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<th>Name</th>
<th>Term</th>
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<td>Special Dealer Codes; Payment</td>
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<td>08/24/2021</td>
<td>01/19/2022</td>
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<td></td>
<td>This term is used to assign the order management payment code for a dealer sell.</td>
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Comment:

All pricing and terms & conditions of that Program apply; the ordering dealer is responsible for full compliance. Dealers are randomly selected for audit each year by OMNIA Partners. By accessing this pricing the ordering dealer is agreeing to provide OMNIA Partners access to the OMNIA Partners Program pricing records as needed to complete the audit and the dealer is subject to repayment and legal penalties for incorrect pricing. All dealers MUST lead with the OMNIA Partners Program when selling to eligible customers. The Program guarantees the customer the "best price" for Herman Miller Group products. If an eligible customer has access to another contract at a lower price please contact your local Herman Miller representative, Regional Sales Director, Sales Manager or Program Sales Mgr. Greg Cass. The sold to customer must be an eligible and registered under the OMNIA Partners Program at the time of order entry and the customers GPO Account number must be entered into Omni order manager at the time of order entry by the dealer. This number is available for all registered customers through the Omni Contracts site in the GPOs / Healthcare Accounts section. Please reference the State & Local Government – OMNIA Partners list. If you need assistance in locating the correct GPO account number please contact GPO_Help@hermanmiller.com Additional Program information is available at https://www.omniapartners.com/publicsector - Registration link - RFP & Award documents - FAQ's and Program benefits. Eligible users include: - Counties, Cities, Towns, Villages - Special Districts (schools, water, sewer, fire, etc.) - Public School Districts (K-12, Community College) - Universities, Colleges (public & private excluding "for profit" corps) - All State entities - Not For Profit organizations Additional information can be found at https://www.hermanmiller.com/solutions/government/us-state-and-local-government/ PRICING and SERVICE Summaries are posted on Omni. Select “US Communities Contract” from the Site Index. This Program applies to the US market only.

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<td>OMNIA Partners Rebate</td>
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STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

AGREEMENT TO PROVIDE  
FURNITURE, INSTALLATION, AND RELATED PRODUCTS AND SERVICES

THIS PROFESSIONAL SERVICES CONTRACT (the “Contract”) is made and entered into as of this 1st day of January 2020 (the “Effective Date”), by and between Herman Miller, Inc., a corporation doing business in North Carolina (the "Company"), and the City of Charlotte, a North Carolina municipal corporation (the "City").

RECITALS

WHEREAS, the City issued a Request For Proposals (RFP # 269-2019-105) for Furniture, Installation, and Related Products and Services dated June 19, 2019. This Request for Proposals together with all attachments and addenda, is referred to herein as the “RFP”; and

WHEREAS, the City desires that the Company provide certain Furniture, Installation, and Related Products and Services (“Products”) and (“Services”), and the Company desires to provide such Products/Services; and

WHEREAS, the City and the Company have negotiated and agreed regarding the above-referenced Services and desire to reduce the terms and conditions of their agreement to this written form.

WHEREAS, the City on behalf of itself and any other public agencies nationally, including state and local governmental entities, public and private primary, secondary and higher education entities, nonprofit entities, and agencies for public benefit that elect to access the Contract (a “Participating Public Agency”), competitively solicited and awarded the Contract to the Company. The City has designated OMNIA Partners as the administrative and marketing conduit for the distribution of the Contract to Participating Public Agencies.

The City is acting as the “Principal Procurement Agent” for the Participating Public Agencies, and shall not be liable or responsible for any costs, damages, liability or other obligations incurred by the Participating Public Agencies. The Company (including its subsidiaries and distributors) shall deal directly with each Participating Public Agency concerning the placement of orders, issuance of purchase orders, contractual disputes, invoicing, payment and all other matters relating or referring to such Participating Public Agency’s access to the Contract.

Each Participating Public Agency enters into a Master Intergovernmental Cooperative Purchasing Agreement (MICPA) outlining the terms and conditions that allow access to the Principle Procurement Agencies’ Contract. Under the terms of the MICPA, the procurement by the Participating Public Agency shall be construed to be in accordance with, and governed by, the laws of the state in which the Participating Public Agency resides.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the covenants and representations contained herein, the parties agree as follows:

CONTRACT

1. EXHIBITS. The Exhibits below are hereby incorporated into and made a part of this Contract. With the exception of Exhibit D (Federal Contract Terms and Conditions), any conflict between language in an Exhibit or Appendix to this Contract and the main body of this Contract shall be resolved in favor of the main body of this Contract and any inconsistency between the Exhibits will be resolved in the order in which the Exhibits appear below. Notwithstanding anything contained in this Contract or any Exhibit to the contrary, in the event of a conflict between the language of Exhibit D and the main body
of this Contract or any other Exhibit to this Contract, the language of Exhibit D shall prevail. Each reference to Herman Miller, Inc. in the Exhibits and Appendices shall be deemed to mean the Company.

EXHIBIT A: PRICING SHEET
EXHIBIT B: SCOPE OF WORK
EXHIBIT C: PROPOSAL RESPONSE FORMS
EXHIBIT D: FEDERAL CONTRACT TERMS AND CONDITIONS

2. DEFINITIONS. This section may include, but not be limited to, terms defined in Section 2 of the RFP.

3. DESCRIPTION OF PRODUCTS AND SERVICES.
   3.1. The Company shall be responsible for providing the Products and Services described in Exhibit B attached to this Contract and incorporated herein by reference. Without limiting the foregoing, the Company will perform the Services and meet the requirements as set forth in Exhibit B. However, the Company shall not be responsible for tasks specifically assigned to the City in this Contract or in Exhibit B.

   3.2. The Company shall perform the Services on site at the City’s facility in Charlotte, North Carolina, except as mutually agreed upon in writing in specific instances by the City.

4. COMPENSATION.
   4.1. TOTAL FEES AND CHARGES.
       The City agrees to pay the Company a fixed price (the “Purchase Price”) as full and complete consideration for the satisfactory performance of all the requirements of this Contract. This amount constitutes the maximum total fees and charges payable to the Company under this Contract including Expenses and will not be increased except by a written instrument duly executed by both parties, which expressly states that it amends this Section of the Contract.

   4.2. NO EXPENSES CHARGEABLE.
       The Company shall not be entitled to charge the City for any travel, mileage, meals, materials or other costs or expenses associated with this Contract.

   4.3. EMPLOYMENT TAXES AND EMPLOYEE BENEFITS. The Company represents and warrants that the employees provided by the Company to perform the Services are actual employees of the Company, and that the Company shall be responsible for providing all salary and other applicable benefits to each Company employee. The Company further represents, warrants and covenants that it will pay all withholding tax, social security, Medicare, unemployment tax, worker’s compensation and other payments and deductions that are required by law for each Company employee. The Company agrees that the Company employees are not employees of the City.

   4.4. INVOICES. Each invoice sent by the Company shall detail all Services performed and delivered which are necessary to entitle the Company to the requested payment under the terms of this Contract. All invoices must include an invoice number and the City purchase order number for purchases made under this Contract. Purchase order numbers will be provided by the City. Invoices must be submitted with lines matching those on the City-provided purchase order.

       The Company shall email all invoices to cocap@charlottenc.gov.

   4.5. DUE DATE OF INVOICES. Payment of invoices shall be due within thirty (30) days after receipt of an accurate, undisputed properly submitted invoice by the City.

   4.6. PRE-CONTRACT COSTS. The City shall not be charged for any Products/Services or other work performed by the Company prior to the Effective Date of this Contract.

   4.7. AUDIT. During the term of this Contract and for a period of one (1) year after termination of
this Contract, the City shall have the right to audit, either itself or through an independent
auditor, all books and records and facilities of the Company necessary to evaluate Company’s
compliance with the terms and conditions of this Contract or the City’s payment obligations.
The City shall pay its own expenses, relating to such audits, but shall not have to pay any
expenses or additional costs of the Company. However, if non-compliance is found that would
have cost the City in excess of $10,000 but for the audit, then the Company shall be required
to reimburse the City for the cost of the audit.

5. **TIME IS OF THE ESSENCE.** The Company shall meet all performance schedules in accordance
with the milestones and any delivery date or any other agreed timetable as set forth in this Contract.
In the event of delay in the performance of the Agreement, the Parties shall mutually agree on the
new timelines for the completion of timetable in accordance with the terms of this Contract.

6. **NON-APPROPRIATION OF FUNDS.** If the Charlotte City Council does not appropriate the
funding needed by the City to make payments under this Contract for any given fiscal year, the
City will not be obligated to pay amounts due beyond the end of the last fiscal year for which funds
were appropriated. In such event, the City will promptly notify the Company of the non-
appropriation and this Contract will be terminated at the end of the fiscal year for which the funds
were appropriated. No act or omission by the City, which is attributable to non-appropriation of
funds shall constitute a breach of or default under this Contract. City shall pay all costs due to
Company for work completed in the fiscal year for which the funds were appropriated.

7. **COMPANY PROJECT MANAGER.** The duties of the Company Project Manager include, but are
not limited to:

7.1. Coordination of Project schedules and the Company’s resource assignment based upon the
City’s requirements and schedule constraints;

7.2. Management of the overall Project by monitoring and reporting on the status of the Project and
actual versus projected progress, and by consulting with the City’s Project Manager when
deviations occur and by documenting all such deviations in accordance with agreed upon
change control procedures;

7.3. Provision of consultation and advice to the City on matters related to Project implementation
strategies, key decisions and approaches, and Project operational concerns/issues and acting as
a conduit to the Company’s specialist resources that may be needed to supplement the
Company’s normal implementation staff;

7.4. Acting as the Company’s point of contact for all aspects of contract administration, including
invoicing for Products/Services, and status reporting;

7.5. Facilitation of review meetings and conferences between the City and the Company’s
executives when scheduled or requested by the City;

7.6. Communication among and between the City and the Company’s staff;

7.7. Promptly responding to the City Project Manager when consulted in writing or by E-mail with
respect to Project deviations and necessary documentation;

7.8. Identifying and providing the City with timely written notice of all issues that may threaten the
Company’s Products/Services in the manner contemplated by the Contract (with “timely”
meaning immediately after the Company becomes aware of them);

7.9. Ensuring that adequate quality assurance procedures are in place throughout the Contract; and

7.10. Meeting with other service providers working on City projects that relate to this effort as
necessary to resolve problems and coordinate the Products/Services.
8. **CITY PROJECT MANAGER.** The duties of the City Project Manager are to (i) ensure that the Company delivers all requirements and specifications in the Contract; (ii) coordinate the City’s resource assignment as required to fulfill the City’s obligations pursuant to the Contract; (iii) promptly respond to the Company Project Manager when consulted in writing or by E-mail with respect to project issues; and (iv) act as the City’s point of contact for all aspects of the Products/Services including contract administration and coordination of communication with the City’s staff. The City shall be allowed to change staffing for the City Project Manager position on one (1) business day’s notice to the Company.

9. **DUTY OF COMPANY TO IDENTIFY AND REQUEST INFORMATION, PERSONNEL AND FACILITIES.** The Company shall identify and request in writing from the City in a timely manner: (i) all information reasonably required by the Company to perform each task comprising the Services, (ii) the City’s personnel whose presence or assistance reasonably may be required by the Company to perform each task comprising the Services, and (iii) any other equipment, facility or resource reasonably required by the Company to perform the Services. Notwithstanding the foregoing, the Company shall not be entitled to request that the City provide information, personnel or facilities other than those that Exhibit B specifically requires the City to provide, unless the City can do so at no significant cost. The Company shall not be relieved of any failure to perform under this Contract by virtue of the City’s failure to provide any information, personnel, equipment, facilities or resources: (i) that the Company failed to identify and request in writing from the City pursuant to this Section; or (ii) that the City is not required to provide pursuant to this Contract. In the event the City fails to provide any information, personnel, facility or resource that it is required to provide under this Section, the Company shall notify the City in writing immediately in accordance with the notice provision of this Contract. Failure to do so shall constitute a waiver by Company of any claim or defense it may otherwise have based on the City’s failure to provide such information, personnel, facility or resource.

10. **COMPANY PERSONNEL REMOVAL, REPLACEMENT, PROMOTION, ETC.**

10.1. The City will have the right to require the removal and replacement of any personnel of the Company or the Company’s subcontractors who are assigned to provide Products/Services to the City based on experience, qualifications, performance, conduct, compatibility, and violation of City policy or any other reasonable grounds. The addition or promotion of any personnel to key positions within the Project must be approved by the City in writing. The Company will replace any personnel that leave the Project, with persons having at least equivalent qualifications who are approved by the City in writing. As used in this Contract, the “personnel” includes all staff provided by the Company or its subcontractors.

11. **BACKGROUND CHECKS.** Prior to starting work under this Contract, the Company is required to conduct a background check on each Company employee assigned to work under this Contract, and shall require its subcontractors (if any) to perform a background check on each of their employees assigned to work under this Contract (collectively, the “Background Checks”). Each Background Check must include: (i) the person’s criminal conviction record from the states and counties where the person lives or has lived in the past seven (7) years; and (ii) a reference check.

After starting work under this Contract, the Company is required to perform a Background Check for each new Company employee assigned to work under this Contract during that year, and shall require its subcontractors (if any) to do the same for each of their employees. If the Company undertakes a new project under this Contract, then prior to commencing performance of the project the Company shall perform a Background Check for each Company employee assigned to work on the project, and shall require its subcontractors (if any) to do the same for each of their employees.

If a person’s duties under this Contract fall within the categories described below, the Background Checks that the Company will be required to perform (and to have its subcontractors perform) shall also include the following additional investigation:
• If the job duties require driving: A motor vehicle records check.
• If the job duties include responsibility for initiating or affecting financial transactions: A credit history check.
• If job duties include entering a private household or interaction with children: A sexual offender registry check.

The Company must follow all State and Federal laws when conducting Background Checks, including but not limited to the Fair Credit Reporting Act requirements, and shall require its subcontractors to do the same.

The Company shall notify the City of any information discovered in the Background Checks that may be of potential concern for any reason.

The City may conduct its own background checks on principals of the Company as the City deems appropriate. By operation of the public records law, background checks conducted by the City are subject to public review upon request.

12. ACCEPTANCE OF TASKS AND DELIVERABLES. Within a reasonable time after a particular Deliverable has been completed (or such specific time as may be set forth in Exhibit B), the Company shall submit a written notice to the City’s Project Manager stating the Deliverable(s) that have been met. This notice shall include a signature page for sign-off by the City Project Manager indicating acceptance of such Deliverable(s).

If the City Project Manager is not satisfied that the Deliverable(s) has been met, a notice of rejection (a “Rejection Notice”) shall be submitted to the Company by the City Project Manager that specifies the nature and scope of the deficiencies that the City wants corrected. Upon receipt of a Rejection Notice, the Company shall: (i) act diligently and promptly to correct all deficiencies identified in the Rejection Notice, and (ii) immediately upon completing such corrections give the City a written, dated certification that all deficiencies have been corrected (the “Certification”). In the event the Company fails to correct all deficiencies identified in the Rejection Notice and provide a Certification within thirty (30) days after receipt of the Rejection Notice, the City shall be entitled to terminate this Contract for default without further obligation to the Company and without obligation to pay for the defective work.

Upon receipt of the corrected Deliverable(s), or a Certification, whichever is later, the above-described Acceptance procedure shall recommence. The City shall not be obligated to allow the Company to recommence curative action with respect to any deficiency previously identified in a Rejection Notice, or more than once for any given Deliverable (and shall be entitled to terminate this Contract for default if the Company does not meet this time frame).

13. NON-EXCLUSIVITY. The Company acknowledges that it is one of several providers of Furniture, Installation, and Related Products and Services to the City and the City does not represent that it is obligated to contract with the Company for any particular project.

14. EACH PARTY TO BEAR ITS OWN NEGOTIATION COSTS. Each party shall bear its own cost of negotiating this Contract and developing the exhibits. The City shall not be charged for any Products/Services or other work performed by the Company prior to the Effective Date.

15. REPRESENTATIONS AND WARRANTIES OF COMPANY.

15.1. GENERAL WARRANTIES.

15.1.1. The Products/Services shall satisfy all requirements set forth in this Contract, including but not limited to the attached Exhibits;

15.1.2. The Company has taken and will continue to take sufficient precautions to ensure that it will not be prevented from performing all or part of its obligations under this Contract by virtue of interruptions in the computer systems used by the Company;
15.1.3. All Products provided and Services performed by the Company and/or its subcontractors pursuant to this Contract shall meet the highest industry standards and Services shall be performed in a professional and workmanlike manner by staff with the necessary skills, experience and knowledge;

15.1.4. Neither the Products/Services nor any Deliverables provided by the Company under this Contract will infringe or misappropriate any patent, copyright, trademark or trade secret rights of any third party;

15.1.5. The Company and each Company employee provided by the Company to the City shall have the qualifications, skills and experience necessary to provide Products and perform the Services described or referenced in Exhibit B;

15.1.6. All information provided by the Company about each Company employee is accurate; and

15.1.7. Each Company employee is an employee of the Company, and the Company shall make all payments and withholdings required for by law for the Company for such employees.

15.2. ADDITIONAL WARRANTIES. The Company further represents and warrants that:

15.2.1. It is a legal entity and if incorporated, duly incorporated, validly existing and in good standing under the laws of the state of its incorporation or licensing and is qualified to do business in North Carolina;

15.2.2. It has all the requisite corporate power and authority to execute, deliver and perform its obligations under this Contract;

15.2.3. The execution, delivery, and performance of this Contract have been duly authorized by the Company;

15.2.4. No approval, authorization or consent of any governmental or regulatory authority is required to be obtained or made by it in order for it to enter into and perform its obligations under this Contract;

15.2.5. In connection with its obligations under this Contract, it shall comply with all applicable federal, state and local laws and regulations and shall obtain all applicable permits and licenses; and

15.2.6. The performance of this Contract by the Company and each Company employee provided by the Company will not violate any contracts or agreements with third parties or any third party rights (including but not limited to non-compete agreements, non-disclosure agreements, patents, trademarks or intellectual property rights).

16. OTHER OBLIGATIONS OF THE COMPANY.

16.1. WORK ON CITY’S PREMISES. The Company and all its employees will, whenever on the City's premises, obey all instructions and City policies that are provided with respect to providing Products and performing Services on the City’s premises.

16.2. RESPECTFUL AND COURTEOUS BEHAVIOR. The Company shall assure that its employees interact with City employees and the public in a courteous, helpful and impartial manner. All employees of the Company in both field and office shall refrain from belligerent behavior and/or profanity. Correction of any such behavior and language shall be the responsibility of the Company.

16.3. REPAIR OR REPLACEMENT OF DAMAGED EQUIPMENT OR FACILITIES. In the event that the Company causes damage to the City’s equipment or facilities, the Company shall, at its own expense, promptly repair or replace such damaged items to restore them to the same
level of functionality that they possessed prior to the Company’s action.

16.4. REGENERATION OF LOST OR DAMAGED DATA. With respect to any data that the Company or any Company employees have negligently lost or negligently damaged, the Company shall, at its own expense, promptly replace or regenerate such data from the City's machine-readable supporting material, or obtain, at the Company's own expense, a new machine-readable copy of lost or damaged data from the City’s data sources.

16.5. NC E-VERIFY REQUIREMENT. The Company shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes, and shall require each of its subcontractors to do so as well.

16.6. NC PROHIBITION ON CONTRACTS WITH COMPANIES THAT INVEST IN IRAN OR BOYCOTT ISRAEL. Company certifies that: (i) it is not identified on the Final Divestment List or any other list of prohibited investments created by the NC State Treasurer pursuant to N.C.G.S. 147-86.58 (collectively, the “Treasurer’s IDA List”); (ii) it has not been designated by the NC State Treasurer pursuant to N.C.G.S. 147-86.81 as a company engaged in the boycott of Israel (such designation being referred to as the “Treasurer’s IB List”); and (iii) it will not take any action causing it to appear on the Treasurer’s IDA List or the Treasurer’s IB List during the term of this Contract. In signing this Contract Company further agrees, as an independent obligation, separate and apart from this Contract, to reimburse the City for any and all damages, costs and attorneys’ fees incurred by the City in connection with any claim that this Contract or any part thereof is void due to Company appearing on the Treasurer’s IDA List or the Treasurer’s IB List at any time before or during the term of this Contract.

17. REMEDIES.

17.1. RIGHT TO COVER. If the Company fails to meet any completion date or resolution time set forth in this Contract (including the Exhibits) or the Project Plan, the City may take any of the following actions with or without terminating this Contract, and in addition to and without limiting any other remedies it may have:

   a. Employ such means as it may deem advisable and appropriate to perform itself or obtain the Products/Services from a third party until the matter is resolved and the Company is again able to resume performance under this Contract; and

   b. Deduct any and all expenses incurred by the City in obtaining or performing the Products/Services from any money then due or to become due the Company and, should the City’s cost of obtaining or performing the products/services exceed the amount due the Company, collect the amount due from the Company.

17.2. RIGHT TO WITHHOLD PAYMENT. If the Company breaches any provision of this Contract, the City shall have a right to withhold all payments due to the Company until such breach has been fully cured.

17.3. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF. The Company agrees that monetary damages are not an adequate remedy for the Company’s failure to provide the Products/Services or Deliverables as required by this Contract, nor could monetary damages be the equivalent of the performance of such obligation. Accordingly, the Company hereby consents to an order granting specific performance of such obligations of the Company in a court of competent jurisdiction within the State of North Carolina. The Company further consents to the City obtaining injunctive relief (including a temporary restraining order) to assure performance in the event the Company breaches this Contract.

17.4. SETOFF. Each party shall be entitled to setoff and deduct from any amounts owed to the other party pursuant to this Contract all damages and expenses incurred or reasonably anticipated as a result of the other party’s breach of this Contract.
17.5. OTHER REMEDIES. Upon breach of this Contract, each party may seek all legal and equitable remedies to which it is entitled. The remedies set forth herein shall be deemed cumulative and not exclusive and may be exercised successively or concurrently, in addition to any other available remedy.

18. TERM AND TERMINATION OF CONTRACT.

18.1. TERM. This Contract shall commence on the Effective Date and shall continue in effect for five (5) years with the City having the unilateral right to renew for two (2) consecutive one (1) year terms.

18.2. TERMINATION FOR CONVENIENCE. The City may terminate this Contract at any time without cause by giving thirty (30) days prior written notice to the Company. As soon as practicable after receipt of a written notice of termination without cause, the Company shall submit a statement to the City showing in detail the Products provided and Services performed under this Contract through the date of termination. The foregoing payment obligation is contingent upon: (i) the Company having fully complied with Section 18.8; and (ii) the Company having provided the City with written documentation reasonably adequate to verify the Products received and the number hours of Services rendered through the termination date and the percentage of completion of each task.

18.3. TERMINATION FOR DEFAULT BY EITHER PARTY. By giving written notice to the other party, either party may terminate this Contract upon the occurrence of one or more of the following events:

a. The other party violates or fails to perform any covenant, provision, obligation, term or condition contained in this Contract, provided that, unless otherwise stated in this Contract, such failure or violation shall not be cause for termination if both of the following conditions are satisfied: (i) such default is reasonably susceptible to cure; and (ii) the other party cures such default within thirty (30) days of receipt of written notice of default from the non-defaulting party; or

b. The other party attempts to assign, terminate or cancel this Contract contrary to the terms hereof; or

c. The other party ceases to do business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay debts as they become due, files a petition in bankruptcy or has an involuntary bankruptcy petition filed against it (except in connection with a reorganization under which the business of such party is continued and performance of all its obligations under the Contract shall continue), or if a receiver, trustee or liquidator is appointed for it or any substantial part of other party’s assets or properties.

Any notice of default shall identify this Section of this Contract and shall state the party’s intent to terminate this Contract if the default is not cured within the specified period.

Notwithstanding anything contained herein to the contrary, upon termination of this Contract by the Company for default, the Company shall continue to provide the Products and perform the Services required by this Contract for the lesser of: (i) six (6) months after the date the City receives the Company’s written termination notice; or (ii) the date on which the City completes its transition to a new service provider.

18.4. ADDITIONAL GROUNDS FOR DEFAULT TERMINATION BY THE CITY. By giving written notice to the Company, the City may also terminate this Contract upon the occurrence of one or more of the following events (which shall each constitute separate grounds for termination without a cure period and without the occurrence of any of the other events of default previously listed):
a. Failure of the Company to complete a particular task by the mutually agreed completion date;

b. The Company makes or allows to be made any material written misrepresentation or provides any materially misleading written information in connection with this Contract, the Company’s Proposal, or any covenant, agreement, obligation, term or condition contained in this Contract; or

c. The Company takes or fails to take any action which constitutes grounds for immediate termination under the terms of this Contract, including but not limited to failure to obtain or maintain the insurance policies and endorsements as required by this Contract, or failure to provide the proof of insurance as required by this Contract.

18.5. NO SUSPENSION. In the event that the City disputes in good faith an allegation of default by the Company, notwithstanding anything to the contrary in this Contract, the Company agrees that it will not terminate this Contract or suspend or limit the Services or any warranties or repossess, disable or render unusable any software supplied by the Company, unless (i) the parties agree in writing, or (ii) an order of a court of competent jurisdiction determines otherwise.

18.6. CANCELLATION OF ORDERS AND SUBCONTRACTS. In the event this Contract is terminated by the City for any reason prior to the end of the term, the Company shall, upon termination, immediately discontinue all service in connection with this Contract and promptly cancel all existing orders and subcontracts, which are chargeable to this Contract. As soon as practicable after receipt of notice of termination, the Company shall submit a statement to the City showing in detail the Services performed under this Contract to the date of termination.

18.7. AUTHORITY TO TERMINATE. The following persons are authorized to terminate this Contract on behalf of the City: (i) the City Manager, any Assistant City Manager, or any designee of the City Manager; or (ii) the Department Director of the City Department responsible for administering this Contract.

18.8. OBLIGATIONS UPON EXPIRATION OR TERMINATION. Upon expiration or termination of this Contract, the Company shall promptly return to the City (i) all computer programs, files, documentation, media, related material and any other material and equipment that are owned by the City; (ii) all Deliverables that have been completed or that are in process as of the date of termination; and (iii) a written statement describing in detail all work performed with respect to Deliverables which are in process as of the date of termination. The expiration or termination of this Contract shall not relieve either party of its obligations regarding “Confidential Information,” as defined in this Contract.

18.9. NO EFFECT ON TAXES, FEES, CHARGES OR REPORTS. Any termination of this Contract shall not relieve the Company of the obligation to pay any fees, taxes or other charges then due to the City, nor relieve the Company of the obligation to file any daily, monthly, quarterly or annual reports covering the period to termination nor relieve the Company from any claim for damages previously accrued or then accruing against the Company.

18.10. OTHER REMEDIES. The remedies set forth in this Section and Section 19 shall be deemed cumulative and not exclusive, and may be exercised successively or concurrently, in addition to any other remedies available under this Contract or at law or in equity.

19. TRANSITION PRODUCTS/SERVICES UPON TERMINATION. Upon termination or expiration of this Contract, the Company shall cooperate with the City to assist with the orderly transfer of the Products/Services provided by the Company to the City. Prior to termination or expiration of this Contract, the City may require the Company to perform and, if so required, the Company shall perform certain transition services necessary to shift the Products/Services of the Company to another provider or to the City itself as described below (the “Transition Services”). Transition Services may include but
shall not be limited to the following:

- Working with the City to jointly develop a mutually agreed upon Transition Services Plan to facilitate the termination of the Products/Services;
- Notifying all affected service providers and subcontractors of the Company;
- Performing the Transition Services;
- Answering questions regarding the Products/Services on an as-needed basis; and
- Providing such other reasonable services needed to effectuate an orderly transition to a new service provider.

20. CHANGES. In the event changes to the Products/Services (collectively “Changes”), become necessary or desirable to the parties, the parties shall follow the procedures set forth in this Section. A Change shall be effective only when documented by a written, dated agreement executed by both parties that expressly references and is attached to this Contract (a “Change Statement”). The Change Statement shall set forth in detail: (i) the Change requested, including all modifications of the duties of the parties; (ii) the reason for the proposed Change; and (iii) a detailed analysis of the impact of the Change on the results of the Products/Services and time for delivery and completion of the Products/Services, including the impact on all Milestones and delivery dates and any associated price.

In the event either party desires a Change, the Project Manager for such party shall submit to the other party’s Project Manager a proposed Change Statement. If the receiving party does not accept the Change Statement in writing within ten (10) days, the receiving party shall be deemed to have rejected the Change Statement. If the parties cannot reach agreement on a proposed Change, the Company shall nevertheless continue to render performance under this Contract in accordance with its (unchanged) terms and conditions.

Changes that involve or increase in the amounts payable by the City may require execution by the City Manager or a designee depending on the amount. Some increases may also require approval by Charlotte City Council.

21. CITY OWNERSHIP OF WORK PRODUCT.

21.1. The parties agree that the City shall have exclusive ownership of all reports, documents, designs, ideas, materials, reports, concepts, plans, creative works, and other work product developed for or provided to the City in connection with this Contract, and all patent rights, copyrights, trade secret rights and other intellectual property rights relating thereto (collectively the “Intellectual Property”). The Company hereby assigns and transfers all rights in the Intellectual Property to the City. The Company hereby appoints the City as attorney in fact to execute all such assignments and instruments and agree that its appointment of the City as an attorney in fact is coupled with an interest and is irrevocable.

21.2. The City grants the Company a royalty-free, non-exclusive license to use and copy the Intellectual Property to the extent necessary to perform this Contract. The Company shall not be entitled to use the Intellectual Property for other purposes without the City’s prior written consent, and shall treat the Intellectual Property as “Confidential Information” pursuant to Section 25 of the Contract.

21.3. The Company will treat as Confidential Information under the Confidentiality and Non-Disclosure Contract all data in connection with the Contract. City data processed by the Company shall remain the exclusive property of the City. The Company will not reproduce, copy, duplicate, disclose, or in any way treat the data supplied by the City in any manner except
that contemplated by the Contract.

22. RELATIONSHIP OF THE PARTIES. The relationship of the parties established by this Contract is solely that of independent contractors, and nothing contained in this Contract shall be construed to (i) give any party the power to direct or control the day-to-day administrative activities of the other; or (ii) constitute such parties as partners, joint venturers, co-owners or otherwise as participants in a joint or common undertaking; or (iii) make either party an agent of the other, or any Company employee an agent or employee of the City, for any purpose whatsoever. Neither party nor its agents or employees is the representative of the other for any purpose, and neither has power or authority to act as agent or employee to represent, to act for, bind, or otherwise create or assume any obligation on behalf of the other.

23. INDEMNIFICATION. To the fullest extent permitted by law, the Company shall indemnify, defend and hold harmless each of the “Indemnitees” (as defined below) from and against any and all “Charges” (as defined below) paid or incurred as a result of any claims, demands, lawsuits, actions, or proceedings: (i) alleging violation, misappropriation or infringement of any copyright, trademark, patent, trade secret or other proprietary rights with respect to the Services or any products or deliverables provided to the City pursuant to this Contract (“Infringement Claims”); (ii) seeking payment for labor or materials purchased or supplied by the Company or its subcontractors in connection with this Contract; (iii) arising from the Company’s failure to perform its obligations under this Contract, or from any act of negligence or willful misconduct by the Company or any of its agents, employees or subcontractors relating to this Contract, including but not limited to any liability caused by an accident or other occurrence resulting in bodily injury, death, sickness or disease to any person(s) or damage or destruction to any property, real or personal, tangible or intangible; or (iv) arising from any claim that the Company or an employee or subcontractor of the Company is an employee of the City, including but not limited to claims relating to worker’s compensation, failure to withhold taxes and the like. For purposes of this Section: (i) the term “Indemnitees” means the City, any federal agency that funds all or part of this Contract, and each of the City’s and such federal agency’s officers, officials, employees, agents and independent contractors (excluding the Company); and (ii) the term “Charges” means any and all losses, damages, costs, expenses (including reasonable attorneys’ fees), obligations, duties, fines, penalties, royalties, interest charges and other liabilities (including settlement amounts).

If an Infringement Claim occurs, the Company shall either: (i) procure for the City the right to continue using the affected product or service; or (ii) repair or replace the infringing product or service so that it becomes non-infringing, provided that the performance of the overall product(s) and service(s) provided to the City shall not be adversely affected by such replacement or modification. If the Company is unable to comply with the preceding sentence within thirty (30) days after the City is directed to cease use of a product or service, the Company shall promptly refund to the City all amounts paid under this Contract.

This Section 23 shall remain in force despite termination of this Contract (whether by expiration of the term or otherwise).

24. SUBCONTRACTING. Should the Company choose to subcontract, the Company shall be the prime contractor and shall remain fully responsible for performance of all obligations that it is required to perform under the Contract. Any subcontract entered into by Company shall name the City as a third party beneficiary.

25. CONFIDENTIAL INFORMATION.

25.1. CONFIDENTIAL INFORMATION. Confidential Information includes any information, not generally known in the relevant trade or industry, obtained from the City or its vendors or licensors or which falls within any of the following general categories:

25.1.1. Trade secrets. For purposes of this Contract, trade secrets consist of information of the City or any of its suppliers, contractors or licensors: (a) that derives value from being
secret; and (b) that the owner has taken reasonable steps to keep confidential. Examples of trade secrets include information relating to proprietary software, new technology, new products or services, flow charts or diagrams that show how things work, manuals that tell how things work and business processes and procedures.

25.1.2. Information of the City or its suppliers, contractors or licensors marked “Confidential” or “Proprietary.”

25.1.3. Information relating to criminal investigations conducted by the City, and records of criminal intelligence information compiled by the City.

25.1.4. Information contained in the City’s personnel files, as defined by N.C. Gen. Stat. 160A-168. This consists of all information gathered and/or maintained by the City about employees, except for that information which is a matter of public record under North Carolina law.

25.1.5. Citizen or employee social security numbers collected by the City.

25.1.6. Computer security information of the City, including all security features of electronic data processing, or information technology systems, telecommunications networks and electronic security systems. This encompasses but is not limited to passwords and security standards, procedures, processes, configurations, software and codes.

25.1.7. Local tax records of the City that contains information about a taxpayer’s income or receipts.

25.1.8. Any attorney / City privileged information disclosed by either party.

25.1.9. Any data collected from a person applying for financial or other types of assistance, including but not limited to their income, bank accounts, savings accounts, etc.

25.1.10. The name or address of individual homeowners who, based on their income, have received a rehabilitation grant to repair their home.

25.1.11. Building plans of city-owned buildings or structures, as well as any detailed security plans.

25.1.12. Billing information of customers compiled and maintained in connection with the City providing utility services.

25.1.13. Other information that is exempt from disclosure under the North Carolina public records laws.

Categories stated in Sections 25.1.3 through 25.1.13 above constitute “Highly Restricted Information,” as well as Confidential Information. The Company acknowledges that certain Highly Restricted Information is subject to legal restrictions beyond those imposed by this Contract, and agrees that: (i) all provisions in this Contract applicable to Confidential Information shall apply to Highly Restricted Information; and (ii) the Company will also comply with any more restrictive instructions or written policies that may be provided by the City from time to time to protect the confidentiality of Highly Restricted Information.

The parties acknowledge that in addition to information disclosed or revealed after the date of this Contract, the Confidential Information shall include information disclosed or revealed within one (1) year prior to the date of this Contract.

25.2. RESTRICTIONS. The Company shall keep the Confidential Information in the strictest confidence, in the manner set forth below:

25.2.1. It shall not copy, modify, enhance, compile or assemble (or reverse compile or disassemble), or reverse engineer Confidential Information.
25.2.2. It shall not, directly or indirectly, disclose, divulge, reveal, report or transfer Confidential Information of the other to any third party or to any individual employed by the Company, other than an employee, agent, subcontractor or vendor of the City or Company who: (i) has a need to know such Confidential Information, and (ii) has executed a confidentiality agreement incorporating substantially the form of this Section of the Contract and containing all protections set forth herein.

25.2.3. It shall not use any Confidential Information of the City for its own benefit or for the benefit of a third party, except to the extent such use is authorized by this Contract or other written agreements between the parties hereto, or is for the purpose for which such Confidential Information is being disclosed.

25.2.4. It shall not remove any proprietary legends or notices, including copyright notices, appearing on or in the Confidential Information of the other.

25.2.5. The Company shall use its best efforts to enforce the proprietary rights of the City and the City’s vendors, licensors and suppliers (including but not limited to seeking injunctive relief where reasonably necessary) against any person who has possession of or discloses Confidential Information in a manner not permitted by this Contract.

25.2.6. In the event that any demand is made in litigation, arbitration or any other proceeding for disclosure of Confidential Information, the Company shall assert this Contract as a ground for refusing the demand and, if necessary, shall seek a protective order or other appropriate relief to prevent or restrict and protect any disclosure of Confidential Information.

25.2.7. All materials which constitute, reveal or derive from Confidential Information shall be kept confidential to the extent disclosure of such materials would reveal Confidential Information, and unless otherwise agreed, all such materials shall be returned to the City or destroyed upon satisfaction of the purpose of the disclosure of such information.

25.3. EXCEPTIONS. The parties agree that the Company shall have no obligation with respect to any Confidential Information which the Company can establish:

25.3.1. Was already known to the Company prior to being disclosed by the disclosing party;

25.3.2. Was or becomes publicly known through no wrongful act of the Company;

25.3.3. Was rightfully obtained by the Company from a third party without similar restriction and without breach hereof;

25.3.4. Was used or disclosed by the Company with the prior written authorization of the City;

25.3.5. Was disclosed pursuant to the requirement or request of a governmental agency, which disclosure cannot be made in confidence, provided that, in such instance, the Company shall first give to the City notice of such requirement or request;

25.3.6. Was disclosed pursuant to the order of a court of competent jurisdiction or a lawfully issued subpoena, provided that the Company shall take use its best efforts to obtain an agreement or protective order providing that, to the greatest possible extent possible, this Contract will be applicable to all disclosures under the court order or subpoena.

25.4. UNINTENTIONAL DISCLOSURE. Notwithstanding anything contained herein to the contrary, in the event that the Company is unintentionally exposed to any Confidential Information of the City, the Company agrees that it shall not, directly or indirectly, disclose, divulge, reveal, report or transfer such Confidential Information to any person or entity or use such Confidential Information for any purpose whatsoever.
25.5. REMEDIES. The Company acknowledges that the unauthorized disclosure of the Confidential Information of the City will diminish the value of the proprietary interests therein. Accordingly, it is agreed that if the Company breaches its obligations hereunder, the City shall be entitled to equitable relief to protect its interests, including but not limited to injunctive relief, as well as monetary damages.

26. INSURANCE.

26.1. TYPES OF INSURANCE. The Company shall obtain and maintain during the life of this Contract, with an insurance company rated not less than “A” by A.M. Best, authorized to do business in the State of North Carolina, acceptable to the Charlotte-Mecklenburg, Risk Management Division the following insurance:

26.1.1. Automobile Liability - Bodily injury and property damage liability covering all owned, non-owned and hired automobiles for limits of not less than $1,000,000 bodily injury each person, each accident and $1,000,000 property damage, or $1,000,000 combined single limit - bodily injury and property damage.

26.1.2. Commercial General Liability - Bodily injury and property damage liability as shall protect the Company and any subcontractor performing Services under this Contract, from claims of bodily injury or property damage which arise from performance of this Contract, whether such operations are performed by the Company, any subcontractor, or anyone directly or indirectly employed by either. The amounts of such insurance shall not be less than $1,000,000 bodily injury each occurrence/aggregate and $1,000,000 property damage each occurrence/aggregate, or $1,000,000 bodily injury and property damage combined single limits each occurrence/aggregate. This insurance shall include coverage for products, operations, personal and advertising injury, and contractual liability, assumed under the indemnity provision of this Contract.

26.1.3. Workers’ Compensation and Employers Liability - meeting the statutory requirements of the State of North Carolina, $100,000 per accident limit, $500,000 disease per policy limit, $100,000 disease each employee limit.

The Company shall not provide any Products or commence any Services in connection with this Contract until it has obtained all of the foregoing types of insurance and such insurance has been approved by the City. The Company shall not allow any subcontractor to provide any Products or commence Services on its subcontract until all similar insurance required of the subcontractor has been obtained and approved.

26.2. OTHER INSURANCE REQUIREMENTS.

26.2.1. The City shall be exempt from, and in no way liable for any sums of money, which may represent a deductible in any insurance policy. The payment of such deductible shall be the sole responsibility of the Company and/or subcontractor providing such insurance.

26.2.2. The City of Charlotte shall be named as an additional insured for operations or services rendered under the general liability coverage. The Company’s insurance shall be primary of any self-funding and/or insurance otherwise carried by the City for all loss or damages arising from the Company’s operations under this agreement.

26.2.3. Certificates of such insurance will be furnished to the City and shall contain the provision that the City be given thirty (30) days’ written notice of any intent to amend coverage reductions or material changes or terminate by either the insured or the insuring Company.

26.2.4. Should any or all of the required insurance coverage be self-funded/self-insured, a copy of the Certificate of Self-Insurance or other documentation from the North Carolina
Department of Insurance shall be furnished to the City.

26.2.5. If any part of the Products/Services under this Contract is sublet, the subcontractor shall be required to meet all insurance requirements as listed above. However, this will in no way relieve the Company from meeting all insurance requirements or otherwise being responsible for the subcontractor.

27. COMMERCIAL NON-DISCRIMINATION. As a condition of entering into this Contract, the Company represents and warrants that it will fully comply with the City's Commercial Non-Discrimination Policy, as described in Section 2, Article V of the Charlotte City Code, and consents to be bound by the award of any arbitration conducted thereunder. As part of such compliance, the Company shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, age or disability in the solicitation, selection, hiring, or treatment of subcontractors, vendors or suppliers in connection with a City contract or contract solicitation process, nor shall the Company retaliate against any person or entity for reporting instances of such discrimination. The Company shall provide equal opportunity for subcontractors, vendors and suppliers to participate in all of its subcontracting and supply opportunities on City contracts, provided that nothing contained in this clause shall prohibit or limit otherwise lawful efforts to remedy the effects of marketplace discrimination that has occurred or is occurring in the marketplace. The Company understands and agrees that a violation of this clause shall be considered a material breach of this Contract and may result in termination of this Contract, disqualification of the Company from participating in City contracts or other sanctions.

As a condition of entering into this Contract, the Company agrees to: (i) promptly provide to the City in a format specified by the City all information and documentation that may be requested by the City from time to time regarding the solicitation, selection, treatment and payment of subcontractors in connection with this Contract; and (ii) if requested, provide to the City within sixty days after the request a truthful and complete list of the names of all subcontractors, vendors, and suppliers that the Company has used on City contracts in the past five years, including the total dollar amount paid by the Company on each subcontract or supply contract. The Company further agrees to fully cooperate in any investigation conducted by the City pursuant to the City’s Non-Discrimination Policy, to provide any documents relevant to such investigation that are requested by the City, and to be bound by the award of any arbitration conducted under such Policy.

The Company agrees to provide to the City from time to time on the City’s request, payment affidavits detailing the amounts paid by the Company to subcontractors and suppliers in connection with this Contract within a certain period of time. Such affidavits shall be in the format specified by the City from time to time.

The Company understands and agrees that violation of this Commercial Non-Discrimination provision shall be considered a material breach of this Contract and may result in contract termination, disqualification of the Company from participating in City contracts and other sanctions.

28. NOTICES. Any notice, consent or other communication required or contemplated by this Contract shall be in writing, and shall be delivered in person, by U.S. mail, by overnight courier, by electronic mail or by telefax to the intended recipient at the address set forth below. Notice shall be effective upon the date of receipt by the intended recipient; provided that any notice which is sent by telefax or electronic mail shall also be simultaneously sent by mail deposited with the U.S. Postal Service or by overnight courier. Each party may change its address for notification purposes by giving the other party written notice of the new address and the date upon which it shall become effective.

Communications that relate to any breach, default, termination, delay in performance, prevention of performance, modification, extension, amendment, or waiver of any provision of this Contract shall be sent to:
### For the Company: For the City:

<table>
<thead>
<tr>
<th>Zach Ziegler</th>
<th>Kay Elmore</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herman Miller, Inc.</td>
<td>City of Charlotte</td>
</tr>
<tr>
<td>855 E. Main</td>
<td>City Procurement</td>
</tr>
<tr>
<td>Zeeland, MI 94964</td>
<td>600 East Fourth Street, 9th Floor</td>
</tr>
<tr>
<td>Phone: 616-654-8843</td>
<td>Phone: 704-336-2524</td>
</tr>
<tr>
<td>Fax:</td>
<td>Fax: 704-632-8252</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:Preston_Ziegler@hermanmiller.com">Preston Ziegler@hermanmiller.com</a></td>
<td>E-mail: <a href="mailto:kelmore@charlottenc.gov">kelmore@charlottenc.gov</a></td>
</tr>
</tbody>
</table>

### With Copy To: With Copy To:

<table>
<thead>
<tr>
<th>Greg Cass</th>
<th>Adam Jones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Herman Miller, Inc.</td>
<td>City of Charlotte</td>
</tr>
<tr>
<td>855 E. Main</td>
<td>City Attorney’s Office</td>
</tr>
<tr>
<td>Zeeland, MI 94964</td>
<td>600 East Fourth Street, 15th Floor</td>
</tr>
<tr>
<td>Phone: 201-341-1005</td>
<td>Phone: 704-336-3012</td>
</tr>
<tr>
<td>E-mail: <a href="mailto:greg_cass@hermanmiller.com">greg_cass@hermanmiller.com</a></td>
<td>E-mail: <a href="mailto:amjones@charlottenc.gov">amjones@charlottenc.gov</a></td>
</tr>
</tbody>
</table>

All other notices shall be sent to the other party’s Project Manager at the most recent address provided in writing by the other party.

### 29. MISCELLANEOUS.

29.1. **ENTIRE AGREEMENT.** This Contract is the entire agreement between the parties with respect to its subject matter, and there are no other representations, understandings, or agreements between the parties with respect to such subject matter. This Contract supersedes all prior agreements, negotiations, representations and proposals, written or oral.

29.2. **AMENDMENT.** No amendment or change to this Contract shall be valid unless in writing and signed by both parties to this Contract.

29.3. **GOVERNING LAW AND JURISDICTION.** The parties acknowledge that this Contract is made and entered into in Charlotte, North Carolina, and will be performed in Charlotte, North Carolina. The parties further acknowledge and agree that North Carolina law shall govern all the rights, obligations, duties and liabilities of the parties under this Contract, and that North Carolina law shall govern interpretation and enforcement of this Contract and any other matters relating to this Contract (all without regard to North Carolina conflicts of law principles). The parties further agree that any and all legal actions or proceedings relating to this Contract shall be brought in a state or federal court sitting in Mecklenburg County, North Carolina. By the execution of this Contract, the parties submit to the jurisdiction of said courts and hereby irrevocably waive any and all objections, which they may have with respect to venue in any court sitting in Mecklenburg County, North Carolina.

29.4. **BINDING NATURE AND ASSIGNMENT.** This Contract shall bind the parties and their successors and permitted assigns. Neither party may assign any of the rights and obligations thereunder without the prior written consent of the other. Any assignment attempted without the written consent of the other party shall be void.

29.5. **CITY NOT LIABLE FOR DELAYS.** It is agreed that the City shall not be liable to the Company, its agents or representatives or any subcontractor for or on account of any stoppages or delay in the performance of any obligations of the City or any other party hereunder caused by injunction or other legal or equitable proceedings or on account of any other delay for any
cause beyond the City’s reasonable control. The City shall not be liable under any circumstances for lost profits or any other consequential, special or indirect damages.

29.6. FORCE MAJEURE.

29.6.1. The Company shall be not liable for any failure or delay in the performance of its obligations pursuant to this Contract (and such failure or delay shall not be deemed a default of this Contract or grounds for termination hereunder if all of the following conditions are satisfied: (i) if such failure or delay: (a) could not have been prevented by reasonable precaution, and (b) cannot reasonably be circumvented by the non-performing party through the use of alternate sources, work-around plans, or other means; and (ii) if and to the extent such failure or delay is caused, directly or indirectly, by fire, flood, earthquake, hurricane, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions or revolutions, or court order.

29.6.2. Upon the occurrence of an event which satisfies all of the conditions set forth above (a “Force Majeure Event”) the Company shall be excused from any further performance of those of its obligations pursuant to this Contract affected by the Force Majeure Event for as long as (i) such Force Majeure Event continues; and (ii) the Company continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay.

29.6.3. Upon the occurrence of a Force Majeure Event, the Company shall immediately notify the City by telephone (to be confirmed by written notice within two (2) days of the inception of the failure or delay) of the occurrence of a Force Majeure Event and shall describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event prevents the Company from performing its obligations for more than five (5) days, the City may terminate this Contract.

29.6.4. Strikes, slow-downs, walkouts, lockouts, and individual disputes are not excused under this provision.

29.7. SEVERABILITY. The invalidity of one or more of the phrases, sentences, clauses or sections contained in this Contract shall not affect the validity of the remaining portion of the Contract so long as the material purposes of the Contract can be determined and effectuated. If any provision of this Contract is held to be unenforceable, then both parties shall be relieved of all obligations arising under such provision, but only to the extent that such provision is unenforceable, and this Contract shall be deemed amended by modifying such provision to the extent necessary to make it enforceable while preserving its intent.

29.8. NO PUBLICITY. No advertising, sales promotion or other materials of the Company or its agents or representations may identify or reference this Contract or the City in any manner absent the written consent of the City.

29.9. APPROVALS. All approvals or consents required under this Contract must be in writing.

29.10. WAIVER. No delay or omission by either party to exercise any right or power it has under this Contract shall impair or be construed as a waiver of such right or power. A waiver by either party of any covenant or breach of this Contract shall not be constitute or operate as a waiver of any succeeding breach of that covenant or of any other covenant. No waiver of any provision of this Contract shall be effective unless in writing and signed by the party waiving the rights.

29.11. SURVIVAL OF PROVISIONS. The following sections of this Contract shall survive the termination hereof:

Section 4.3 “Employment Taxes and Employee Benefits”
Section 15 “Representations and Warranties of Company”
Section 18 “Term and Termination of Contract”
Section 21 “City Ownership of Work Product”
Section 23 “Indemnification”
Section 25 “Confidential Information”
Section 26 “Insurance”
Section 28 “Notices and Principal Contacts”
Section 29 “Miscellaneous”

29.12. CHANGE IN CONTROL. In the event of a change in “Control” of the Company (as defined below), the City shall have the option of terminating this Contract by written notice to the Company. The Company shall notify the City within ten (10) days of the occurrence of a change in control. As used in this Contract, the term “Control” shall mean the possession, direct or indirect, of either (i) the ownership of or ability to direct the voting of, as the case may be fifty-one percent (51%) or more of the equity interests, value or voting power in the Company or (ii) the power to direct or cause the direction of the management and policies of the Company whether through the ownership of voting securities, by contract or otherwise.

29.13. DRAFTER’S PROTECTION. Each of the Parties has agreed to the use of the particular language of the provisions of this Contract and any questions of doubtful interpretation shall not be resolved by any rule or interpretation against the drafters, but rather in accordance with the fair meaning thereof, having due regard to the benefits and rights intended to be conferred upon the Parties hereto and the limitations and restrictions upon such rights and benefits intended to be provided.

29.14. FAMILIARITY AND COMPLIANCE WITH LAWS AND ORDINANCES. The Company agrees to make itself aware of and comply with all local, state and federal ordinances, statutes, laws, rules and regulations applicable to the Services. The Company further agrees that it will at all times during the term of this Contract be in compliance with all applicable federal, state and/or local laws regarding employment practices. Such laws will include, but shall not be limited to, workers' compensation, the Fair Labor Standards Act (FLSA), the Americans with Disabilities Act (ADA), the Family and Medical Leave Act (FMLA) and all OSHA regulations applicable to the Services.

29.15. CONFLICT OF INTEREST. The Company covenants that its officers, employees and shareholders have no interest and shall not acquire any interest, direct or indirect that would conflict in any manner or degree with the performance of Services required to be performed under the Contract.

29.16. NO BRIBERY. The Company certifies that neither it, any of its affiliates or subcontractors, nor any employees of any of the foregoing has bribed or attempted to bribe an officer or employee of the City in connection with the Contract.

29.17. HARASSMENT. The Company agrees to make itself aware of and comply with the City's Harassment Policy. The City will not tolerate or condone acts of harassment based upon race, sex, religion, national origin, color, age, or disability. Violators of this policy will be subject to termination.

29.18. TRAVEL UPGRADES. The City has no obligation to reimburse the Company for any travel or other expenses incurred in connection with this Contract.

29.19. TAXES. Except as specifically stated elsewhere in this Contract, the Company shall collect all applicable federal, state and local taxes which may be chargeable against the performance of the Services, and remit such taxes to the relevant taxing authority. The Company consents to and authorizes the City to collect any and all delinquent taxes and related interest, fines, or penalties of the Company by reducing any payment, whether monthly, quarterly, semi-annually, annually, or otherwise, made by the City to the Company pursuant to this Contract for an amount equal to any and all taxes and related interest, fines, or penalties owed by the Company.
Company to the City. The Company hereby waives any requirements for notice under North Carolina law for each and every instance that the City collects delinquent taxes pursuant to this paragraph. This paragraph shall not be construed to prevent the Company from filing an appeal of the assessment of the delinquent tax if such appeal is within the time prescribed by law.

29.20. COUNTERPARTS. This Contract may be executed in any number of counterparts, all of which taken together shall constitute one single agreement between the parties.

29.21. PRE-AUDIT. No pre-audit certificate is required under N.C. Gen. Stat. 159-28(a) because this Contract is for an indefinite quantity with no minimum purchase requirement. Notwithstanding anything contained herein to the contrary, this Contract does not require the City to purchase a single product or service, and a decision by the City to not make any purchase hereunder will violate neither this Contract nor any implied duty of good faith and fair dealing. The City has no financial obligation under this Contract absent the City’s execution of a valid and binding purchase order or contract addendum containing a pre-audit certificate.”

[Signature Page Follows]
IN WITNESS WHEREOF, and in acknowledgement that the parties hereto have read and understood each and every provision hereof, the parties have caused this Contract to be executed as of the date first written above.

HERMAN MILLER, INC.

BY: [Signature]

PRINT NAME: Jay Lanenga

TITLE: Director of Contracts

DATE: 12/10/19

CITY OF CHARLOTTE:
CITY MANAGER'S OFFICE

BY: [Signature]

PRINT NAME: Angela C. Lee

TITLE: Asst. City Manager

DATE: 1/10/20
# 1. Furniture Categories and Other Related Products

<table>
<thead>
<tr>
<th>Category</th>
<th>Fixed Percentage (%) Discount Off the Manufacturer’s List Price</th>
<th>Tiers are Based on List Product Value of Each Other</th>
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### 1. FURNITURE CATEGORIES AND OTHER RELATED PRODUCTS

The table below lists the fixed percentage (%) discount off the manufacturer's list price tiers based on the list product value of each other.

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<tr>
<td>Seating / Chairs</td>
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<td>Seating / Chairs</td>
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### 1. Furniture Categories and Other Related Products

#### Fixed Percentage (%) Discount Off the Manufacturer’s List Price

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<th>Drop Ship Inside Delivery</th>
<th>All Service Options</th>
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#### Other Related Products

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<th>Drop Ship Inside Delivery</th>
<th>All Service Options</th>
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<td>S</td>
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<td>51.00%</td>
<td>49.00%</td>
<td>53.00%</td>
</tr>
<tr>
<td>TW</td>
<td>Compass™ System (TW)</td>
<td>September 3, 2019</td>
<td>54.00%</td>
<td>52.00%</td>
<td>55.00%</td>
</tr>
<tr>
<td>D</td>
<td>Herman Miller for Healthcare Action Lab (D)</td>
<td>September 3, 2019</td>
<td>51.00%</td>
<td>49.00%</td>
<td>53.00%</td>
</tr>
<tr>
<td>SA</td>
<td>Herman Miller for Healthcare Carts (SA)</td>
<td>September 3, 2019</td>
<td>12.00%</td>
<td>10.00%</td>
<td>12.00%</td>
</tr>
<tr>
<td>CH</td>
<td>Mora (CH)</td>
<td>September 3, 2019</td>
<td>51.00%</td>
<td>49.00%</td>
<td>53.00%</td>
</tr>
<tr>
<td>OS</td>
<td>Living Office Hardware (OS) - does not include software/subscriptions</td>
<td>September 3, 2019</td>
<td>50.00%</td>
<td>50.00%</td>
<td>50.00%</td>
</tr>
<tr>
<td>MN</td>
<td>Overlay (MN)</td>
<td>September 3, 2019</td>
<td>54.00%</td>
<td>52.00%</td>
<td>56.00%</td>
</tr>
<tr>
<td>CW</td>
<td>Magis® Alliance (CW)</td>
<td>September 3, 2019</td>
<td>40.00%</td>
<td>38.00%</td>
<td>42.00%</td>
</tr>
<tr>
<td>CX</td>
<td>Mattiazzi Alliance (CX)</td>
<td>September 3, 2019</td>
<td>40.00%</td>
<td>38.00%</td>
<td>42.00%</td>
</tr>
</tbody>
</table>
List prices include freight within the 48 contiguous United States. Shipments outside of the contiguous United States are shipped freight prepaid to point of embarkation with freight costs beyond that point shipped collect.
Purchase order and payment are issued directly to the local authorized Herman Miller dealer.
Payment Terms are Net 30 or as negotiated with the local authorized Herman Miller dealer.
Deposit requirements and progress payments to be negotiated with the local authorized Herman Miller dealer.
Returns & cancellations are allowed only with HMI/dealer approval under HMI’s change/cancellation policy.

Note:
1. **Drop Ship**, price includes product delivery to the site, the purchaser is responsible for unloading.
2. **Inside Delivery**, price includes All deliveries shall be delivered to the site, unloaded and moved.
3. **Basic Installation**, price includes inside delivery, uncrating, assembly, installation, removal of all debris from premises, installation documents and the bill of materials per the purchaser’s approved plan.
4. **Expanded Service Installation** price to include basic installation; field measurements surveyed, documented and coordinated; electrical and telecommunication/data in-feed locations are surveyed, documented and coordinated; attend required coordination meetings with purchaser and other contractors; and creation and implementation of punch list by project manager.

### Installation & Delivery Services:
The service option product discounts include "standard" services only, subject to the conditions listed below. The discounts are "not to exceed" percentages that may be lower as quoted by the servicing dealer dependent on the specific project conditions. Additional charges and services shall be negotiated in advance of the service being performed.

- Installation will be performed during normal weekday working hours.
- Adequate facilities for delivery, unloading, moving and storing the product during the installation process shall be provided.
- Service work will not be hindered by other trades.
- Electric, heat, and adequate elevator service will be furnished without charge.
- The immediate installation area shall be complete and free of debris including the carpet/flooring before installation commences.
- Any work requiring a licensed electrician is the responsibility of the buyer.

### Additional Charges May Apply For:
1. Orders of an aggregate quantity of 1 - 10 chairs, desks, files, peds - NTE $300 fee per delivery.
2. Major Metro Markets and any non-ground floor installation: NTE 1% - 3.5% of list product value
   - Major Metro Markets include large population centers and urban environments.
3. Installation in a clinical/medical environment: NTE 1% - 3.5% of list product value
4. Special restrictions or limits established by local laws, ordinances or the directions of the buyer, including but not limited to restrictions on transportations of materials, street access to the job site and/or dock facilities: NTE 1% - 3.5% of list product value
5. Installations outside of a 50 mile radius of the servicing dealer: NTE 1% - 2% of list product value.
6. Local Prevailing Wage and/or Union Labor Rates
7. Mora, Compass, CoStruc casework systems installation to be quoted and approved by the buyer prior to performance of the work.
8. Living office installation, software, licenses, and subscriptions will be quoted and approved by the buyer prior to performance of work.

*Any additional charges shall be quoted by the dealer and approved by the buyer prior to performance of the work.*

*NTE = Not To Exceed*
# 2. Option #1 - Fixed Percentage (%) Discount on Installation Services:

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Amount or Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Installation - Normal Hours</td>
<td>3% of List for seating products; 5% of List for all other products (Clinical Casework quoted)</td>
</tr>
<tr>
<td>Basic Installation - After Hours</td>
<td>See rates in option 2 below</td>
</tr>
<tr>
<td>Expanded Installation - Normal Hours</td>
<td>5% of List for seating products; 7% of List for all other products (Clinical Casework quoted)</td>
</tr>
<tr>
<td>Expanded Installation - After Hours</td>
<td>See rates in option 2 below</td>
</tr>
</tbody>
</table>

**Option #2 - Fixed Hourly Rate Range for Installation and Other Additional Services and Solutions:**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>Amount or Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Installation - Normal Hours</td>
<td>$52.50 - $86.75</td>
</tr>
<tr>
<td>Basic Installation - After Hours</td>
<td>See fixed % of Discount in Option 1 above</td>
</tr>
<tr>
<td>Expanded Installation - Normal Hours</td>
<td>$52.50 - $86.75</td>
</tr>
<tr>
<td>Expanded Installation - After Hours</td>
<td>See fixed % of Discount in Option 1 above</td>
</tr>
<tr>
<td>Design</td>
<td>$55.00 - $78.75</td>
</tr>
<tr>
<td>Project Management</td>
<td>$55.00 - $89.25</td>
</tr>
<tr>
<td>Asset Management</td>
<td>$55.00 - $89.25</td>
</tr>
<tr>
<td>Installation/Reconfiguration of existing product</td>
<td>$40.00 - $65.00</td>
</tr>
<tr>
<td>Strategic Planning Services</td>
<td>$100 - $157.50</td>
</tr>
<tr>
<td>Occupancy Planning/CAD Drafter</td>
<td>$60.00 - $89.25</td>
</tr>
<tr>
<td>Build-Out Project Mgt. Services</td>
<td>$90.00 - $115.50</td>
</tr>
<tr>
<td>FFE Mgt. Services</td>
<td>$90.00 - $115.50</td>
</tr>
<tr>
<td>Performance Environments</td>
<td>To be Quoted</td>
</tr>
<tr>
<td>RePurpose Program</td>
<td>To be Quoted - Herman Miller will work with the customer to determine the best product disposition via our repurpose program</td>
</tr>
</tbody>
</table>

## 3. Fixed Storage Range Rate / FT²:

<table>
<thead>
<tr>
<th>Rate Range</th>
<th>FT²</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.50/sq.ft - $1.85/sq.ft</td>
</tr>
</tbody>
</table>

## 4. Incentives:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount or Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customized Pricing for Sole Source Agreements / Committed Volume</td>
<td>To Be Negotiated With Buyer</td>
</tr>
<tr>
<td>Product Standardization Agreements</td>
<td>To Be Negotiated With Buyer</td>
</tr>
<tr>
<td>Custom pricing agreements with Buyer</td>
<td>To Be Negotiated With Buyer</td>
</tr>
<tr>
<td>Custom Incentives/Rebate agreements with Buyer</td>
<td>To Be Negotiated With Buyer</td>
</tr>
</tbody>
</table>

*Each Incentive listed above would be separately negotiated with the specific buyer and developed based on the level of commitment, preferred vendor status, product standardization, or other commitments from the buyer.*
### Note:

1. **Drop Ship**, price includes product delivery to the site, the purchaser is responsible for unloading.
2. **Inside Delivery**, price includes All deliveries shall be delivered to the site, unloaded and moved to a designated area in the building. Company is responsible for unloading.
3. **Basic Installation**, price includes inside delivery, uncrating, assembly, installation, removal of all debris from premises, installation documents and the bill of materials per the purchaser’s approved plan and specifications.
4. **Expanded Service Installation** price to include basic installation; field measurements surveyed, documented and coordinated; electrical and telecommunication/data in-feed locations are surveyed, documented and coordinated; attend required coordination meetings with purchaser and other contractors; and creation and implementation of punch list by project manager.

### Installation & Delivery Services:

The service option product discounts include "standard" services only, subject to the conditions listed below. The discounts are “not to exceed” percentages that may be lower as quoted by the servicing dealer dependent on the specific project conditions. Additional charges and services shall be negotiated in advance of the service being performed.

- Installation will be performed during normal weekday working hours.
- Adequate facilities for delivery, unloading, moving and staging/storing the product during the installation process shall be provided.
- Service work will not be hindered by other trades.
- Electric, heat, and adequate elevator service will be furnished without charge.
- The immediate installation area shall be complete and free of debris including the carpet/flooring before installation commences.
- Any work requiring a licensed electrician is the responsibility of the buyer.
- Travel expenses will be quoted extra.

### Additional Charges May Apply For:

1. Orders of an aggregate quantity of 1 - 10 chairs, desks, files, peds - NTE $300 fee per delivery.
2. Major Metro Markets and any non-ground floor installation: NTE 1% - 3.5% of list product value
   - *Major Metro Markets include large population centers and urban environments.*
3. Installation in a clinical/medical environment: NTE 1% - 3.5% of list product value
4. Special restrictions or limits established by local laws, ordinances or the directions of the buyer, including but not limited to restrictions on transportations of materials, street access to the job site and/or dock facilities: NTE 1% - 3.5% of list product value
5. Installations outside of a 50 mile radius of the servicing dealer: NTE 1% - 2% of list product value.
6. Local Prevailing Wage and/or Union Labor Rates
7. Mora, Compass, and CoStruc casework systems installation to be quoted and approved by the buyer prior to performance of the work.
   - 8) Living office installation, software, licenses, and subscriptions will be quoted and approved by the buyer prior to performance of work.

*Any additional charges shall be quoted by the dealer and approved by the buyer prior to performance of the work.*

NTE = Not To Exceed
EXHIBIT B – SCOPE OF SERVICES

1.1 General Scope.
The City is requesting the broadest selection of Office, Education, Classroom and Miscellaneous Furniture, Installation and Related Products and Services offered. The intent of this RFP is to provide the City and Participating Public Agencies with Products and Services to meet their various needs. Therefore, Companies should have demonstrated experience in providing Products and Services as defined in this RFP, including but not limited to the following:

- **Systems Furniture**: A complete and comprehensive catalog of all systems furniture, lines, and accessories available from the Company;

- **Freestanding Furniture**: A complete and comprehensive catalog of all case goods, furniture, (including folding and mobile) desks, tables, and available from the Company;

- **Seating/Chairs**: A complete and comprehensive catalog of office and classroom chairs, tandem seating and other general seating available from the Company;

- **Soft Seating**: A complete and comprehensive catalog selection of soft seating for areas such as commons, libraries, waiting areas and open spaces. Products include, but are not limited to, lounge seating, modular linear seating, tables, and accessories;

- **Filing Systems, Storage and Equipment**: A complete and comprehensive catalog of filing systems including vertical and lateral files, freestanding file cabinets, bookcases, and equipment and accessories available from the Company; and

- **Related Products, Support Services and Solutions**: Related office interior products and design, “Quick Ship”, design and layout, fabric and color design services, installation, systems furniture reconfiguration, assessment tools, and any other related products and services or solutions offered by the Company.

1.2 Product Standards and Guidelines.
All products must be manufactured in compliance with all standards including warning labels and safety devices, guard and equipment required to meet the safety standards recognized by industry safety, councils or organizations to establish safety standards such as Occupational Safety and Health Administration (OSHA), National Fire Protection Association (NFPA), National Institute of Occupational Safety and Health (NIOSH), American National Standards Institute (ANSI), Underwriters Laboratories, Inc. (UL), Environmental Protection Agency (EPA), Business Institutional Furniture Manufacturers Association (BIFMA), etc. If a product proposed requires a Material Safety Data Sheet (MSDS) it must accompany each shipment.

Additionally, applicable products must meet the following specific standards:

- ANSI/HFES and/or BSR/HFES (Human Factors Engineering of Computer Workstations)
- CPSIA 1303 or 16 C.F.R 1303 (Ban of Lead-Containing Paint)
- ANSI/BIFMA X5.1 (Office Seating), X5.4 (Lounge and Public Seating), X5.5 (Desk Products) X6.1 (Educational Furniture) and e3 (Furniture Sustainability Standard)
- California Air Resources Board (CARB) (Formaldehyde Emissions)
- California Proposition 65 (Lead and Other Toxic Substances)
- California Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation (BHFTI) (Technical Bulletin 117)

All Products offered must be new, unused, latest design and technology unless otherwise specified.
1.3 Pricing.

The Company’s firm fixed percentage (%) discount off a manufacturer price list for each category (defined in Section 1.1) for the life of the contract as Exhibit A.

Prices include manufacturer mark up, profit, item cost and storage to allow each customer the ability to calculate and verify discount.

1.3.1 Delivery.

The fixed percentage discount is based on the delivery requirements below:

1.3.1.1 Drop Ship: All deliveries shall be delivered to the site. City or Participating Public Agency is responsible for unloading.

1.3.1.2 Inside Delivery: All deliveries shall be delivered to the site, unloaded and moved to a designated area in the building. Company is responsible for unloading.

1.3.2 Installation.

The fixed percentage discount, fixed hourly rate, or an hourly rate range is based on the installation requirements below:

1.3.2.1 Basic Installation: Basic installation includes inside delivery, uncrating, assembly, installation, removal of all debris from premises, installation documents and the bill of materials per the purchaser’s approved plan and specifications.

1.3.2.2 Expanded Service Installation: Expanded service installation includes basic installation; field measurements surveyed, documented and coordinated; electrical and telecommunication/data in-feed locations are surveyed, documented and coordinated; attend required coordination meetings with purchaser and other contractors; and creation and implementation of punch list by project manager.

1.3.2.3 Normal Hours: Normal hours are defined as 7:00 am – 5:00 pm local time.

1.3.2.4 After Hours: After hours are defined as evenings, weekends and holidays.

1.3.2.5 Pricing for installation and services such as design, project management, asset management, refurbishment, and other services are priced at a fixed percentage discount, fixed hourly rate, or an hourly rate range for City and all Participating Public Agencies and/or by state.

1.3.2.5.1 Design: Company has the capability to recommend and design appropriate layouts to fit the need of the City and Participating Public Agencies.

1.3.2.5.2 Project Management: Company has the ability to provide project management services to help City and Participating Public Agencies complete their projects on-time and within budget.

1.3.3 Storage is priced at a fixed monthly rate range.

1.3.4 Pricing for any additional related products, services and solutions offered are defined in Exhibit A.

All Products provide under this Contract that require assembly and installation should be performed by the Company’s certified installers. All installation work must meet the manufacturer’s specifications and industry standards. Company provided the names and addresses of each certified installer, see Exhibit C – Form 6.

All work must be performed according to the standards established by the terms, specifications, and drawings for each project and meet the manufacturer’s specifications and industry standards. It shall be the obligation of the Installer to obtain clarification from the Project
Coordinator concerning questions or conflicts in the specifications and drawings in a timely manner as to not delay the progress of the work.

1.4 Price Adjustments.
All proposed pricing shall remain firm for the first year of the subsequent Contract through December 31, 2020. Companies may request price adjustments (increases/decreases) for consideration at least sixty (60) days prior to each anniversary of the Contract effective date. All requests must be submitted in writing to City of Charlotte City Procurement along with documentation of bona fide materials and labor increases for the cost of Products. No adjustment shall be made to compensate a Company for inefficiency in operation or for additional profit. Price decreases shall be accepted at any time during the term of the contract.

1.5 Environmental Purchasing Requirements.
The following are applicable items covered by the City’s Sustainable Purchasing Policy that must be accommodated by the Company:

<table>
<thead>
<tr>
<th>Product or Service</th>
<th>Examples</th>
<th>Environmental Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>Desks, chairs, tables, bookshelves</td>
<td>Recycled content, recyclability, end of life management</td>
</tr>
</tbody>
</table>

Companies provided its environmental attributes in Exhibit C – Form 10.

1.6 New Products and Services.
New Products and Services may be added to the resulting Contract(s) during the term of the Contract by written amendment, to the extent that those Products and Services are within the scope of this RFP and include, but will not be limited to, new Product added to the manufacturer’s list offerings, and services which reflect new technology and improved functionality. All requests are subject to review and approval of the City of Charlotte.

1.7 Safety.
All Companies and installers or subcontractor performing Services for the City of Charlotte and Participating Public Agencies are required and shall comply with all Occupational Safety and Health Administration (OSHA), State and County Safety Occupational Health Standards and any other applicable rules and regulations. The Company and subcontractors shall be held responsible for the safety of their employees and any unsafe acts or conditions that may cause injury or damage to any persons or property within and around the work site area under this contract.

1.8 Warranty.
In Exhibit C – Form 4, the Company addressed each of the following:

1.8.1 Applicable warranty and/or guarantees of furniture and installations including any conditions and response time for repair and/or replacement of any components during the warranty period.

1.8.2 Warranty period start date. The City of Charlotte desires the warranty start at the time of substantial completion.

1.8.3 Availability of replacement parts.

1.8.4 Life expectancy of furniture under normal use.

1.8.5 Detailed information as to proposed return policy on all furniture.
EXHIBIT C – PROPOSAL RESPONSE FORMS
REQUIRED FORM 2 – ADDENDA RECEIPT CONFIRMATION
RFP # 269-2019-105

FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES

Please acknowledge receipt of all addenda by including this form with your Proposal. All addenda will be posted to the NC IPS website at www.ips.state.nc.us and the City’s Contract Opportunities Site at http://charlottenc.gov/DoingBusiness/Pages/ContractOpportunities.aspx.

ADDENDUM #:

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<td>3</td>
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DATE ADDENDUM
DOWNLOAD FROM NC IPS:

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<tr>
<td>7/8/2019</td>
<td></td>
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<tr>
<td>7/11/2019</td>
<td></td>
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<tr>
<td>7/18/2019</td>
<td></td>
</tr>
</tbody>
</table>

I certify that this proposal complies with the Specifications and conditions issued by the City except as clearly marked in the attached copy.

Jay Langel
(Please Print Name)

Authorized Signature

Director of Commercial Contracts
Title

Herman Miller Inc.
Company Name

Date

7-30-19
REQUIRED FORM 3 – PROPOSAL SUBMISSION FORM
RFP # 269-2019-105

FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES

This Proposal is submitted by:

Company Name: Herman Miller Inc.
Representative (printed): Jay Lanenga
Address: 855 East Main Avenue
City/State/Zip: Zeeland, Michigan 49464
Email address: jacob_lanenga@hermanmiller.com
Telephone: 616.654.3897
Facsimile: 616.654.8278

The representative signing above hereby certifies and agrees that the following information is correct:

1. In preparing its Proposal, the Company has considered all proposals submitted from qualified, potential subcontractors and suppliers, and has not engaged in or condoned prohibited discrimination.

2. For purposes of this Section, discrimination means discrimination in the solicitation, selection, or treatment of any subcontractor, vendor or supplier on the basis of race, ethnicity, gender, age or disability or any otherwise unlawful form of discrimination. Without limiting the foregoing, discrimination also includes retaliating against any person or other entity for reporting any incident of discrimination.

3. Without limiting any other provision of the solicitation for proposals on this project, it is understood and agreed that, if this certification is false, such false certification will constitute grounds for the City to reject the Proposal submitted by the Company on this Project and to terminate any contract awarded based on such Proposal.

4. As a condition of contracting with the City, the Company agrees to maintain documentation sufficient to demonstrate that it has not discriminated in its solicitation or selection of subcontractors. The Company further agrees to promptly provide to the City all information and documentation that may be requested by the City from time to time regarding the solicitation and selection of subcontractors. Failure to maintain or failure to provide such information constitutes grounds for the City to reject the bid submitted by the Company or terminate any contract awarded on such proposal.

5. As part of its Proposal, the Company shall provide to the City a list of all instances within the past ten years where a complaint was filed or pending against the Company in a legal or administrative proceeding alleging that the Company discriminated against its subcontractors, vendors or
suppliers, and a description of the status or resolution of that complaint, including any remedial action taken.

6. The information contained in this Proposal or any part thereof, including its Exhibits, Schedules, and other documents and instruments delivered or to be delivered to the City, is true, accurate, and complete. This Proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts.

7. None of Company’s or its subcontractors' owners, employees, directors, or contractors will be in violation of the City’s Conflict of Interest Policy for City, Secondary and Other Employment Relationships (HR 13) if a Contract is awarded to the Company.

8. It is understood by the Company that the City reserves the right to reject any and all Proposals, to make awards on all items or on any items according to the best interest of the City, to waive formalities, technicalities, to recover and resolicit this RFP.

9. This Proposal is valid for one hundred and eighty (180) calendar days from the Proposal due date.

I, the undersigned, hereby acknowledge that my company was given the opportunity to provide exceptions to the Sample Contract as included herein as Section 9. As such, I have elected to do the following:

- [x] Include exceptions to the Sample Contract in the following section of my Proposal: __________
- [ ] Not include any exceptions to the Sample Contract.

I, the undersigned, hereby acknowledge that my company was given the opportunity to indicate any Trade Secret materials or Personally Identifiable Information ("PII") as detailed in Section 2.6.2. I understand that the City is legally obligated to provide my Proposal documents, excluding any appropriately marked Trade Secret information and PII, upon request by any member of the public. As such, my company has elected as follows:

- [ ] The following section(s) of the of the Proposal are marked as Trade Secret or PII: __________
- [x] No portion of the Proposal is marked as Trade Secret or PII.

Representative (signed): [Signature]
REQUIRED FORM 4
DELIVERY AND WARRANTY

**Delivery:** Company must state the normal delivery time (in calendar days) and any options for expediting delivery: To match your particular product and scheduling needs, we offer these lead time options, 10-Day or Less, 20-Day or Less, Assigned, and Emergency Response. Please see “Additional Programs and Services”.

**Warranty:** Company must detail the following:

a. Applicable warranty and/or guarantees of furniture and installations including any conditions and response time for repair and/or replacement of any components during the warranty period. See full Warranty Statements enclosed.

Response time to service and/or warranty requests are a top priority with your dealer and our Customer Care and Product Services teams. Standard service inquiries are responded to same day or within one business day of notification. Depending upon parts required, Customer Care and Product Services will clearly outline the next steps and time frame for resolution.

b. Warranty period start date. The City of Charlotte desires the warranty start at the time of substantial completion. Herman Miller agreed to requirement via email on October 14, 2019.

c. Availability of replacement parts. We want your Herman Miller products to serve your company for a long time, so we design them for easy component replacement while in use and easy disassembly at the end of their useful life. From seating casters and arm pads to work surfaces and replacement tiles, service parts are ordered through and installed by your servicing dealer to protect your investment and ensure your products continue to support your employees for a long time. Replacement parts are warrantied until the original product warranty expires.

d. Life expectancy of furniture under normal use. Our products are designed, developed and tested to assure a 12-year life under high-level, multi-shift use. Our products meet, and typically exceed, all industry standards (ANSI, BIFMA, UL, etc.), as well as internally developed requirements that go beyond industry requirements.

a. Detailed information as to proposed return policy on all furniture. All product is manufactured by Herman Miller in the specific size, finish, and fabric requested to meet a specific customer application. Due to the customization and variety of applications, requests to return product, outside of warranty situations, are not typically authorized. Any product returned requires the written authorization from Herman Miller prior to return to ensure proper tracking and assessment.
Additional Programs and Services (continued)

Options® Program
The process begins when you make a request. We work with you to define the need and propose a product solution—something we modify or develop to meet your specific need. Response is fast; we quote 95 percent of requests in 24 hours. Prices are reasonable—on average, about 5 percent more than standard product. All Herman Miller Options products carry our comprehensive 12-year, 3-shift warranty.

Vary Easy® Program
Through your dealer, you have nearly limitless choice in modifying standard products. Dealer designers can instantly modify any product that is part of the program and create a 3D image, CAD symbols, and price book page for it. Lead times and pricing for Vary Easy products are the same as for standard products. And Vary Easy products are covered by our comprehensive 12-year, 3-shift warranty.

Lead Time Programs for Rapid Shipment
We understand that reliable lead times are a crucial element in your planning process and resource allocation. To match your particular product and scheduling needs, we offer these options:

- **10-Day or Less:** We have the most comprehensive quick-ship program in the industry—and with no quick-ship surcharges. Products available in 10 days or less include a broad vocabulary of standard systems, seating, tables, and filing / storage.
- **20-Day or Less:** Includes the full breadth of Herman Miller standard products.
- **Assigned:** For customized products. Lead times are assigned based on the requirements of each order.
- **Emergency Response:** This program ships products that are holding up installation within 24 hours.

Furniture Disposal Programs
Through our furniture disposal solution, your no longer needed assets can be donated to charitable organizations. The purpose of the rePurpose program is to keep used furniture out of landfills. But it does so much more than that. In some cases, fees may apply when disposing furniture. Your Herman Miller and local dealer partner will advise on the best strategy and program for individual agency circumstances.
A warranty is a promise.

Here’s ours: 12 years, 3 shifts, labor included

Our warranty covers everything—including electrical components, casters, pneumatic cylinders, tilts, and all moving mechanisms.

It recognizes the changing nature of work and the need for products that can stand up to continuous use.

And it means that when warranty work is performed in the U.S. and Canada, Herman Miller foots the bill.

At Herman Miller, we work for a better world around you. Our products—and our promise to stand behind their quality 100 percent—are designed to improve your environment whether it’s an office, hospital, school, home, an entire building, or the world at large.
All products sold under the Herman Miller brand, including Herman Miller Healthcare products, Geiger® products, Eames® aluminum group, Eames Soft Pad™ group, Eames executive chairs, and Eames tables, are backed by our 12-year, 3-shift warranty, except as limited or described below. Warranty information for Nemschoff products can be found by visiting nemschoff.com/customer-care/warranty. Warranty information for Maharam® textiles can be found by visiting maharam.com/site/terms.

**Herman Miller Products**

**5 years**
- Herman Miller Collection products; C-style flipper door unit with lift-assisted mechanism; Connect™ power and data; Cubert®, Flute®, and Tone™ personal task lights; Eames Tables power modules, Exclave® whiteboards, tackboards, and accessories; Flo™ power hub; Formwork® and Ubi™ liners; Keyless Locks; Logic Power Access Solutions™; Logic Reach; Mbrace wall-mounted technology; Ode® lamps; Overlay™ Trellis and Linear light; Procedure/Supply Carts keyless lock bars; Tabetha Tablet Mount, Twist™ LED task light; Ubi USB power module

**3 years**
- Herman Miller Collection outdoor products; Compass™ system faucet

**2 years**
- Logic Micro Tower; Magis and Mattiazzi branded products from the date of purchase by the original purchaser

**1 year**
- Formwork stackable desktop storage; Nelson™ Bubble Lamps®
- Beware of Imitations poster; Exclave eco boards; Girard throw; Maharam Memory 3 game; Maharam pillows; Textiles & Objects poster

**Herman Miller Materials**

**5 years**
- Herman Miller proprietary fabrics applied to seating products (exceptions covered under 12-year warranty include: Ace, AireWeave™ 2, Aristo, Balance, Bingo, Crepe, Dex, Epic, FLEXNET™, Intercept, Leather, Lyris 2™, MCL Leather, Marvel, Mercer, Monologue, 8Z Pellicle®, Rhythm, Strata, and Whisper); Sayl™ knit back cover

**1 year**
- Herman Miller Design on Textile (DOT™) and Customer’s Own Image (COI)

**Parts and Components**

**5 years**
- Electronic ballasts used in task lighting; keyless lock on Compass; mechanical components (drive shaft, motor, etc.) on Locale® height-adjustable surface; mechanical and electrical components on Motia® sit-to-stand tables, Nevi™ sit-to-stand tables, and Nevi Link; Renew™ sit-to-stand pneumatic counterbalance and crank mechanism; power leg access option on Renew sit-to-stand tables

**3 years**
- All service parts; electric motors for Co/Struc® height-adjustable tables

**2 years**
- Electrical components (switch, control box, etc.) on Locale height-adjustable surface

**1 year**
- Compass system faucet sensors and control box

**6 months**
- All other products, parts, and any services not listed above, sold or furnished by Herman Miller or its subsidiaries, except for consumable products such as batteries, dry-erase markers, erasers, light bulbs, fans, and other electronic products for which no warranty is given

**Other Manufacturers’ Products**

Herman Miller does not warrant other manufacturers’ product but will pass through to the original purchaser any warranty supplied by other manufacturers to the extent possible, including, but not limited to, open-line laminates.
Provisions that apply to all Herman Miller-branded products and services:

Herman Miller, Inc. ("Herman Miller"), 855 East Main Avenue, PO Box 302, Zeeland, Michigan 49464-0302, USA, warrants the products sold by it and its subsidiaries to be free from defects in material and workmanship, regardless of the number of shifts during which the products are used, for the warranty periods specified.

This limited warranty covers the sale of Herman Miller product in all countries. Not all of the product lines appearing on this list are marketed by Herman Miller in all countries, and appearance on this list does not imply an offer for sale of a product line in a particular place. Product line availability is defined in current price lists applicable to different regions.

During the applicable warranty period, Herman Miller, as its sole obligation, will repair or replace (at its option) any product, part, or component covered by this warranty and sold after the effective date of this warranty, which fails under normal use as a result of a defect in material or workmanship. Herman Miller will repair or replace the aforementioned product, part, or component with a comparable product, part, or component.

This warranty extends only to the original purchasers who acquire new product from Herman Miller, its subsidiaries, or its authorized resellers. Any product, part, or component must have been used according to Herman Miller's published instructions and installed and maintained by a Herman Miller factory-trained technician or an authorized Herman Miller dealer installer. If these requirements are met, warranty coverage will be extended. Any misuse, abuse, or modification to the original product voids the warranty. Herman Miller does not warrant the performance of the product when used in combination with other than original Herman Miller product.

Limited warranty only covers Herman Miller provided products, components, and related repair work performed by Herman Miller authorized dealers.

The warranty period starts from the date of purchase. This document inclusively describes all of the warranties given and remedies available with respect to the company's products and services. Herman Miller and its subsidiaries disclaim any other warranty whether express or implied, statutory or otherwise, in relation to the products.

Herman Miller does not warrant:

- natural variations in wood grain or figure or the presence of character marks
- changes in surface finishes, including colorfastness, due to aging, exposure to light or direct sunlight
- marks, scars, or wrinkles occurring naturally in leather
- veins, marks, voids, fissures, or cracks found naturally in stone
- failure resulting from normal wear and tear
- pilling of textiles
- matching of colors, grains, or textures of natural materials
- colorfastness or the matching of colors of textiles or surface finishes, including an exact match to cuttings, samples, or swatch cards
- damage, marking, or staining of veneer surfaces due to contact with rubber or similar compounds; damage from sharp objects or imprinting from writing instruments
- discoloration of textiles and surface materials due to soiling, stains, or dye transfer from clothing, including denim
- damage or marking of materials or abrading of textiles over time caused by sharp or foreign objects
- changes in the decibel level of motors or mechanisms utilized in height-adjustable products
- damage or marking of materials or abrading of textiles over time caused by sharp or foreign objects
- failure resulting from normal wear and tear
- veins, marks, voids, fissures, or cracks found naturally in stone
- marks, scars, or wrinkles occurring naturally in leather
- changes in the decibel level of motors or mechanisms utilized in height-adjustable products
- damage or marking of materials or abrading of textiles over time caused by sharp or foreign objects
- discoloration of textiles and surface materials due to soiling, stains, or dye transfer from clothing, including denim
- marks, scars, or wrinkles occurring naturally in leather
- changes in the decibel level of motors or mechanisms utilized in height-adjustable products
- damage or marking of materials or abrading of textiles over time caused by sharp or foreign objects
- discoloration of textiles and surface materials due to soiling, stains, or dye transfer from clothing, including denim

TO THE EXTENT ALLOWED BY LAW, ANY IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE DISCLAIMED AND TO THE EXTENT THEY ARE LEGALLY REQUIRED, ARE LIMITED IN DURATION TO THE DURATION OF THIS WRITTEN WARRANTY.

HERMAN MILLER SHALL NOT BE LIABLE FOR LOSS OF TIME, INCONVENIENCE, COMMERCIAL LOSS, OR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

Applies in US only: Some states do not allow limitations on how long an implied warranty lasts or do not allow the exclusion or limitation of incidental or consequential damages, so the limitations or exclusions in the two preceding paragraphs may not apply. This warranty gives the purchaser specific legal rights; however, the purchaser may also have other rights that may vary from state to state.

Applies outside US: Except as stated above, Herman Miller will not be liable for any loss or damage (including costs) however caused, whether direct or consequential, incurred or suffered by the purchaser or any third party in respect of the products, but nothing contained herein will or will be considered to exclude or restrict any liability on Herman Miller's part for death or personal injury resulting from negligence.

Effective April 2019

Herman Miller
Geiger Warranty

Geiger, 6095 Fulton Industrial Blvd., SW, Atlanta, GA 30336, USA, warrants the products sold by it to be free from defects in material and workmanship, regardless of the number of shifts during which the products are used, for the warranty periods specified below.

This warranty covers the sale of Geiger product in all countries. Not all of the product lines appearing on this list are marketed by Geiger in all countries, and appearance on this list does not imply an offer for sale of a product line in a particular place. Product line availability is defined in current price lists applicable to different regions.

Geiger Commercial Office Furniture Products

**12 years**
All products sold under the Geiger® brand names, except as limited or described below.

Geiger Textile Alliance Program SM Fabrics

**3 years**
Includes, but is not limited to Edelman Leather, Geiger, Herman Miller, Maharam, and Place fabrics.

Nonstandard Products

**1 – 5 years**
Warranty length on nonstandard products not covered by the 12-year warranty is identified on individual product quotes.

All Other Products, Parts and Services

**2 years**
Height adjustable bases (electrical parts).

**5 years**
Height adjustable bases (mechanical parts). Task light electronic ballasts.

**3 years**
All service parts.

**6 months**
All other products, parts, and any services not listed above, sold or furnished by Geiger, except for consumable products such as light bulbs and other electronic products for which no warranty is given.

None
For other manufacturers’ products, Geiger will pass through to the original purchaser any warranty supplied by other manufacturers to the extent possible, including, but not limited to, open line laminates.

Provisions that apply to all products and services:

During the applicable warranty period, Geiger, as its sole obligation, will repair or replace (at its option) any product, part, or component covered by this warranty and sold after the effective date of this warranty, which fails under normal use as a result of a defect in material or workmanship; Geiger will repair or replace the aforementioned product, part, or component with a comparable product, part, or component.

This warranty extends only to the original purchasers who acquire new product from Geiger, or its authorized resellers. Any product, part, or component must have been installed, used, and maintained according to Geiger’s published instructions in order to be eligible for coverage under this warranty and must not have been subject to misuse or abuse. Any modification to the original product voids the warranty. Geiger does not warrant the performance of the product when used in combination with other than original Geiger product. The warranty period starts from the date of purchase. This document inclusively describes all of the warranties given and remedies available with respect to the company’s products and services. Geiger disclaims any other warranty whether express or implied, statutory or otherwise, in relation to the products.
Geiger Warranty (continued)

Geiger does not warrant:

- natural variations in wood grain or figure or the presence of character marks
- changes in surface finishes due to aging or exposure to light
- marks, scars, or wrinkles occurring naturally in leather
- veins, marks, voids, fissures, or cracks found naturally in stone

In addition, Geiger does not warrant:

- failure resulting from normal wear and tear
- the matching of colors, grains, or textures of natural materials
- the colorfastness or the matching of colors of textiles, including an exact match to cuttings or to swatch card
- damage, marking, or staining of veneer surfaces due to contact with rubber or similar compounds
- damage from sharp objects or imprinting from writing instruments, or
- prolonged exposure to direct sunlight

Geiger tests Customer’s Own Material (COM) and other customer-supplied items for manufacturing quality only and does not provide any warranty with regard to these materials. Geiger does not warrant products that are exposed to extreme environmental conditions or that have been subject to improper storage.

Geiger’s products meet the requirements of the price books and other written publications.

TO THE EXTENT ALLOWED BY LAW, ANY IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE DISCLAIMED AND TO THE EXTENT THEY ARE LEGALLY REQUIRED, ARE LIMITED IN DURATION TO THE DURATION OF THIS WRITTEN WARRANTY.

GEIGER SHALL NOT BE LIABLE FOR LOSS OF TIME, INCONVENIENCE, COMMERCIAL LOSS, OR INCIDENTAL OR CONSEQUENTIAL DAMAGES.

Applies outside US: Except as stated above, Geiger will not be liable for any loss or damage (including costs) however caused, whether direct or consequential, incurred or suffered by the purchaser or any third party in respect of the products but nothing contained herein will or will be considered to exclude or restrict any liability on Geiger’s part for death or personal injury resulting from negligence.
Limited Lifetime Warranty

Seller warrants the products it manufactures against defects of material and workmanship under normal use and service for the useful life* of the product from the date of shipment provided that the product is in use by the original owner and has been used only for the original purpose. This warranty is void in cases of damage in transit, negligence, user modification, abuse, abnormal usage, improper use of cleaning chemicals, misuse, accidents and improper maintenance.

As Buyer's sole remedy under the warranty, Nemschoff, at its option, will repair or replace defective parts at no charge to the original owner of record. Nemschoff will pay freight charges provided that the replacement or return has previously been authorized by the company under the terms of this warranty. Normal aging and wear of fabrics, filling materials, mechanisms, mechanical components and finishes are exempt from this warranty.

With proper use and maintenance, the limitations of our warranty are as follows:

- 10 years for all mechanisms and mechanical components of Serenity®, Pristo®, Consoul™, Leonard, and Ava® Recliners
- 12 years for all mechanisms and mechanical components of Nala and Centé® Patient Chairs
- 5 years for all other mechanisms and mechanical components
- 5 years for Overbed Tables, Physician and Caregiver Stools
- 5 years for lighting
- 5 years on Nemschoff Performance Fabric (NPF)
- 1 year for electrical outlets
- 1 year for Privacy Panels (Palisade)
- 1 year for Resin panel (Terra™ for Treatment Areas)

Graded-in fabrics follow the warranty of the textile manufacturer—please reference specific manufacturer’s website

Customers Own Material (COM) is not covered under warranty

THERE IS NO OTHER EXPRESS WARRANTY. SELLER HEREBY DISCLAIMS ALL IMPLIED WARRANTIES INCLUDING THE IMPLIED WARRANTY OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE INDICATED BY BUYER TO SELLER.

There are no representations as to the capacity or performance of the products sold hereunder except as set forth in the quotation specifications, if any, and such representations are expressly conditioned upon the correctness of the data furnished by Buyer and upon the products being properly installed and maintained.

IT IS EXPRESSLY AGREED THAT THIS REMEDY OF REPAIR, REPLACEMENT OR CREDIT, AT THE SELLER'S OPTION, IS BUYER'S EXCLUSIVE REMEDY UNDER THIS WARRANTY. IN NO EVENT SHALL SELLER BE LIABLE FOR CONSEQUENTIAL DAMAGES.
On equipment furnished by Seller, but manufactured by others, the written warranty, if any, of the manufacturer will be assigned to Buyer. However, Seller does not adopt, and does not guarantee or represent that manufacturer will comply with any of the terms of the warranty of such manufacturer.

Seller warrants woven and non-woven upholstery on the NPF program when applied to Seller's products. Warranty covers defects of material and workmanship under normal use and service for five (5) years from the date of shipment. This warranty applies only to the original owner and the original use of the product. This warranty is void in cases of damage in transit, negligence, abuse, abnormal usage, misuse, accidents, and improper cleaning and maintenance. Normal aging and wear of woven and non-woven upholstery are exempt from this warranty. As Buyer's sole remedy under the warranty, Nemschoff, as its option, will repair or replace the material at no charge to the original owner of record. If the material is no longer in manufacture, one of comparable value will be substituted for you. Nemschoff will pay freight charges, provided that the replacement or return has been previously authorized by the company under the terms of this warranty.

Expenses incurred by Buyer in repairing or replacing Seller's product will not be allowed except by written permission of Seller.

Seller, in its manufacture and sale of these products, will assume no liability as to possible infringement of patents or copyrights by virtue of the use of said products in combination with other elements or structures, or when manufactured to Buyer's specifications.

* Useful life, as defined by industry standards, is 12 years.
7 years
naughtone warrants to the original purchaser that its products are free from defects in materials and workmanship for a period of 7 years from date of delivery, except as noted below. This warranty applies to single shift (standard 8-hour day, 5 days per week) use.

Exceptions
5 years
Stacking chairs, metal chair frames, seating components including adjustment mechanisms, height adjustment mechanisms and pneumatic cylinders, monitor supports and tablet arm assemblies, wood veneer and low pressure laminate (LPL) surfaces, urethane and wood edge treatments, upholstery/tailoring and exposed wood frames.

Fabric
naughtone offers no warranty, either implied or expressed, on any fabrics or leathers used on our products. Fabrics and leathers carry warranties from the fabric manufacturer or reseller. Please refer to each reseller’s warranties before specifying. Because every fabric specification is different and application for use must be taken into consideration, naughtone shall not be held responsible in any manner for wrong specification of fabric for tailoring, wear, durability, or light fastness.

Limitations and Exceptions
A) General
The warranties set out in Part 1 of Schedule 1:
• Provide coverage to the Customer only;
• Do not apply to (i) merchandise that was at any time, used as a floor sample or display mode, (ii) any merchandise purchase “as is” or second-hand, (iii) any merchandise purchased at a distress sale or a ‘going out-of-business sale, or (iv) any merchandise purchased from a liquidator.

The Product Tolerances set out in Schedule 2 shall apply. Products shall not be deemed to be in breach of warranty, or otherwise defective, by reason of an issue that is covered in Schedule 2.

All warranties, whether express or implied, cover only normal usage.

No warranty, express or implied, applies to any Product condition resulting from misuse, abuse, delivery or transportation damage, nor any Product condition resulting from incorrect or inadequate maintenance, cleaning or care. Warranty is null and void if furniture has been moved from original points of delivery to consumer.
Warranty

Coverage
All products sold by Design Within Reach, Inc., through its contract channel (“DWRC”) are warrantied to be free of defects in material and workmanship appearing within 3 years from the date of purchase, except as otherwise described below. All HAY products sold through the DWRC channel are warrantied to be free of defects in material and workmanship appearing within 2 years from the date of purchase. This warranty is extended only to the original purchaser from DWRC or its authorized reseller, for commercial or institutional use. During the warranty period, as its sole responsibility and as the purchaser’s sole remedy under this warranty, DWRC will provide one of the following remedies, chosen by DWRC in its sole discretion: (a) repair the defective products, (b) replace the defective products with comparable products or (c) refund the purchase price of the defective products.

Other Warranties
THE ABOVE WARRANTY IS EXCLUSIVE AND IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE.

Exclusions
This warranty is not extended to purchasers for personal, family or household use, and it does not cover any of the following:

- Misuse, abuse or modification of the original product
- Any product, part or component that has not been used according to applicable published manufacturer instructions (and installed and maintained by a DWRC-designated factory-trained technician or dealer installer)
- Natural variations in wood grain or figure or presence of character marks
- Changes in surface finishes, including colorfastness, due to aging or exposure to light
- Marks, scars or wrinkles occurring naturally in leather
- Veins, marks, voids, fissures or cracks found naturally in stone
- Failure resulting from normal wear and tear
- Pilling of textiles
- Matching of colors, grains or textures of natural materials
- Colorfastness or matching of colors of textiles or surface finishes, including an exact match to cuttings, samples or swatch cards
- Damage, marking or staining of veneer surfaces due to contact with rubber or similar compounds, sharp objects or writing instruments
- Changes in the decibel level of motors or mechanisms used in height-adjustable products
- Damage or marking of materials or abrading of textiles over time caused by sharp or foreign objects
- Discoloration of textiles and surface materials due to soiling, stains or dye transfer from clothing, including denim
- Products that have been exposed to extreme environmental conditions or that have been improperly stored

Limitation of Liability
DWRC WILL NOT BE SUBJECT TO ANY OBLIGATIONS OR LIABILITIES OTHER THAN THOSE SET FORTH IN THIS DOCUMENT, WHETHER ARISING OUT OF BREACH OF CONTRACT, WARRANTY OR TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY), OR UNDER OTHER THEORIES OF LAW OR EQUITY, WITH RESPECT TO ITS PRODUCTS, OR ANY UNDERTAKINGS, ACTS OR OMISSIONS RELATING THERETO, AND IN NO EVENT WILL DWRC BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT OR CONTINGENT DAMAGES WHATSOEVER. Without limiting the generality of the foregoing, DWRC specifically disclaims any liability for penalties, special damages, damages for lost profits or revenues, downtime, lost good will, cost of capital, cost of substitute goods or services or any other types of economic loss.
Framery warranty

1. Framery warrants that the goods will meet the Specifications.

2. Unless specifically agreed otherwise in the Contract, the warranty period is twelve (12) months from the date of their delivery Ex Works Tampa, Finland, whichever shall be the earlier.

3. The warranty for each product is valid only after a duly completed Warranty checklist (per each product) is submitted to Framery email address warranty@frameryacoustics.com in electronic form (picture/pdf).

4. During the warranty period, Framery undertakes upon written request of the Purchaser to, at Framery's discretion, repair, replace or refund the price of any parts of the goods delivered which can be proved to be damaged due to bad material, faults in design, poor workmanship or which fail to meet the Specifications.

5. The warranty shall not be effective and shall not be relied upon by the Purchaser in the event of:

5.1. the goods having been at any time, during the period beginning with their delivery Ex Works Tampa, Finland, stored, handled, transported, installed, maintained or used in a manner inconsistent with Framery's then current technical requirements, the standard instructions (or in the absence thereof, in accordance with generally accepted practices in the industry) or the alleged defect having been caused by accident, neglect or events beyond Framery's control occurring after delivery of such goods Ex Works Tampa, Finland;

5.2. normal wear and tear;

5.3. use or conditions affecting the goods which are unusual or not reasonably foreseeable in relation to the conditions, or

5.4. use of the goods in connection with non-Framery parts, spares or materials which have not been approved expressly by Framery;

5.5. the product or a part of the product has been unproperly stored, used or kept outside of normal office conditions, or in conditions with dramatic temperature variations or outdoors or in an environment not suitable for the product;

5.6. the product has been moved, dismantled or repaired against the Framery instructions;

5.7. repairs, alterations or customisation carried out without Framery's written consent or faulty repairs executed by others than Framery

6. Additionally the warranty does not apply to:

6.1. changes in surface finishes due to aging or exposure to light, or

6.2. pilling of textiles, or

6.3. damage, marking or staining of surfaces due to contact with rubber or similar compounds, or

6.4. damages from sharp objects or imprinting from writing instruments or

6.5. damages caused by force majeure, or damages caused by moving, dismantling or repairing by other than personnel of Framery Cy or authorized distributor, or damages caused by using shoes within doors, or

6.6. damages caused by force majeure, or damages caused by moving, dismantling or repairing by other than personnel of Framery Cy or authorized distributor, or damages caused by using shoes within doors, or

6.7. damages in glasses caused by abnormal use of product, or

6.8. damages due to misuse or vandalism, or

6.9. damages due to slamming the door open or close or due to leaning against the door.

7. The Purchaser shall, without delay and in no case later than twenty-one (21) days after discovering the defect which it believes may constitute a breach of warranty, notify Framery's After Sales and Services in writing. Such notice shall consist of a duly completed Warranty Claim Form (available from Framery's After Sales and Services) and any additional information on the Purchaser and/or Framery may deem relevant. Upon Framery's acceptance of the validity of a warranty claim, it shall issue to the Purchaser a Warranty Acceptance Form. The Purchaser shall at its costs, return the goods to Framery, if so requested. If there is a reason to believe that the defect may cause damage to persons or property, notice shall be given immediately after discovering the defect and may be given by phone, fax or e-mail followed by the appropriate complete written notice as described above.

8. If the Purchaser fails to notify Framery of the defect within the time specified above, it shall lose its right to have the defect remedied.

9. For valid warranty claims, Framery shall carry out troubleshooting, dismantling and/or re-installation of the defective part if the, in Framery's opinion, requires special knowledge. If such special knowledge is not required in Framery's opinion, Framery shall have fulfilled its obligation in respect of the defect when it delivers a duly repaired or replacement part to the Purchaser Ex Works Tampa, Finland. If troubleshooting, dismantling or re-installation of parts necessitates an intervention in equipment other than the goods (which the Purchaser shall arrange to have carried out), the labour and cost incurred thereby shall be borne by the Purchaser.

10. Unless otherwise agreed, transport and customs brokerage costs of defective parts to and from Framery shall be for the Purchaser's account and risk and if troubleshooting, dismantling or re-installation, repair or replacement is carried out at the location of the defective parts then Framery shall be entitled to full compensation for travel, accommodation and labour incurred in travel to and from such location. Such compensation shall be determined in accordance with the then applicable provisions of Framery's Field Service Rate Schedule.

11. If the Purchaser gives notice of a defect and no defect is found which the warranty covers, Framery shall be entitled to full compensation for the work and costs incurred by reason of the notice having been given wrongly.

12. The Purchaser shall provide Framery free of charge with all necessary access and other facilities and all information required to enable Framery to ascertain or verify the nature and cause of the defect claimed and to carry out its warranty obligations.

13. AS PROVIDED FOR IN THIS SECTION 12, FRAMERY EXPRESSLY DISCLAIMS AND EXCLUDES ALL OTHER REPRESENTATIONS, CONDITIONS, WARRANTIES OR GUARANTEES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE (INCLUDING BUT NOT LIMITED TO COMMON LAW), ORAL OR WRITTEN, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, NONINFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE, THE WARRANTY SPECIFIED IN THIS SECTION 12 IS THE PURCHASER'S SOLE AND EXCLUSIVE REMEDY AND IN LIEU OF, NOT IN ADDITION TO, ANY OTHER REMEDY AVAILABLE AT LAW OR IN EQUITY.

14. If twenty-one (21) days after the expiration of the warranty period the Purchaser has not made a specific written claim under the terms of the warranty, Framery shall be released from such warranty obligations.

15. Framery shall not give an installation warranty unless the product was installed by Framery itself.
2-year warranty

Nine United Denmark A/S designs and manufactures furniture under the trademark HAY. All products are manufactured in accordance with the highest standards and to meet our high standards in quality and production and a 2-year warranty is given.

The 2-year warranty covers materials and/or workmanship on frame or upholstery. The guarantee is valid from the date on the original invoice. The warranty does not apply in the following situations:

/ if the products has been stored or assembled wrongly.
/ if the product has been abused or misused, altered or cleaned using wrong cleaning methods.
/ damage due to normal wear and tear, cuts or scratches, or damage caused by impact or accidents.
/ if the product has been placed outdoors or in a humid environment.
/ in cases of consequential or incidental damage.

Nine United Denmark A/S is dedicated to the design and production of of durable furniture designed to last. We put great effort into choosing materials focusing on hard wearing qualities to help us secure the long life span of the product.

Nine United Denmark A/S reserves the right to alter or stop the production of selected items without prior notice.

The warranty is valid from January 1, 2015.
REQUIRED FORM 5 – M/W/SBE PARTICIPATION PLAN
RFP # 269-2019-105

FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES

The City maintains a strong commitment to the inclusion of MWSBEs in the City’s contracting and procurement process when there are viable subcontracting opportunities.

Companies must submit this form with their proposal outlining any supplies and/or services to be provided by each City certified Small Business Enterprise (SBE), and/or City registered Minority Business Enterprise (MBE) and Woman Business Enterprise (WBE) for the Contract. If the Company is a City-registered MWSBE, note that on this form.

Aggregate MWSBE Goal 10% for the City of Charlotte usage estimated to be $500,000 annually.

A list of current registered and certified MWSBEs can be found at www.charlottebusinessinclusion.com.

Failure to submit this form shall deem a Proposal non-responsive.

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Herman Miller, Inc.</th>
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</table>

Please indicate if your company is any of the following:

- ___ MBE
- ___ WBE
- ___ SBE
- ___ None of the above

If your company has been certified with any of the agencies affiliated with the designations above, indicate which agency, the effective and expiration date of that certification below:

Agency Certifying: _______________ Effective Date: ______ Expiration Date: ______

Identify outreach efforts that were employed by the firm to maximize inclusion of MWSBEs to be submitted with the firm’s proposal (attach additional sheets if needed):


Identify outreach efforts that will be employed by the firm to maximize inclusion during the contract period of the Project (attach additional sheets if needed):

attend local/national diversity conferences and host internal events to connect with qualified firms that meets HMI requirements.

[Form continues on next page]
List below all **MWSBEs** that you intend to subcontract to while performing the Services:

<table>
<thead>
<tr>
<th>Subcontractor Name</th>
<th>Description of work or materials</th>
<th>Indicate either “M”, “S”, and/or “W”</th>
<th>City Vendor #</th>
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<tbody>
<tr>
<td>Cabro</td>
<td>Installation</td>
<td>W</td>
<td>305715</td>
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<td>Chem Clean</td>
<td>Janitorial and Custodial Services</td>
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<td>Alianza Services, LLC</td>
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<td>Intelligent Interiors, Inc.</td>
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<td>Navajo Office Products, LLC</td>
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<tr>
<td>Supply Source, Inc. - Johnstown</td>
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<tr>
<td>Supply Source, Inc. - St. College (vol inc with D060548)</td>
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<tr>
<td>Supply Source, Inc. - Williamsport</td>
<td></td>
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<td></td>
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<tr>
<td>Supply Source, Inc. - Mechanicsburg</td>
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<td>M</td>
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<tr>
<td>OP/Contract Furnishers of Hawaii - Guam</td>
<td></td>
<td>W</td>
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<tr>
<td>One Eleven Design</td>
<td>Dealer</td>
<td>W</td>
<td></td>
</tr>
<tr>
<td>PK Spectrum LLC</td>
<td>Dealer</td>
<td>W</td>
<td></td>
</tr>
<tr>
<td>The Sheridan Group - Los Angeles</td>
<td></td>
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<td></td>
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<tr>
<td>The Sheridan Group - Santa Fe Springs</td>
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<tr>
<td>The Sheridan Group - Calabasas</td>
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<td>W</td>
<td></td>
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<tr>
<td>VRD Corporate Interiors</td>
<td></td>
<td>W</td>
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</tbody>
</table>

FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES
RFP# 269-2019-105
JUNE 19, 2019
<table>
<thead>
<tr>
<th>WRG</th>
<th>Dealer</th>
<th>W</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workplace Resource - Denver</td>
<td>Dealer</td>
<td>W</td>
</tr>
<tr>
<td>Workplace Resource - Colorado Springs</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workplace Resource, LLC -- Austin</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workplace Resource, LLC -- San Antonio</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workplace Resource, LLC -- Louisiana</td>
<td>Dealer</td>
<td>W</td>
</tr>
<tr>
<td>Wrk Lab, Inc</td>
<td>Dealer</td>
<td>W</td>
</tr>
<tr>
<td>Workscapes, Inc. - Fort Lauderdale</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workscapes, Inc. - Fort Myers</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workscapes, Inc. - Jacksonville</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workscapes, Inc. - Orlando</td>
<td>Dealer</td>
<td>W</td>
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<tr>
<td>Workscapes, Inc. - Tampa</td>
<td>Dealer</td>
<td>W</td>
</tr>
<tr>
<td>Acoustitech</td>
<td>Supplier</td>
<td>M</td>
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<tr>
<td>Alpha Coating Technology</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Apex Spring &amp; Stamping</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Eagle-Nichols Packaging</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Global Concepts Enterprise Inc</td>
<td>Supplier</td>
<td>M</td>
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<tr>
<td>Hot Melt Technologies</td>
<td>Supplier</td>
<td>M</td>
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<tr>
<td>Intex Technologies</td>
<td>Supplier</td>
<td>M</td>
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<tr>
<td>Jireh Metals Products</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Luna Textiles</td>
<td>Supplier</td>
<td>M</td>
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<tr>
<td>Mico Industries</td>
<td>Supplier</td>
<td>M</td>
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<tr>
<td>Primera Plastic Inc</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Supplier</td>
<td>Type</td>
<td>MBE Utilization</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>------</td>
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</tr>
<tr>
<td>Reggie McKenzie Industrial Materials</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Supply Source Options LLC</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Ventura Manufacturing</td>
<td>Supplier</td>
<td>M</td>
</tr>
<tr>
<td>Gill Industries</td>
<td>Supplier</td>
<td>W</td>
</tr>
<tr>
<td>H&amp;H Metal Source Inc</td>
<td>Supplier</td>
<td>W</td>
</tr>
<tr>
<td>Proos Manufacturing</td>
<td>Supplier</td>
<td>W</td>
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<tr>
<td>Soundtech Inc</td>
<td>Supplier</td>
<td>W</td>
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<tr>
<td>Nuvar Inc</td>
<td>Supplier</td>
<td>W</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Utilization</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MBE Utilization</td>
<td>0 %</td>
<td></td>
</tr>
<tr>
<td>WBE Utilization</td>
<td>10 %</td>
<td></td>
</tr>
<tr>
<td>SBE Utilization</td>
<td>0 %</td>
<td></td>
</tr>
<tr>
<td>Total MWSBE Utilization</td>
<td>10 %</td>
<td></td>
</tr>
</tbody>
</table>

Representative (signed): ________________________________

Date: 9/26/2019

Kavy Lenon
Representative Name
CBI FORM 4: Letter of Intent

Per Part B, Section 3.4 of the CBI Policy, within three (3) Business Days after receiving a request from the City (or within such longer time as may be communicated by the City in writing), a Bidder must submit a separate Letter of Intent for each SBE and/or MBE listed on CBI Form 3 and CBI Form 3A (if applicable).

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Furniture, Installation and Related Products and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Number:</td>
<td>269-2019-105</td>
</tr>
</tbody>
</table>

**To be completed by the Bidder**

Name of Bidder: Herman Miller, Inc. / Alfred Williams & Company  
Address: 855 E Main Zeeland, MI 49464  
Contact Person: Jay Lanenga  
Telephone: 616-654-3897  
Vendor #: 122386  
Email: jacob_lanenga@hermanmiller.com

If the Bidder has entered into a Quick Pay Agreement, in association with this Letter of Intent and as defined in the CBI Policy, please attach a copy of the executed Agreement with the undersigned SBE and/or MBE.

Identify in complete detail the scope of work to be performed or item(s) to be supplied by the SBE and/or MBE.

Furniture installation, Moving and Warehousing

The prime contractor shall pay the subcontractor the committed goal of 10% of the monthly amount paid by the city.

**To be completed by SBE and/or MBE**

Name of SBE and/or MBE: Cabro LLC  
Address: 1893 Scott Futrell Drive, Charlotte, NC 28208  
Contact Person: Cathy Abernathy  
Telephone: 704-391-5498  
Vendor #: 305715  
Email: mark@cabrol.com  
Fax: 704-393-6048

Upon execution of a Prime Contract with the City for the above referenced project, the Bidder certifies that it intends to utilize the SBE and/or MBE listed above, and that the description, cost and percentage of work to be performed by the SBE and/or MBE as described above is accurate. The SBE and/or MBE firm certifies that it has agreed to provide such work/supplies for the amount stated above.

**Bidder:**  
Signature and Title:  
Date: 12/4/19

**SBE/MBE Firm:**  
Signature and Title: Cathy Abernathy, managing partner  
Date: 12/4/19
REQUIRED FORM 6

Provide the names and addresses of each certified installer/subcontractor by geographical area.

In North America, U.S. Territories and Outlying Areas, Herman Miller products are distributed through a network of over 110 Authorized and Certified Dealers, with almost 230 locations. They provide both products and services and are committed to meeting our quality standards. You can see a list of Herman Miller dealers in your area by visiting www.hermanmiller.com/dealers.
**REQUIRED FORM 10 – ENVIRONMENTAL PURCHASING RESPONSES**

**FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES**

Companies shall complete and submit the form below regarding the products or supplies required to perform the Services.

<table>
<thead>
<tr>
<th>Question</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recycled Content.</strong></td>
<td>Herman Miller’s Design for Environment protocol focuses on maintaining our high standards while incorporating increasingly more environmentally sustainable materials into our new product designs. Our goal is to maximize the amount of recycled content and recyclability of a product at the end of its useful life. For more information on recycled content for products, please refer to the “Environmental Calculator” (ecomedes) on our website: hermanmiller.ecomedes.com.</td>
</tr>
<tr>
<td><strong>Recyclability.</strong></td>
<td>For recyclability percentages of specific products, please refer to the “Environmental Calculator” (ecomedes) on our website: hermanmiller.ecomedes.com.</td>
</tr>
<tr>
<td><strong>Biodegradability.</strong></td>
<td>Our products are not biodegradable.</td>
</tr>
<tr>
<td><strong>Compostability.</strong></td>
<td>Not Applicable to our products.</td>
</tr>
<tr>
<td><strong>Energy Consumption.</strong></td>
<td>We use processes that eliminate waste from our facilities, borrow the water we need and manage it well, reduce energy intensity, and use renewable forms of energy. In FY2017, Herman Miller consumed 96,600 Megawatt hours or $42.2 Megawatt hours/$ million sales</td>
</tr>
</tbody>
</table>
### Energy Efficiency
Products must meet or exceed the Department of Energy (DOE) and Environmental Protection Agency criteria for use of the ENERGY STAR trademark label; or is in the upper 25% of efficiency for all similar products as designated by the U.S. Department of Energy’s Federal Energy Management Program.

**Not Applicable to our products.**

### Water Efficiency
Eligible products must meet or exceed the Environmental Protection Agency’s WaterSense program or be water-efficient or low-flow fixtures.

**Not Applicable to our products.**

### Low VOCs
Products should contain low or no volatile organic compounds (VOCs). Please indicate any VOC content in each applicable product offered in your proposal.

For VOC content information of specific products, please refer to “Environmental Calculator” (ecomedes) on our website: hermanmiller.ecomedes.com.

### Reduced Packaging
Please include any efforts made to reduce the packaging of the products included in this proposal.

Larger scale domestic orders allow the use of minimal packaging, such as bulk packaging and blanket wrapping. Bulk packaging examples include stretch wrapping up to 40 worksurfaces or screens to a pallet, thus eliminating an individual box and multiple pieces of protective foam for each product. Another common bulk pack example includes placing up to 48 pieces of cladding in a single box with pallet truck access and a “zip-line” opening to allow easy access at the point of delivery.

Blanket wrapping typically involves seating and metal storage products. In this scenario we wrap products in reusable blankets and ship them directly from the plant to the installation site. The transit company brings the blankets back to Herman Miller for a closed-loop packaging reuse system. Bulk packaging and blanket wrapping not only eliminate the need for corrugated boxes, foams and plastics, but typically increase unloading time by 25% or more, with similar savings in disposal reduction and transit efficiency.

### Pollution Prevention
Please state your company’s policy on source reduction. The Pollution Prevention Act defines source reduction to mean any practice that: (1) Reduces the amount of any hazardous substance, pollutant or contaminant entering any waste stream or

**Herman Miller Safety and Sustainability Policy**

At Herman Miller, we approach safety and sustainability two ways.

From the top down, we set goals for safety and sustainability and make performance to these goals part of our CEO’s scorecard.
otherwise released into the environment (including fugitive emissions) prior to recycling, treatment or disposal, and (2) reduces the hazards to public health and the environment associated with the release of such substances, pollutants or contaminants. The term includes: equipment or technology modifications, process or procedure modifications, reformulation or redesign of products, substitution of raw materials, and improvements in housekeeping, maintenance, training or inventory control.

<table>
<thead>
<tr>
<th>Life Cycle Management.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Please state how many times your product may be reused. (Since reusable products generally require more upfront costs than disposable products, they are often subjected to a cost/benefit analysis in order to determine the life cycle cost).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>End of Life Management.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will the manufacturer or designee accept the product back at the end-of-life? (who pays for the transportation of the product may be situation-specific).</td>
</tr>
</tbody>
</table>

| From the bottom up, we empower people with a passion for wellness and responsibility to lead by example and through organized programs. |
| These approaches meet in the middle, always striving to improve through commitments to: |

<table>
<thead>
<tr>
<th>Living, Working, and Being Safe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting safety knowledge, well-being both at work and at home, and the prevention of injuries and ill health.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Being Resource Smart</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acting on the prevention of pollution, the elimination of all forms of waste, and the efficient use of all resources.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Being Eco Inspired</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocating for better, more sustainable products with safer material chemistry.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Being Community Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sharing best practices with all stakeholders and going beyond compliance with regulations and other requirements.</td>
</tr>
</tbody>
</table>

| As part of our Design for the Environment process, life cycle impacts are considered when making material choices. Additionally, full life cycle assessments (LCAs) have been conducted for major product categories/product lines. |

| Herman Miller has been using LCAs since 2006 to identify the potential environmental impacts of our products. We perform life cycle analysis specifically according to ISO documents 14040 and 14044 and we conform to the most recent respective Product Category Rules for Environmental Product Declarations (EPDs). EPDs are now available for the majority of our performance seating products. |

| The Herman Miller rePurpose program is an industry-leading resource for managing surplus corporate assets, including furniture, equipment, and supplies. By employing a thoughtful combination of resale, recycling, and donation on each project, rePurpose ensures assets reach their best destination. The rePurpose program is a single-source approach, which saves time and money, eliminates liability, and keeps 99 percent of product out of landfills. Fees for rePurpose vary based on size and scope. |
EXHIBIT D – FEDERAL CONTRACT TERMS AND CONDITIONS

This Exhibit is attached and incorporated into the Furniture, Installation, and Related Products and Services (the “Contract”) between the City of Charlotte and Herman Miller, Inc. (the “Company”). Capitalized terms not defined in this Exhibit shall have the meanings assigned to such terms in the Contract. In the event of a conflict between this Exhibit and the terms of the main body of the Contract or any other exhibit or appendix, the terms of this Exhibit shall govern.

1. **Debarment and Suspension.** The Company represents and warrants that, as of the Effective Date of the Contract, neither the Company nor any subcontractor or subconsultant performing work under this Contract (at any tier) is included on the federally debarred bidder’s list listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” If at any point during the Contract term the Company or any subcontractor or subconsultant performing work at any tier is included on the federally debarred bidder’s list, the Company shall notify the City immediately. The Company’s completed Form 8 – Vendor Debarment Certification is incorporated herein as Form D.1 below.

2. **Record Retention.** The Company certifies that it will comply with the record retention requirements detailed in 2 CFR § 200.333. The Company further certifies that it will retain all records as required by 2 CFR § 200.333 for a period of three (3) years after it receives City notice that the City has submitted final expenditure reports or quarterly or annual financial reports, as applicable, and all other pending matters are closed.

3. **Procurement of Recovered Materials.** The Company represents and warrants that in its performance under the Contract, the Company shall comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeded $10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

4. **Clean Air Act and Federal Water Pollution Control Act.** The Company agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

5. **Energy Efficiency.** The Company certifies that the Company will be in compliance with mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat. 871).


   6.1. No federal appropriated funds have been paid or will be paid, by or on behalf of the Company, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal Loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of and Federal contract, grant, loan, or cooperative agreement.
6.2. If any funds other than federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the Company shall complete and submit Standard Form—LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96)].

6.3. The Company shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

6.4. The Company’s completed Form 9 –Byrd Anti-Lobbying Certification is incorporated herein as Form D.2 below.

7. Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). If the Contract is in excess of $100,000 and involves the employment of mechanics or laborers, the Company must comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, the Company is required to compute the wages of every mechanic and laborer on the basis of a standard work week of forty (40) hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of forty (40) hours in the work week. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or purchases of transportation or transmission of intelligence.

8. Right to Inventions. If the federal award is a “funding agreement” under 37 CFR 401.2 and the City wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment of performance or experimental, developmental or research work thereunder, the City must comply with 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

9. DHS Seal, Logo, and Flags. The Company shall not use the Department of Homeland Security (“DHS”) seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre-approval.

10. The Federal Government is not a party to this Contract and is not subject to any obligations or liabilities to the City, Company, or any other party pertaining to any matter resulting from the Contract.

11. Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). In its performance under the Contract, the Company shall comply with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, the Company is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, the Company is required to pay wages not less than once a week.

12. Copeland “Anti-Kickback” Act (40 U.S.C. 3145). In its performance under the Contract, the Company shall comply with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that the Company is prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled.
REQUIRED FORM 8 – CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES

RFP # 269-2019-105

The bidder, contractor, or subcontractor, as appropriate, certifies to the best of its knowledge and belief that neither it nor any of its officers, directors, or managers who will be working under the Contract, or persons or entities holding a greater than 10% equity interest in it (collectively “Principals”):

1. Are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any or state department or agency in the United States;

2. Have within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; violation of federal or state anti-trust or procurement statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

3. Are presently indicted for or otherwise criminally or civilly charged by a government entity, (federal, state or local) with commission of any of the offenses enumerated in paragraph 2 of this certification; and

4. Have within a three-year period preceding this application/proposal had one or more public transactions (federal, state or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award or in some instances, criminal prosecution.

I hereby certify as stated above:

Jay Lanenga

(Print Name)

Director of Commercial Contracts

Signature

7-30-19

Date

I am unable to certify to one or more the above statements. Attached is my explanation. [Check box if applicable]

(Print Name)

Signature

Date
REQUIRED FORM 9 – BYRD ANTI-LOBBYING CERTIFICATION
RFP # 269-2019-105
FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or any, an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than federal appropriated funds have been paid or will be paid to any person for making lobbying contacts to an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-L.L.L, "Disclosure Form to Report Lobbying," in accordance with its instructions [as amended by "Government wide Guidance for New Restrictions on Lobbying," 61 Fed. Reg. 1413 (1/19/96)].

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including all subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction by 31 U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Herman Miller Inc. (the “Company”) certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Company understands and agrees that the provisions of 31 U.S.C. A 3801, et seq., apply to this certification and disclosure, if any.

Jay Lanenga
(Print Name)
Authorized Signature
Date

Herman Miller Inc.
Company Name
855 East Main Avenue
Address
Zeeland, Michigan 49464
City/State/Zip

Jay Lanenga
(Print Name)
Authorized Signature
Date
**CERTIFICATE OF LIABILITY INSURANCE**

Date (MM/DD/YYYY): 12/6/2019

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed.

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

**PRODUCER**
Arthur J. Gallagher Risk Management Services, Inc.
300 Ottawa NW, Suite 301
Grand Rapids MI 49503

**INSURED**
Herman Miller, Inc
855 E Main Ave.
Zeeland, MI 49464

**INSURER(S) AFFORDING COVERAGE**

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**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES**

City of Charlotte shall be shown as an additional insured solely with respect to general liability coverage per Form CG D4 11 (designated person or organization) as evidenced herein as required by written contract with respect to work performed by the named insured. General liability coverage is primary/non-contributory basis per Form CGT100. The Producer will endeavor to mail 30 days written notice to the Certificate Holder named on the certificate if any policy listed on the certificate is cancelled prior to the expiration date. Failure to do so shall impose no obligation or liability of any kind upon the Producer or otherwise alter the policy terms.

**CERTIFICATE HOLDER**

City of Charlotte
600 East 4th street 9th Floor
Charlotte NC 28202

**CANCELLATION**

Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

**AUTHORIZED REPRESENTATIVE**

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City of Palo Alto

City Council Staff Report

Report Type: Consent Calendar  Meeting Date: 10/18/2021

Title: Adoption of a Park Improvement Ordinance for Renovations, Expansion and New Amenities at John Boulware Park as Recommended by the Parks and Recreation Commission

From: City Manager

Lead Department: Public Works

Recommendation
The Parks and Recreation Commission and staff recommend that Council adopt a Park Improvement Ordinance (Attachment A) for the Boulware Park Improvements project, Capital Improvement Program project PE-17005.

Background
In 2017, Council approved capital improvement funding to address Boulware Park maintenance needs as part of the FY 2018 Capital Budget. The renovation included infrastructure, accessibility, and maintenance improvements. The project was postponed to Fiscal Year 2019 due to budget constraints. During that period, the adjacent 3350 Birch Street property owned by AT&T became available. The City pursued the purchase of the parcel in order to add new parkland to the Ventura neighborhood, which is densely populated and has a limited amount of open space. Upon finalizing the purchase of the land in 2019, the City re-engaged the community-based design process to determine how the existing Boulware Park and the newly purchased property would be developed into one contiguous park. Council dedicated the new parcel as parkland on February 10, 2020 (CMR ID# 10990).

Discussion
Community Outreach Process
On November 9, 2019, the first community meeting for the project was held at Boulware Park. The goal of the meeting was for the community to have the opportunity to provide input on what park facilities should be considered in the renovation and expansion of Boulware Park.

The community provided input on different park facilities and ranked them based on preference and priority. The facilities presented were drawn from existing facilities at Boulware Park and facilities that were highlighted in the Parks Master Plan to be considered as part of all park renovation projects. These facilities included:
Existing Facilities at Boulware Park

- Playground
- Basketball Court
- Group Picnic Area
- Open Turf Area

Master Plan Park Facilities

- Restroom
- Dog Park
- Community Garden
- Loop Walking Path
- Adult Fitness
- Pickle Ball Courts
- Shaded Seating Areas
- Habitat/Native Planting
- Security Lighting

Upon completion of the first community meeting, an on-line version of the facility survey was released for those who could not attend. A total of 62 community members responded to the survey. Survey responses can be viewed on the project web page at www.cityofpaloalto.org/boulwarepark.

Input from the community and survey, as well as an initial draft park plan, were presented to Parks and Recreation Commission (PRC) on January 28, 2020. PRC stressed the importance of aligning the proposed park plan with the recommendations of the North Ventura Coordinated Area Plan (NVCAP), which is an on-going comprehensive community planning effort to provide a walkable, mixed-use neighborhood (additional information can be found at https://www.paloaltonvcap.org/). PRC also expressed support for the initial draft plan including support for a dog park, the removal of a section of Ash Street to combine the two parcels of land, a restroom closer to the playgrounds, and limiting built park facilities along the edge of Matadero Creek for potential creek restoration.

On February 27, 2020, a second community meeting was held. This was a joint meeting with the NVCAP working group. As the closest adjacent park to the proposed redevelopment area, Boulware Park is important in providing open parkland to the area. The community was presented three draft plan options of the overall park design for input, each of which combined the existing parkland and newly purchased AT&T property, as well as a portion of Ash Street. The design options and facilities were developed from the input received at the first community meeting and guidance from PRC.

On December 7, 2020, a third community meeting (virtual) was held to allow the community to review the draft park plan layout. Utilizing input collected from PRC and other previous community meetings, a final draft plan was presented for community input.
Overall, the park plan (Attachment B) includes the following amenities (italicized items are existing park amenities that are found in the current Boulware Park):

- Inclusive playground (*both tot (2-5) & children (5-12)*)
- *Basketball Court*
- Restroom
- Dog Park
- Turn around Drop-Off
- *Open Turf Area*
- Loop Pathway
- *Picnic Area*
- *Shaded Seating Area*
- Bocce court
- Covered picnic area
- New head-in and accessible parking stalls along Lambert Ave.

Environmental amenities include:

- Runoff filtration gardens
- Native habitat gardens
- Net increase of 20 trees

The plan was supported by the community, including the locations of the proposed site amenities, the location of the restroom close to the playground, the added head-in-parking along Lambert Avenue, and the removal of the section of Ash Street. The community was also supportive of a proposed 65-foot setback for built structures along the creek in support of future creek restoration.

On January 26, 2021, PRC reviewed the proposed park plan and community feedback. The community and PRC were supportive of the overall park plan design. PRC also expressed support for funding and implementing the Boulware Park Improvement Project as soon as funding was available. On July 27, 2021, PRC voted unanimously to recommend that Council adopt a Park Improvement Ordinance for the proposed improvements at Boulware Park.

All materials presented to the community and PRC can be viewed on the project web site at [www.cityofpaloalto.org/boulwarepark](http://www.cityofpaloalto.org/boulwarepark)

Construction drawings are currently being prepared for the project with an anticipated construction bid in spring of 2022 and construction beginning in the summer of 2022.

**Resource Impact**

Capital improvement funding of $495,000 was approved to address park maintenance needs in the Fiscal Year 2018 Adopted Capital Budget in the Boulware Park Improvements capital project.
(PE-17005). To cover the costs of developing the new parkland and renovation of the existing park, including incorporating a segment of Ash Street into the park area, Council approved consolidating funding for the previously approved Birch Street Improvements project (PE-19003) into PE-17005 as part of the Fiscal Year 2022 Adopted Capital Budget. Total capital improvement funding for the project in FY 2022 is $3.8 million. The ongoing maintenance costs for this project are estimated to be approximately $45,000 annually for landscaping and custodial expenses, in addition to major renovations every 20 years after completion of this project to replace equipment and park amenities.

**Stakeholder Engagement**
Extensive stakeholder engagement has been completed in developing the proposed project improvement plan, including the many community and public meetings described in this report.

**Policy Implications**
The proposed recommendations are consistent with Policy C-26 of the Community Services element of the Comprehensive Plan that encourages maintaining park facilities as safe and healthy community assets; and Policy C-22 that encourages new community facilities to have flexible functions to ensure adaptability to the changing needs of the community.

**Environmental Review**
The proposed Boulware Park and Birch Street Property Renovation Project is categorically exempt from the California Environmental Quality Act (CEQA) under Title 14 California Code of Regulations Section 15301 (Existing Facilities), Section 15302 (Replacement or Reconstruction), Section 15303 (New Construction of Small Facilities or Structures), and Section 15311 (Accessory Structures) because it consists of the redevelopment of an existing park. Although the new park area will also include the Birch Street property, the proposed amenities would largely replace existing amenities at the site (e.g. playgrounds, picnic areas, basketball court) or would otherwise provide local-serving amenities. Therefore, the expansion in use would be negligible. In addition, although a small new parking area is proposed, it would replace existing street parking along Ash Street that would be removed as part of the project. Therefore, these alterations to an existing public facility and addition of small new structures would be consistent with the Class 1 (Section 15301) and Class 3 (Section 15303) exemptions.

**Attachments:**
- Attachment8.a: Attachment A - Boulware Park PIO REVISED
- Attachment8.b: Attachment B - Boulware Park Plan
ORDINANCE NO. ___

Ordinance of the Council of the City of Palo Alto
Approving and Adopting a Plan for Facility
Improvements at John Boulware Park

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

SECTION 1. Findings and Improvements. The City Council finds and declares that:

(a) Article VIII of the Charter of the City of Palo Alto and section 22.08.005 of the Palo Alto Municipal Code require that, before any substantial building, construction, reconstruction or development is commenced or approved, upon or with respect to any land held by the City for park purposes, the Council shall first cause to be prepared and by ordinance approve and adopt a plan therefor.

(b) John Boulware Park (the “Park”) is dedicated to park purposes. (See Municipal Code section 22.08.030.)

(c) The City intends to authorize the renovation of John Boulware Park.

(d) The plan of improvements shall comprise as follows:

1. Asphalt basketball court with bermed grass seating area
2. Pre-fabricated 2 stall unisex restroom building
3. Street Improvements along Lambert Avenue including:
   i. Addition of 8 head in parking stalls (current 4 parallel)
   ii. Addition of 2 head in accessible stalls
   iii. Drive access to Matadero Creek maintenance gate
   iv. New street tree planting and irrigation
4. Picnic area
5. Bocce ball court and bench seating
6. Dog park area
7. Open grass area
8. Asphalt and decomposed granite loop pathway around the park
9. 6-12 year-old children’s playground area with perimeter fencing
10. 2-5 year-old children’s playground area with perimeter fencing
11. ADA and Crosswalk improvements on Fernando Avenue
12. The incorporation of a portion of Ash Street into the overall park area
13. Create a Cul-de-sac turn around and drop off at the end of Chestnut Ave.
14. New site furnishings including:
   i. Benches
   ii. Accessible picnic tables
   iii. Trash receptacles
   iv. Shade structure
   v. Drinking fountains
   vi. Bike Racks
(15) Low flow Irrigation system
(16) Native planting
(17) Infiltration planters and associated drainage
(18) Park area lighting
(19) New fencing along the residential edges of the park

(e) Exhibit A depicts the expected implementation of the plan of improvements.

(f) The plan of improvements described above is consistent with park, playground, recreation, and conservation purposes.

(g) The City Council desires to approve the plan of improvements described above.

SECTION 2. The City Council hereby approves the plan of improvements described in Section 1 above.

SECTION 3. The City Council finds that this ordinance falls under the California Environmental Quality Act (CEQA) exemptions found in Title 14 California Code of Regulations Section 15301 (Existing Facilities), Section 15302 (Replacement or Reconstruction), Section 15303 (New Construction of Small Facilities or Structures), and Section 15311 (Accessory Structures).
SECTION 4. This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

__________________________________________  ______________________________________
City Clerk                                           Mayor

APPROVED AS TO FORM:                                APPROVED:

______________________________  ____________________________
Deputy City Attorney                                City Manager

______________________________
Director of Community Services

______________________________
Director of Public Works

______________________________
Director of Administrative Services
Exhibit A

Exhibit ‘A’

Boulware Park, Palo Alto
Summary Title: Williamson Act Contract Renewal (2021)

Title: Review and Approval of the Annual Williamson Act Contract Renewals Within Palo Alto City Limits (2021)

From: City Manager

Lead Department: Planning and Development Services

Recommendation:
Staff recommends that the City Council take the following actions:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15317; and
2. Approve the renewal of Williamson Act contracts listed in Attachment A.

Executive Summary:
The City of Palo Alto currently has 23 properties (350.05 acres of land) in contract under the Williamson Act. The proposed Council action would extend these 23 existing Williamson Act contracts between the City and landowners for another ten-year term on starting January 1, 2022. The City did not receive any request for nonrenewal during this reporting cycle. Following Council action, the City will submit its annual report to the California Department of Conservation by October 31, 2021.

Background:
The California Land Conservation Act of 1965, commonly known as the Williamson Act, is a State program. The program discourages agricultural lands from being converted to urban uses, preserves open space, and promotes efficient urban growth patterns. Under the Williamson Act, private landowners can voluntarily restrict their land to agricultural and compatible open-space land uses under a minimum ten-year rolling term contract. These contracts are administered by the respective jurisdictions. In return, the State assesses the restricted parcels for property taxes at a rate consistent with their actual use or generated income, rather than
potential market value. The program provides property tax relief to owners of agricultural land who agree to limit the use of their property to agricultural or other approved compatible uses.

On July 24, 1974, the City adopted Ordinance No. 2663 to institute rules for both establishing and administering Williamson Act contracts for Palo Alto properties. The rules regarding administration of established contracts limit the allowable uses of the property to what is described in the contract. The regulations also provide that the contract must remain in place when a property is sold, ensuring that the new owners are subject to the same use restrictions. The contracts are for a rolling ten-year term with a renewal date of January 1 each year, at which time one year is added to the contract term. The term would remain a total of ten years unless the City or property owner provides notice of non-renewal.

The California Department of Conservation’s Williamson Act Program requires participating cities and counties to complete and submit applications for an Open Space Subvention Act payment per Government Code section 16144. The code states:

"On or before October 31 each year, the governing body of each county, city, or city and county shall report to the Secretary of the Resources Agency the number of acres of land under its regulatory jurisdiction which qualify for state payments pursuant to the various categories enumerated in Section 16142, together with supporting documentation as the secretary by regulation may require."

While the State no longer provides meaningful subvention payments to local agencies, this reporting requirement remains in the law.

Every year, at least 80 days prior to the January 1 renewal date, the City Council reviews the contracts. Also, at that time, Council may initiate a notice of non-renewal for any contract or approve a notice of non-renewal submitted by a landowner. If the Council takes such action, then that contract does not renew on January 1 and terminates ten years later. Under certain conditions, the Council may also approve a landowner’s request to cancel a contract. Should

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1 Working in conjunction with the Williamson Act, the Open-Space Subvention Act provides for the partial reimbursement of property tax revenue lost as a result of participation in the program to local governments. Cities and counties are eligible to receive $5 per acre of prime agricultural land enrolled in the program and $1 per acre of non-prime land.

2 A subvention payment is paid to the local governments to offset loss of property tax revenue due to lower assessments for Williamson Act parcels. The amount of the state subvention to localities is based on the amount and type of land under contract. The Legislature suspended subvention payments in FY 2010-11 and has not reinstated them.
Council not approve a notice of non-renewal or a cancellation, the contract automatically renews for the ten-year term each January 1.

**Discussion:**
The Williamson Act Property Report for the calendar year 2021 (Attachment A) includes information on the 23 existing parcels in Palo Alto currently under contract, as well as parcels undergoing the process of non-renewal. Attachment A lists 2021 assessed land values, acreages, and the land class (prime and non-prime land) for these parcels. Attachment B is a map showing the locations of these individual parcels.

**Properties Under Contract Renewal**
The owners of all 23 properties are renewing their contracts with the City for another ten-year term, starting from January 1, 2022. Of the 23 contracts, the privately-operated Palo Alto Hills Golf and Country Club is not eligible for tax benefits. Although this golf course is a permitted use, only golf courses that are open to the public and charge minimal green fees are eligible for tax benefits.

A total of 350 acres of land are under Williamson Act contracts in the City. Approximately 42% of this land (147 acres) is defined as prime land with a Class I or Class II natural resource conservation service rating. Class I or II lands are considered to have the features to sustain long-term agricultural production. Private individuals own about 70% of the land under contract. Stanford University Board of Trustee owns another 27%, while City of Palo Alto owns the remaining three percent. The [Williamson Act Status Report 2016-17](https://www.conservation.ca.gov/dlrp/wa/Documents/stats_reports/2018%20WA%20Status%20Report.pdf), published by California Department of Conservation in August 2019, provides a detailed report of all lands enrolled in the program throughout the state of California from January 1, 2016 through December 31, 2017.

**Properties Under Contract Non-Renewal**
There were no applications for Williamson Act contract non-renewal filed with the City between November 1, 2020 through August 1, 2021. At present, there are two parcels, previously approved for non-renewal by the Council (in 2014 and 2016), that are undergoing the ten-year non-renewal process for termination. The two parcels will reach the end of their remaining terms on December 31, 2024 and 2026 respectively (see Attachment A for parcel details).

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Policy Implications:
The recommended action implements Ordinance No. 2663 regarding the administration of the Williamson Act for Palo Alto properties. The Williamson Act program complies with the goals of the Natural Environment Element of the City’s Comprehensive Plan. The Natural Environment Element encourages protection, and conservation of Palo Alto’s open space, natural resources and ecosystems. Program N1.3.1 of Goal N-1 specifically supports preservation of Palo Alto’s Williamson Act agricultural preserves.

Resource Impacts:
The City does not receive any property tax revenue for those parcels enrolled in the Williamson Act program. The State of California bases property tax assessment for Williamson Act parcels on a rate consistent with the actual land use or generated income, rather than its potential market value. Because of this method of assessment, the City does not receive market value tax revenue for these properties. Based on data collected from the County Assessor’s Office, the City would have received approximately $15,875 in tax revenue if the parcels were not under Williamson Act contracts.

Historically, the City received approximately $1,000 a year in subvention payments from the State to partially offset the foregone revenue. However, the State suspended funding for these payments since 2011. The Assembly Bill 1265 allowed participating cities and counties to recapture ten percent (10%) of the benefits; however, the implementation of this provision is generally only cost effective for cities and counties that have significant acreage under contract.

Timeline:
This is an annual report due to the California Department of Conservation by October 31 of each year.

Stakeholder Engagement:
This is a required annual reporting to the Departments of Conservation. The City does not typically perform public outreach or contact affected property owners unless changes are initiated by the property owners. This type of reporting does not require any additional public engagement.

Environmental Review:
The proposed project is exempt from review under the California Environmental Quality Act (CEQA) pursuant to Section 15317 (Open Space Contracts or Easements) of the CEQA Guidelines.
Attachments:

Attachment 9.a: Attachment A: List of Williamson Act Properties, 2021 (PDF)
Attachment 9.b: Attachment B: Williamson Act Parcels Map, 2021 (PDF)
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<td>------------------------</td>
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</tr>
<tr>
<td>8</td>
<td>182-33-014</td>
<td>Arastradero Rd</td>
<td>1525 Arastradero Rd</td>
<td>City of Palo Alto City of Palo Alto Land</td>
<td>PF</td>
<td>11.42</td>
<td>No acreage deducted</td>
<td>Prime</td>
<td>Unknown</td>
<td>5/1/2013</td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>9</td>
<td>182-35-008</td>
<td>Alexis Dr</td>
<td>Alexis Dr</td>
<td>Palo Alto Hills Golf and Country Club, Inc. Private Ownership</td>
<td>OS</td>
<td>5.52</td>
<td>No acreage deducted</td>
<td>Prime</td>
<td>5/1/1973</td>
<td>$56,600</td>
<td>$56,020</td>
<td>$54,992</td>
<td>$1,559,988</td>
</tr>
<tr>
<td>10</td>
<td>182-35-035</td>
<td>Alexis Dr</td>
<td>3000 Alexis Dr</td>
<td>Palo Alto Hills Golf and Country Club, Inc. Private Ownership</td>
<td>OS</td>
<td>119.92</td>
<td>No acreage deducted</td>
<td>Prime</td>
<td>5/1/1973</td>
<td>$1,559,988</td>
<td>$1,543,993</td>
<td>$1,513,719</td>
<td>$1,559,988</td>
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<tr>
<td>12</td>
<td>351-05-042</td>
<td>Page Mill Rd</td>
<td>3837 Page Mill Rd</td>
<td>David F. and Cynthia Lautzenheiser Trustee Private Ownership</td>
<td>OS</td>
<td>9.00</td>
<td>One acre deducted for homesite</td>
<td>Non Prime</td>
<td>Unknown</td>
<td>$1,411</td>
<td>$1,333</td>
<td>$1,263</td>
<td>$198,854</td>
</tr>
<tr>
<td>13</td>
<td>351-05-043</td>
<td>Page Mill Rd</td>
<td>No Street Number</td>
<td>Richard D. Guhse Trustee Private Ownership</td>
<td>OS</td>
<td>19.01</td>
<td>No acreage deducted</td>
<td>Non Prime</td>
<td>Unknown</td>
<td>$1,411</td>
<td>$1,333</td>
<td>$1,263</td>
<td>$1,411</td>
</tr>
<tr>
<td>14</td>
<td>351-05-044</td>
<td>Page Mill Rd</td>
<td>3905 Page Mill Rd</td>
<td>Michael R. Lowry Private Ownership</td>
<td>OS</td>
<td>5.43</td>
<td>One acre deducted for homesite</td>
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<td>Unknown</td>
<td>$198,854</td>
<td>$196,815</td>
<td>$192,956</td>
<td>$1,137,647</td>
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<tr>
<td>15</td>
<td>351-05-045</td>
<td>Page Mill Rd</td>
<td>3895 Page Mill Rd</td>
<td>Marc and Lesley Wilkinson Private Ownership</td>
<td>OS</td>
<td>9.00</td>
<td>One acre deducted for homesite</td>
<td>Non Prime</td>
<td>Unknown</td>
<td>$1,137,647</td>
<td>$1,125,982</td>
<td>$1,103,904</td>
<td>$1,137,647</td>
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<tr>
<td></td>
<td>Number</td>
<td>APN</td>
<td>Street Name</td>
<td>Full Address</td>
<td>Owner Name</td>
<td>Williamson Act Land Ownership</td>
<td>Zoning</td>
<td>Acreage after Deducting Homesite Exclusion</td>
<td>Homesite Exclusion</td>
<td>Land Class</td>
<td>Contract Start Date</td>
<td>Contract Status</td>
<td>Assessed Land Value 2021</td>
</tr>
<tr>
<td>---</td>
<td>--------</td>
<td>-------</td>
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<td>----------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>16</td>
<td>351-05-046</td>
<td>Page Mill Rd</td>
<td>3885 Page Mill Rd</td>
<td>William W. and Sharon T. Luciw Trustee</td>
<td>Private Ownership</td>
<td>OS</td>
<td>7.45</td>
<td>One acre deducted for homesite</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$1,136,471</td>
</tr>
<tr>
<td>17</td>
<td>351-05-047</td>
<td>Page Mill Rd</td>
<td>3875 Page Mill Rd</td>
<td>Richard D. Kniss Trustee &amp; Et Al</td>
<td>Private Ownership</td>
<td>OS</td>
<td>10.00</td>
<td>No acreage deducted</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$705</td>
</tr>
<tr>
<td>18</td>
<td>351-05-048</td>
<td>Page Mill Rd</td>
<td>3865 Page Mill Rd</td>
<td>Grace Carland Trustee</td>
<td>Private Ownership</td>
<td>OS</td>
<td>9.00</td>
<td>One acre deducted for homesite</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$39,306</td>
</tr>
<tr>
<td>19</td>
<td>351-05-049</td>
<td>Page Mill Rd</td>
<td>3855 Page Mill Rd</td>
<td>Patrick K. Suppes</td>
<td>Private Ownership</td>
<td>OS</td>
<td>10.00</td>
<td>No acreage deducted</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$566,399</td>
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<tr>
<td>20</td>
<td>351-12-062</td>
<td>Skyline Blvd</td>
<td>5061 Skyline Blvd</td>
<td>Rogers Noah</td>
<td>Private Ownership</td>
<td>OS</td>
<td>10.39</td>
<td>No acreage deducted</td>
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<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$223,058</td>
</tr>
<tr>
<td>21</td>
<td>351-12-063</td>
<td>Skyline Blvd</td>
<td>5065 Skyline Blvd</td>
<td>Robert Schulte Trustee &amp; Et al</td>
<td>Private Ownership</td>
<td>OS</td>
<td>11.35</td>
<td>One acre deducted for homesite</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$523,314</td>
</tr>
<tr>
<td>22</td>
<td>351-12-066</td>
<td>Skyline Blvd</td>
<td>2287 Skyline Blvd</td>
<td>Robert Schulte Trustee &amp; Et al</td>
<td>Private Ownership</td>
<td>OS</td>
<td>-0.76</td>
<td>No acreage deducted</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$30</td>
</tr>
<tr>
<td>23</td>
<td>351-25-015</td>
<td>Page Mill Rd</td>
<td>4201 Page Mill Rd</td>
<td>Bruce A Leak</td>
<td>Private Ownership</td>
<td>OS</td>
<td>10.31</td>
<td>One acre deducted for homesite</td>
<td>Non Prime</td>
<td>Unknown</td>
<td></td>
<td>Unchanged; contract will continue for at least another 10 years.</td>
<td>$1,740,820</td>
</tr>
<tr>
<td>Number</td>
<td>APN</td>
<td>Street Name</td>
<td>Full Address</td>
<td>Owner Name</td>
<td>Williamson Act Land Ownership</td>
<td>Zoning</td>
<td>Acreage after Deducting Homesite Exclusion</td>
<td>Homesite Exclusion</td>
<td>Land Class</td>
<td>Contract Start Date</td>
<td>Contract Status</td>
<td>Assessed Land Value 2021</td>
<td>Assessed Land Value 2020</td>
</tr>
<tr>
<td>--------</td>
<td>-----------</td>
<td>-------------</td>
<td>-------------------------------</td>
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</tr>
<tr>
<td>24</td>
<td>351-12-006</td>
<td>Skyline Blvd</td>
<td>1405 Skyline Blvd</td>
<td>Midpeninsula Regional Open Space District</td>
<td>OS</td>
<td>138.59</td>
<td>Non Prime</td>
<td></td>
<td>2/26/1973</td>
<td></td>
<td>Contract Terminates 12/31/24</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: City of Palo Alto, Williamson Act Parcel Database 2021.

*Note 1* Santa Clara County Assessors Office, Website: [https://www.sccassessor.org/index.php/online-services/property-search/real-property](https://www.sccassessor.org/index.php/online-services/property-search/real-property)

*Note 2* The City of Palo Alto leases this land for public use; however, it is privately owned.

*Note 3* Value not assessed because land is owned by public agency.
Williamson Act Parcels
2021

Legend
Williamson Act Parcels Under Contract for 2021
Parcels with Non Renewal Notices Approved

This map is a product of the City of Palo Alto GIS
The City of Palo Alto assumes no responsibility for any errors
City of Palo Alto
City Council Staff Report

Report Type: Consent Calendar  Meeting Date: 10/18/2021

Title: Approval of Fiscal Year 2021 Reappropriation Requests to be Carried Forward Into Fiscal Year 2022 and Budget Amendments in Various Funds

From: City Manager

Lead Department: Administrative Services

Recommendation
Staff recommends that the City Council amend the Fiscal Year 2022 Budget Appropriation Ordinance for various funds as identified in Attachment A, and various capital projects as identified in Attachment B and Attachment C (requires a supermajority approval).

Background
As a part of the fiscal year-end process, staff reviews the City’s unencumbered and unspent appropriations of the fiscal year just ended, along with the City’s spending plans. Encumbered amounts are those subject to the legal claims of other parties due to contractual obligations (for example, commitments made through purchase orders), which are carried forward from one fiscal year to the next. Each year there are a small number of important projects which staff was not able to complete or encumber funds. The reappropriation process allows staff to bring forward funding recommendations to City Council to continue these projects into the next fiscal year.

On September 22, 2014, the City Council approved a recommendation to amend Chapter 2.28, Section 2.28.090 of the Municipal Code, reducing the previous two-step reappropriations process (preliminary and final reappropriation authorization) to one step as long as the Administrative Services Department (ASD) Director/Chief Financial Officer (CFO) certifies that sufficient unencumbered and unexpended funds are available in the Fiscal Year that just ended to be carried forward to the subsequent Fiscal Year.

Additionally, the City Council amended the Municipal Code to eliminate the provision allowing for the automatic reappropriation of capital project funds. However, capital projects may still be delayed or deferred for various reasons. Therefore, there remains a need to reappropriate funds for capital projects in some instances. This reappropriation is completed through a review of the status of projects as part of the annual budget process and built into the annual adopted budget. Now that Fiscal Year 2021 has closed and staff has processed necessary accounting transactions, unexpended and unencumbered funds for each capital project have been...
reviewed one final time. Based on that review, staff recommends capital dollars remaining for some projects in various funds through Fiscal Year 2021 are reappropriated to Fiscal Year 2022. Also, as part of this review, staff realized that for some projects too much funding was recommended for reappropriation as additional expenditures occurred in Fiscal Year 2021. Therefore, this staff report also recommends reversing a portion of previously authorized reappropriations. In a few capital projects, more funding was spent in FY 2021 than was recommended for reappropriation. In these projects, staff is recommending technical clean-up actions to reduce the funds appropriated in FY 2022 to increase the funding appropriated in FY 2021 while maintaining the overall total project budget.

Discussion
Attachment A identifies those operating budget requests that staff recommends for approval, while Attachment B lists recommended capital project requests. Attachment C includes the recommended technical clean-up items for a few capital projects. With the submission of this report for City Council consideration, the ASD Director/CFO certifies sufficient unencumbered and unexpended funds are available from Fiscal Year 2021 to be reappropriated to Fiscal Year 2022. This report is being brought prior to the preliminary Q1 financial status updated scheduled to be considered by the full Council on October 25th in order to support the continuity of business for these ongoing projects and initiatives. Adjustments to FY 2022 budget, even as recommended to be revised in this report, and a report out on the preliminary FY 2021 year end result will be included in the October 25th preliminary Q1 FY 2022 agenda item.

Operating Budget Reappropriations

The projects recommended for budget reappropriations are outlined in more detail in Attachment A and can generally be grouped into the following categories:

- **Funding for Citywide Council Priorities and Recovery:** Items in this category are related to citywide priority and recovery needs previously identified by the Council that could not be completed in FY 2021 and funding is recommended to be reappropriated to FY 2022 to complete the work. Examples of projects in this category include: Litigation Settlement ($1.25 million), Other Post-Employment Benefits (OPEB) Payment to Trust Fund ($1.4 million), COVID-19 Recovery ($0.9 million), Transition Reserve ($0.8 million), Rent Forgiveness Program ($0.7 million), and Advancing Racial Equity ($0.5 million). A number of these initiatives were delayed due to the continued shelter-in-place orders beyond initial estimated timeframes changing the reactivation efforts to being in summer 2021.

- **Timing and Workload Delays:** Projects in this category were delayed due to competing workload demands, appropriation of funds late in the fiscal year, or other unanticipated delays, including COVID-19 and related impacts. Examples of projects in this category include: Low Carbon Fuel Standard (LCFS) Program ($1.2 million), Fiber Community Engagement (LiDAR) data and analysis ($0.2 million), Urban Forest Master Plan (LiDAR) data and analysis ($0.1 million).
million), Sustainability and Climate Action Plan (S/CAP) Affordability Study and Electrification Modeling ($0.1 million), Stormdrain Pump Rehabilitation ($0.1 million), Elwell Court Office Improvements ($0.1 million), and the Foothills Park Ticket Machine ($20,000).

- **Multi-year Funding Agreements**: Projects in this category include approved donations, grants, loans, and other funding agreements that are anticipated to continue in the coming year. Examples in this category include: Alta Housing (formerly Palo Alto Housing Corporation) Loan for Affordable Housing at Wilton Court ($1.8 million), Direct Cost Recovery Projects in the Planning and Development Services Department ($0.4 million), Gas Heat Pump Retrofit Pilot Program ($0.3 million), Various Grants for the Community Service and Library Departments ($0.1 million), and the SB2 Grant to streamline affordable housing ($0.1 million).

- **Human Services Resource Allocation Process (HSRAP) Reserve**: As part of the FY 2015 Adopted Budget, the City Council established a one-time reserve of $50,000 for HSRAP funding requests. In FY 2019, $10,000 was allocated to Heart and Home Collaborative, a non-profit organization that provides shelter and services to unhoused women in Palo Alto. No additional funds were allocated from this reserve in FY 2021, so the remaining balance of $40,000 is recommended to be reappropriated to FY 2022.

- **Think Fund Teen Services Programs (formerly Bryant Street Garage Teen Program)**: In 2001, the City Council voted to lease out a garage property located at 455 Bryant Street. Since this site was formerly the location of the Bryant Street Teen Center, a stipulation in the lease required that seventy five percent of the rental revenues would be used to fund programs specifically for Palo Alto youth and teens. In prior years, Staff has returned to the Policy and Services Committee and City Council for guidance on community engagement and potential uses of this funding (CMR 4776, CMR 8887). Teen Services programs include but are not limited to: Think Fund grants, ClickPA website, Teen Arts Council, MakeX, Art Center, Think Fund Gala, and the Buoyancy Teen Festival. The unspent balance of $0.2 million is recommended to be reappropriated to FY 2022 to ensure resources are available to continue providing quality teen services to the community and develop a long-term approach to maintain delivery of these services.

- **Management Training Program**: The Management Training Program provides $1,000 per eligible employee under the terms outlined in the MGMT and PAPMA labor agreements. The purpose of this program is to provide employees with resources to improve and supplement their job and professional skills. In total, $0.3 million in unused funding is requested to be reappropriated to FY 2022 for various training programs, including: ethics, civics and citizen engagement, leadership and management, budget, finance, procurement, interpersonal communication, presentation skills, business writing, time management, project management, change management, online based education, and safety & security.
Capital Budget Reappropriations

As discussed in the Background section of this report, starting with the Fiscal Year 2016 capital budget, all capital project reappropriations require City Council approval. The FY 2022 Adopted Budget included $76.6 million in reappropriated expenditure funds, partially offset by $35.7 million in reappropriated revenue, across all City funds based on estimates of anticipated spending and revenue collections in FY 2021. Since the adoption of the capital budget, some adjustments and refinements to project reappropriations are required since FY 2021 year-end actuals and projects costs have been updated to reflect actual experience. These primarily reflect either increases or decreases to assumed reappropriations in the FY 2022 Adopted Budget:

- Additional reappropriations are recommended when project expenditures originally anticipated to occur before the end of FY 2021 will now instead occur in FY 2022. Similarly, revenue anticipated to be collected in FY 2021 will be reappropriated to FY 2022 to align with actual collections.
- Downward adjustments to reappropriations are recommended when expenses are no longer anticipated to occur in FY 2022 and funding was previously reappropriated in the budget document to FY 2022. If expenses were realized in FY 2021, an adjustment to reduce the budgeted reappropriation is needed as the activity no longer needs funding in FY 2022. The downward reappropriation of revenue is treated similarly; an adjustment to reduce the reappropriated revenue is needed to align collections in the appropriate fiscal year.

Table 1 summarizes the recommended net adjustments as detailed in Attachment B. These Fiscal Year 2021 adjustment amounts represent the final step in the City Council-approved change to the reappropriation process. There are sufficient expenditure savings in Fiscal Year 2021 to support all recommended adjustments.

It should be noted the revised process and active review of all project reappropriations results in a reduced level of reappropriated funding from one year to the next, compared to the process of automatically reappropriating unspent capital funding, and better reflects the needs of the various capital projects and of the overall program.

Table 1: Year-End Capital Project Reappropriation Summary – By Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>Number of Projects</th>
<th>Recommended Revenue Reappropriation Adjustment</th>
<th>Recommended Expense Reappropriation Adjustment</th>
</tr>
</thead>
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<tr>
<td>Capital Improvement Fund</td>
<td>54</td>
<td>$14,427,825</td>
<td>$46,556,468</td>
</tr>
<tr>
<td>Cubberley Infrastructure Fund</td>
<td>3</td>
<td>$0</td>
<td>$1,025,808</td>
</tr>
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</table>
### Technical Clean-up Actions
As detailed in Attachment C, the Charleston/Arastradero Corridor (PE-13011) and Street Maintenance (PE-86070) projects were overspent in the Capital Improvement Fund in FY 2021 by a total of $4,400,814. In order to fund the overage for these projects in FY 2021, staff is recommending a technical clean-up action to reduce the funds appropriated in FY 2022 in order to shift the funding back into FY 2021 for $3,171,040 in PE-13011 and $1,229,774 in PE-86070. A corresponding adjustment will be done in FY 2021 as part of the FY 2021 Year-End clean-up process, currently scheduled for review by the Finance Committee in November 2021. This will align the budget by year with the actual expenses by year.

### Resource Impact
All projects, programs and corresponding funding contained within this report were previously approved by the City Council for FY 2021, this report simply realigns funding between fiscal years to align with the status of projects and programs. The ASD Director/CFO certified that sufficient funds exist for the recommended Fiscal Year 2021 Operating Budget adjustments (Attachment A), and Capital Budget adjustments (Attachment B and Attachment C). For Operating reappropriations, staff recommends expense reappropriations of $5.5 million in the General Fund, $1.8 million in Special Revenue Funds, $2.0 million in Enterprise Funds, and $1.5 million in Internal Service Funds. Additionally, staff recommends revenue reappropriations of $0.9 million in the General Fund and $0.2 million in Enterprise Funds.

For capital projects, in addition to the amounts reappropriated as part of the FY 2022 Adopted Capital Budget, staff recommends $3.8 million in expenses be reappropriated to FY 2022 in the Capital Improvement Funds, offset by $1.7 million in revenue reappropriations. Also recommended is $5.6 million in additional expenses reappropriated in various Enterprise Funds, offset by $17.2 million in revenues (due to timing of anticipated reimbursements from federal grants in the Airport Fund), and a net reduction of $0.9 million in expenditures in the Internal Service Funds. The cumulative reappropriation, including amounts approved in the FY 2022 Adopted Capital Budget, will be $47.6 million in expenses, partially offset by $14.4 million in revenue in the Capital Improvement Fund projects; $35.6 million in expenses, partially offset by

<table>
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<tr>
<th>Fund</th>
<th>Fiscal Year 2021</th>
<th>Fiscal Year 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airport Fund</td>
<td>$11,430,390</td>
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<td>Electric Fund</td>
<td>$0</td>
<td>$8,559,958</td>
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<tr>
<td>Gas Fund</td>
<td>$0</td>
<td>$376,919</td>
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<tr>
<td>Stormwater Management Fund</td>
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<td>$3,476,319</td>
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<tr>
<td>Wastewater Collection Fund</td>
<td>$0</td>
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<tr>
<td>Wastewater Treatment Fund</td>
<td>$28,638,308</td>
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<tr>
<td>Water Fund</td>
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<td>$4,410,284</td>
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<tr>
<td>Technology Fund</td>
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<tr>
<td>Vehicle Replacement and Maintenance Fund</td>
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<td>$1,826,364</td>
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<tr>
<td><strong>Total All Funds</strong></td>
<td>101</td>
<td>101</td>
</tr>
<tr>
<td></td>
<td>$54,496,523</td>
<td>$86,106,174</td>
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</table>
$40.1 million in revenue in the Enterprise Fund projects; and $2.9 million in expenses, in the Internal Service Fund projects. The results of the reappropriations and technical clean-up actions will have a net zero impact to the total projects’ budgets over the life of the projects.

**Policy Implications**
This recommendation is consistent with adopted Council policy.

**Stakeholder Engagement**
Review and reconciliation of the funding available for both the Operating reappropriations and the reappropriations for individual Capital projects was coordinated between ASD divisions of the Office of Management and Budget and Accounting as well as with the impacted departments.

**Environmental Review**
The action recommended is not a project for the purposes of the California Environmental Quality Act.

**Attachments:**
- Attachment10.a: Attachment A: FY21 to FY22 Reappropriation Requests_Operating
- Attachment10.b: Attachment B: FY21 to FY22 Reappropriation Requests_Capital
- Attachment10.c: Attachment C: Technical Clean-up Actions
<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Department</th>
<th>Title</th>
<th>Description</th>
<th>Recommended Revenue Appropriation</th>
<th>Recommended Expense Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Community Services</td>
<td>Art Center Ceramics Studio Bequest</td>
<td>This action reappropriates a bequest from the Sherrie Innis Estate. On June 19, 2017, the City Council approved a bequest of $54,350 from the Sherrie Innis Estate to maintain and upgrade the ceramic studio at the Palo Alto Art Center (CMR 8187). The ceramics studio maintains kilns, wheels, and several other large pieces of equipment that will need repair or replacement in the near future. The program does not have funding appropriated for major repairs and replacements and uses the bequest for these needs. At the close of FY 2021, $30,000 remained unspent and is recommended to be reappropriated for repair and replacement needs in FY 2022.</td>
<td>$</td>
<td>$30,000</td>
</tr>
<tr>
<td>General Fund</td>
<td>Community Services</td>
<td>Bryant Street Garage Revenue for Teen Services</td>
<td>This action reappropriates funds for teen services from revenue generated by the rental of the Bryant Street Garage. In 2001, the City Council voted to lease out a garage property located at 455 Bryant Street. Since this site was formerly the location of the Bryant Street Teen Center, a stipulation in the lease required that seventy five percent of the rental revenues would be used to fund programs specifically for Palo Alto youth and teens. In prior years, Staff has returned to the Policy and Services Committee and City Council for guidance on community engagement and potential uses of this funding (CMR 4776, CMR 8887). Teen services programs include but are not limited to: Think Fund grants, ClickPA website, Teen Arts Council, MakeX, Art Center, Think Fund Gala and the Buoyancy Teen Festival. This action will reappropriate $201,000, the remaining value, to ensure resources are available to continue providing quality teen services to the community and develop a long-term approach to maintain delivery of these services.</td>
<td>$</td>
<td>$201,000</td>
</tr>
<tr>
<td>General Fund</td>
<td>Community Services</td>
<td>Foothills Park Ticket Machine</td>
<td>This action reappropriates $20,000 for the purchase and installation of an automated ticket sales machine at Foothills Park. This funding was initially appropriated in the FY 2021 Midyear Budget Review (CMR 11872). The machine was not able to be purchased in FY 2021, therefore the funding is recommended to be reappropriated. This will allow collection of entry fees full-time.</td>
<td>$</td>
<td>$20,000</td>
</tr>
<tr>
<td>Fund Name</td>
<td>Department</td>
<td>Title</td>
<td>Description</td>
<td>Recommended Revenue Appropriation</td>
<td>Recommended Expense Appropriation</td>
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<td>-----------------------------------</td>
</tr>
<tr>
<td>General</td>
<td>Community Services</td>
<td>Institute of Museum and Library Services (IMLS) Cares Grant</td>
<td>This action reappropriates grant revenue and expense received by the Library and Community Services Departments from the federal IMLS Coronavirus Aid, Relief, and Economic Security (CARES) Grant program. As part of the nation’s response to the pandemic through the CARES Act, IMLS funded direct grants to respond quickly, efficiently, and with significant impact to the national emergency. The goal of this grant program is to support the role of museums and libraries in responding to the coronavirus pandemic in ways that meet the immediate and future COVID-19 needs of the communities and audiences they serve. The CARES Act provided funds to the IMLS “to prevent, prepare for, and respond to coronavirus...to expand digital network access, purchase internet accessible devices, and provide technical support services” for the benefit of communities impacted by the public health emergency. On October 19, 2020 City Council approved the recognition of this grant of $128,286 (CMR 11676). Work on the grant programming was delayed and will continue into FY 2022 so remaining expenses and revenues are recommended to be reappropriated.</td>
<td>$59,300</td>
<td>$59,300</td>
</tr>
<tr>
<td>General</td>
<td>Library</td>
<td>IMLS Cares Grant</td>
<td>This action reappropriates grant revenue and expense received by the Library and Community Services Departments from the federal IMLS Coronavirus Aid, Relief, and Economic Security (CARES) Grant program. As part of the nation’s response to the pandemic through the CARES Act, IMLS funded direct grants to respond quickly, efficiently, and with significant impact to the national emergency. The goal of this grant program is to support the role of museums and libraries in responding to the coronavirus pandemic in ways that meet the immediate and future COVID-19 needs of the communities and audiences they serve. The CARES Act provided funds to the IMLS “to prevent, prepare for, and respond to coronavirus...to expand digital network access, purchase internet accessible devices, and provide technical support services” for the benefit of communities impacted by the public health emergency. On October 19, 2020 City Council approved the recognition of this grant of $128,286 (CMR 11676). Work on the grant programming was delayed and will continue into FY 2022 so remaining expenses and revenues are recommended to be reappropriated.</td>
<td>$14,500</td>
<td>$14,500</td>
</tr>
<tr>
<td>General</td>
<td>Library</td>
<td>PLP Grant and CopyCat Grant</td>
<td>This action reappropriates remaining revenue and expense from two grants awarded in FY 2021, the California State Library’s Library Services and Technology Act (LSTA) CopyCat grant and the Pacific Library Partnership’s (PLP) Innovation and Technology Opportunity grant. On February 22, 2021 City Council approved the recognition of these grants (CMR 11872). Work on the grants programming was delayed and will continue into FY 2022 so remaining expenses and revenues are recommended to be reappropriated.</td>
<td>$10,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Fund Name</td>
<td>Department</td>
<td>Title</td>
<td>Description</td>
<td>Recommended Revenue Appropriation</td>
<td>Recommended Expense Appropriation</td>
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<td>----------------------------------</td>
</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>Human Services Resource Allocation Program (HSRAP) Reserve</td>
<td>This action reappropriates the remaining balance in the Human Services Resource Allocation Program (HSRAP) Reserve. As part of the FY 2015 Adopted Budget, the City Council established a one-time reserve of $50,000 for HSRAP funding requests. In FY 2019, $10,000 was allocated to Heart and Home Collaborative, a non-profit organization that provides shelter and services to unhoused women in Palo Alto. The remaining balance of $40,000 is recommended to be reappropriated to FY 2022 for future HSRAP use.</td>
<td>$</td>
<td>$40,000</td>
</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>Management Development Funds</td>
<td>This action reappropriates funding for management training and professional development. The Management Training Program provides $1,000 per eligible employee under the terms outlined in the labor agreements with the Management and Professional group and the Palo Alto Police Management Association. The purpose of this program is to provide employees with resources to improve and supplement their job and professional skills. This action is recommended for the continuation of the program and will include the following training programs: ethics, civics and citizen engagement, leadership and management, budget, finance, procurement, interpersonal communication, presentation skills, business writing, time management, project management, change management, online-based education, and safety &amp; security.</td>
<td>$</td>
<td>$287,000</td>
</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>Advancing Racial Equity</td>
<td>An allocation of $500,000 for the advancement of racial equity was approved in FY 2020 (CMR 11328). In light of the national and local racial equity movement, this funding was set aside to help fund a resolution and associated workplan to address system inequities. Since the workplan was not completed in FY 2021, these funds are recommended to be reappropriated to FY 2022 to support initiatives related to advancing racial equity, as directed by the City Council.</td>
<td>$</td>
<td>$500,000</td>
</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>Rent Forgiveness Program</td>
<td>This action reappropriates funding for the rent forgiveness program that Council approved on June 7, 2021 (CMR 12234) to forgive three months of rent for active non-profit tenants. As mentioned in CMR 12234, Staff was not able to evaluate all applications from tenants to determine eligibility before the end of FY 2021, so this funding is recommended to be reappropriated to FY 2022 in order to complete the evaluation and complete the program.</td>
<td>$</td>
<td>$744,000</td>
</tr>
<tr>
<td>Fund Name</td>
<td>Department</td>
<td>Title</td>
<td>Description</td>
<td>Recommended Revenue Appropriation</td>
<td>Recommended Expense Appropriation</td>
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</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>COVID-19 Recovery</td>
<td>This action reappropriates $850,000 of COVID-19 Recovery Funds to continue COVID-19 recovery related work in FY 2022. This total amount is comprised of remaining funding set-aside for three separate activities: $400,000 for Contact Tracing; $275,000 for Workplace Restoration; and $175,000 for Business and Communications Support. The City remained in reductive modes longer than originally anticipated and expenses for COVID-19 Recovery activities were not fully spent in FY 2021. With the Governor’s June 15th reopening and the City’s continued reactivation of the workplace, these funds are anticipated to be needed in FY 2022 to support reopening efforts and economic recovery through the continually evolving pandemic.</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>Reserve: Transition Costs</td>
<td>This action reappropriates $0.8 million to address one-time funding needs for the transition and implementation of various service delivery changes approved in both the FY 2021 and FY 2022 operating budgets. A number of costs related to recruitment and changes in service delivery are likely to incur one-time transition costs. These funds will assist in aiding these transitions and could be allocated as part of the quarterly budget reviews in FY 2022.</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>General Fund</td>
<td>Non-Departmental</td>
<td>Litigation Settlement (Staats Case)</td>
<td>This action reappropriates $1.3 million for a litigation settlement related to the Staats Case. This funding was set aside in FY 2021 as a litigation reserve to proactively plan for a potential dispute resolution as the Staats case was still under review. Now that the case has been settled, this funding is recommended to be reappropriated to FY 2022 to fund various costs related to the settlement.</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>General Fund</td>
<td>Planning and Development Services</td>
<td>Direct Cost Recovery Project: 3225 El Camino Real</td>
<td>This action reappropriates remaining revenue and expense related to the deposit based cost recovery project at 3225 El Camino Real. This is a fully cost recoverable project that is tracked separately using deposit accounts. The funds do not comingle with other contract service budgets and funds are only accessible for this purpose. This is a cost-neutral action for a specific cost recovery project. All costs will be reimbursed by the applicant.</td>
<td>$76,800</td>
<td>$72,500</td>
</tr>
<tr>
<td>Fund Name</td>
<td>Department</td>
<td>Title</td>
<td>Description</td>
<td>Recommended Revenue Appropriation</td>
<td>Recommended Expense Appropriation</td>
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</tr>
<tr>
<td>General Fund</td>
<td>Planning and Development</td>
<td>Direct Cost Recovery Projects</td>
<td>This action reappropriates remaining revenue and expense related to various deposit-based direct cost recovery projects. These are fully cost recoverable and are tracked separately using deposit accounts. The funds do not comingle with other contract service budgets and funds are only accessible for this purpose. This is a cost neutral action. On November 9, 2020 the City Council approved $500,000 in contract services funding to support consultant services and a corresponding increase of $500,000 to the revenue budget, resulting in a net zero impact to the General Fund. These contracts are paid by deposit based fees and the applicant is invoiced or refunded when the entire cost of the project is finalized. Annually the City receives about fifty direct cost recovery projects per year. These projects vary from single family dwellings, to mixed use projects, to new hotels being developed in Palo Alto.</td>
<td>$370,300</td>
<td>$370,300</td>
</tr>
<tr>
<td>General Fund</td>
<td>Planning and Development</td>
<td>SB2 Grant</td>
<td>This action reappropriates remaining reimbursable grant revenue and expense funding from the California Department of Housing and Community Development (HCD) to implement process improvements that accelerate housing production and streamline affordable housing approvals.</td>
<td>$310,000</td>
<td>$79,800</td>
</tr>
<tr>
<td>General Fund</td>
<td>Public Works</td>
<td>Urban Forest Master Plan (LiDAR)</td>
<td>This action reappropriates $144,000 for project planning and implementation in Tree Administration for data and analysis related to the Urban Forest Master Plan (UFMP). The City is currently entering year 7 of the 12-year implementation of the UFMP. Urban Forestry initially planned to utilize the IT Department’s ESRI vendor pool contract to create a Canopy Cover Tool for the UFMP; however, due to procurement delays and COVID-19 impacts, work on the tool did not begin until mid-FY 2021. This data and analysis is essential to complete several components of the UFMP including: risk analysis for electric lines; parking lot shade analysis; species composition and other tree attributes on private property; and inventory data migration into GIS.</td>
<td>$144,000</td>
<td></td>
</tr>
</tbody>
</table>

Total General Fund Reappropriation $840,900 $5,527,400
<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Department</th>
<th>Title</th>
<th>Description</th>
<th>Recommended Revenue Appropriation</th>
<th>Recommended Expense Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing In-Lieu Fund: Commercial/Residential Housing Impact Fund</td>
<td>Planning and Development Services</td>
<td>Alta Housing Affordable Housing Loan Agreement: 3705 El Camino Real (Wilton Court)</td>
<td>This action reappropriates funding for an agreement with Alta Housing (formerly the Palo Alto Housing Corporation (PAHC)) to develop and construct a 100 percent affordable housing project at 3705 El Camino Real (Wilton Court). In total, $20.5 million in City contributions have been appropriated for this project. The City Council approved the initial contribution of $10.0 million at the June 3, 2019 meeting (CMR 10143); $1.0 million from the Residential Housing Fund, and $9.0 million from the Commercial Housing Fund. The City Council approved an additional contribution of $10.5 million at the January 13, 2020 meeting (CMR 10928); $7.2 million from the Residential Housing Fund, $2.7 million from the Commercial Housing Fund, and $0.6 million from the Residential Housing Impact Fund. At the close of FY 2021, approximately $1.8 million of funding remains ($1.2 million in the Commercial Housing fund and $0.6 million in the Residential Housing Fund), which is recommended to be reappropriated to continue the project in FY 2022.</td>
<td>$</td>
<td>$1,767,000</td>
</tr>
</tbody>
</table>

**Total Special Revenue Fund Reappropriation**

$ - $1,767,000
<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Department</th>
<th>Title</th>
<th>Description</th>
<th>Recommended Revenue Appropriation</th>
<th>Recommended Expense Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities Administration Fund</td>
<td>Utilities</td>
<td>Elwell Court Office Improvements</td>
<td>This action reappropriates $70,000 to cover the renovation and associated moving costs for the Elwell Court Office renovations. Funding for this project was previously reappropriated into FY 2021; however, the project was delayed due to the lease renewal process and COVID-19. The lease agreement was approved by Council on June 21, 2021 (CMR 12247) and renovations are scheduled to begin Fall 2021. As part of the terms of the lease renewals, the landlord agreed to cover up to $250,000 in tenant improvements, reducing the City’s costs to $70,000.</td>
<td>$</td>
<td>- $70,000</td>
</tr>
<tr>
<td>Electric Fund/Gas Fund/Water Fund</td>
<td>Utilities</td>
<td>S/CAP Utility Affordability Study and Electrification Modeling</td>
<td>This action reappropriates $132,700 in the Electric ($53,500), Gas ($53,500), and Water ($25,700) funds for two projects: 1) utility affordability study; and 2) modeling related to electrification emissions reductions necessary as part of the S/CAP analysis conducted June 2020 through February 2021. The utility affordability study is a precursor to evaluating the impact of electrification incentives and will also support other utility rate analysis. The S/CAP electrification emissions models need to be configured to support this study. Funding was designated in the FY 2021 utilities budget to complete this project in the summer of 2021, but staff was unable to put a contract in place before June 30. This action ensures sufficient funding to award a contract in FY 2022. S/CAP is Council priority #4. (Climate Change – Protection and Adaptation) and these projects are necessary to address the April 19, 2021 Council direction on S/CAP, specifically B.ix. of the Council motion for Item 7 of the April 19 agenda to, “Evaluate income qualified incentives to support low-income households.”</td>
<td>$</td>
<td>- $132,700</td>
</tr>
<tr>
<td>Electric Fund</td>
<td>Utilities</td>
<td>Low Carbon Fuel Standards (LCFS) Program</td>
<td>This action reappropriates approximately $1.2M in the Low Carbon Fuel Standards (LCFS) program. Funds in this program are restricted and can only be used for specific carbon reduction efforts. In order to maintain planned programs, funding will be reappropriated to cover California Electric Vehicle Infrastructure Project (CALeVIP) invoices, reimbursements to City-owned EV chargers and Compressed Natural Gas (CNG) dispensed, estimated costs for transformer upgrades at 101 Alma and Bryant Street garages, and rebates for projects anticipated in the upcoming year.</td>
<td>$</td>
<td>- $1,225,000</td>
</tr>
<tr>
<td>Electric Fund</td>
<td>Utilities</td>
<td>Gas Heat Pump Retrofit Pilot Program</td>
<td>This action reappropriates $329,000 in expenses and $150,400 in revenues to continue the Gas Furnace to Heat Pump Retrofit Pilot Program. This program is partially funded by the Bay Area Air Quality Management District’s 2018 Climate Protection Grant Program to encourage owners to retrofit existing in-unit gas wall furnaces with cleaner electric alternatives. The purpose of the pilot program is to gain experience and validate the costs and benefits of retrofitting existing in-unit gas wall furnaces with energy efficient and clean electric space heating alternatives for affordable multifamily properties within Palo Alto.</td>
<td>$150,400</td>
<td>$329,000</td>
</tr>
<tr>
<td>Fund Name</td>
<td>Department</td>
<td>Title</td>
<td>Description</td>
<td>Recommended Revenue Appropriation</td>
<td>Recommended Expense Appropriation</td>
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</tr>
<tr>
<td>Fiber Fund</td>
<td>Utilities</td>
<td>Fiber Community Engagement</td>
<td>This action reappropriates $200,000 as part of the Council’s Community and Economic Recovery work plan to prioritize and accelerate community education and engagement regarding the Fiber to the Home (FTTH) initiative approved by Council on March 22. The contract for a detailed engineering design of the City’s fiber backbone and FTTH distribution network was approved by the Council on June 21.</td>
<td>$</td>
<td>- $200,000</td>
</tr>
<tr>
<td>Stormwater Management Fund</td>
<td>Public Works</td>
<td>Stormdrain Pump Rehabilitation</td>
<td>This action reappropriates $77,000 for in-house repairs to cover the removal, rehabilitation, and reinstallation of pump #3 at the Airport Pump Station located at 1925 Embarcadero Way. Due to due to procurement delays and COVID-19 impacts, the repairs could not be completed in FY 2021. This funding is allocated annually to cover a wide range of operational maintenance and repairs that must be addressed as they come up.</td>
<td>$</td>
<td>- $77,000</td>
</tr>
<tr>
<td>Technology Fund</td>
<td>Information Technology</td>
<td>Development Services Technology Fee</td>
<td>This action reappropriates funding for various technology projects in the Planning and Development Services Department. As part of the Adopted Municipal Fee Schedule, a surcharge up to three percent is included in fees to recover funding for technology projects. These projects include the ongoing technical support of the City’s Graphical Information System (GIS) and the new ESRI platform, implementing an online permitting system (reducing in-person transactions), expanding Accela capabilities, and digitizing and storing plans and records. At the close of FY 2021, $158,900 of the approximate $325,000 collected remains unspent and will be used for planned projects in FY 2022.</td>
<td>$</td>
<td>- $158,900</td>
</tr>
<tr>
<td>Retiree Healthcare Fund</td>
<td>Human Resources</td>
<td>Retirement Trust Fund Payment</td>
<td>This action reappropriates funding that was intended as an additional contribution to the Retired Employee Trust Fund (Section 115 trust fund). In developing the FY 2021 Budget, the City assumed a more conservative rate of return in the trust fund account in order to increase the contribution while keeping the same investment strategy. Although the approximate $1.4 million in funding was built into the budget, the additional contribution was not paid to the 115 trust fund in FY 2021. This action will move the funding to FY 2022 in order to make the intended payment to the trust fund along with the FY 2022 amount of approximately $2.2 million.</td>
<td>$</td>
<td>- $1,358,000</td>
</tr>
</tbody>
</table>

**Total Enterprise Fund Reappropriation**

$150,400 $2,033,700

**Total Internal Service Fund Reappropriation**

$ - $1,516,900

**Total All Funds**

$991,300 $10,845,000
## Attachment B: Capital Improvement Plan FY 2021 Reappropriations to FY 2022 (Final)

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Project Title</th>
<th>Revenues</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Improvement Fund</td>
<td></td>
<td><strong>Adopted</strong></td>
<td><strong>Expenses</strong></td>
</tr>
<tr>
<td>Americans With Disabilities Act Compliance</td>
<td>FE-03003</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Animal Shelter Renovation</td>
<td>PE-19002</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Act In Public Spaces</td>
<td>AC-86017</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Athletic Courts Resurfacing</td>
<td>PG-06001</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Automated External Defibrillator Replacement</td>
<td>FD-21000</td>
<td>38,000</td>
<td>38,000</td>
</tr>
<tr>
<td>Baylands Boardwalk Improvements</td>
<td>PE-14018</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Baylands Comprehensive Conservation Plan</td>
<td>PG-17000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Benches, Signage, Walkways, Perimeter Landscaping, and Site Amenities</td>
<td>PG-06003</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bicycle and Pedestrian Transportation Plan Implementation</td>
<td>PE-04010</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Boulware Park Improvements [merged with Birch Street Project PE-19003]</td>
<td>PE-17005</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Building Systems Improvements</td>
<td>PE-01003</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bybee Park Completion</td>
<td>PE-18006</td>
<td>2,400,000</td>
<td>-</td>
</tr>
<tr>
<td>California Avenue District Gateway Signs</td>
<td>PE-17004</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CalTrain Corridor Video Management System Installation</td>
<td>PE-18001</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cameron Park Improvements</td>
<td>PE-14002</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Capital Improvement Fund Administration</td>
<td>AS-10000</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Charleston/Arastradero Corridor Project</td>
<td>PE-13011</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Churchill Avenue Enhanced Bikeway</td>
<td>PE-14000</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Churchill Avenue/Alma Street Railroad Crossing Safety Improvements</td>
<td>PL-20000</td>
<td>3,996,000</td>
<td>3,996,000</td>
</tr>
<tr>
<td>City Bridge Improvements</td>
<td>PE-20001</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City Facilities Assessment and Record Plan Management System</td>
<td>PE-20002</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City Facility Parking Lot Maintenance</td>
<td>PE-09003</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City Hall First Floor Renovations</td>
<td>PE-12017</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City Hall Space Planning</td>
<td>PE-19000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Civic Center Electrical Upgrade &amp; EV Charger Installation</td>
<td>PE-17010</td>
<td>114,000</td>
<td>126,000</td>
</tr>
<tr>
<td>Civic Center Fire Life Safety Upgrades</td>
<td>PE-18016</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Civic Center Waterproofing Study and Repairs</td>
<td>PE-15020</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Curb and Gutter Repairs</td>
<td>PO-12001</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ing Park Installation and Renovation</td>
<td>PE-18001</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Downtown Automated Parking Guidance Systems, Access Controls &amp; Revenue Collection Equip.</td>
<td>PL-15002</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Emergency Vehicle Traffic Signal Preemption System Pilot</td>
<td>PE-19000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Facility Interior Finishes Replacement</td>
<td>PE-02022</td>
<td>169,000</td>
<td>169,000</td>
</tr>
<tr>
<td>Fire Station 3 Replacement</td>
<td>PE-15003</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fire Station 4 Replacement</td>
<td>PE-18004</td>
<td>750,000</td>
<td>750,000</td>
</tr>
<tr>
<td>Foothills Park Boronda Lake Dock Replacement</td>
<td>OS-18000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Foothills Park Dam Seepage Investigation and Repairs</td>
<td>PE-20000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Golf Reconfiguration &amp; Baylands Athletic Center Improvements</td>
<td>PE-13003</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>High and Bryant Street Garages Waterproofing and Repairs</td>
<td>PE-18002</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Highway 101 Pedestrian/Bicycle Overpass Project</td>
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## Attachment B: Capital Improvement Plan FY 2021 Reappropriations to FY 2022 (Final)

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Page 3 of 3
Attachment B - 3
## Attachment C: Capital Improvement Plan FY 2022 Technical Clean-up Actions

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<td>Charleston/Arastradero Corridor Project</td>
<td>This 2014 Infrastructure Plan (IP) project was over expended in FY 2021 and the budget increased by $3,171,040 as part of the FY 2021 Year-End process. A corresponding decrease is recommended in FY 2022 in order to maintain the total project budget of $20.8 million over the life of the project.</td>
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<td>Capital Improvement Fund</td>
<td>Public Works</td>
<td>PE-86070</td>
<td>Street Maintenance</td>
<td>This recurring maintenance project was over expended in FY 2021 and the budget increased by $1,229,744 as part of the FY 2021 Year-End process. Since expenses which were originally anticipated to occur in FY 2022 were instead realized in FY 2021, a corresponding decrease is recommended in FY 2022 in order to align with current funding needs.</td>
<td>(1,229,774)</td>
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City of Palo Alto

City Council Staff Report

Report Type: Consent Calendar  Meeting Date: 10/18/2021

Title: Approval of Contract Number C21181420 with West Coast Arborists, Inc. for a Total Not-to-Exceed Amount of $3,765,380 Over a Three-Year Term for Tree Pruning and Removal Services

From: City Manager

Lead Department: Public Works

Recommendation
Staff recommends that Council approve and authorize the City Manager or their designee to execute the attached Contract No. C21181420 with West Coast Arborists, Inc. in an amount not to exceed $3,765,380 over a three-year term ending on October 17th, 2024, for tree pruning and removal services.

Background
The Department of Public Works Urban Forestry Section is responsible for maintaining the health of more than 38,000 public trees located along streets and in various city-owned public places. Tree pruning is a key maintenance task in keeping the population healthy. The purpose of tree pruning is to improve tree structure, enhance vigor, and maintain safe conditions for motorists and pedestrians as they move through the street corridor. This maintenance is achieved through pruning all City-owned trees on a cyclical basis and involves removing and replacing trees when necessary.

Within the urban forestry profession, documented studies have shown that a five- to seven-year pruning cycle is optimal for maintaining tree condition and value, managing risks, and being cost-effective for a community. The City has used contract services for tree pruning and removal of City trees along streets and other public property since 2000, providing a proactive cycle of basic tree maintenance.

In 2016, the City conducted a solicitation for the Tree Pruning and Removal Services contract. The three-year contract was awarded to West Coast Arborists Inc. (WCA) for $4,702,450. That contract included pruning, removal, stump grinding, and other maintenance of trees located along street corridors and on City property (CMR #7056). In 2019, the contract was amended to extend the contract term and add funding for two additional years (CMR #10337). Increased production from WCA during the past five fiscal years has improved the average pruning cycle to the target of seven years established by Council. Based on current inventory records, 5,411
trees will need to be pruned annually to maintain the current seven-year pruning cycle frequency.

**Discussion**

**Summary of Bid Process**

On April 9, 2021, an RFQ for three years of Tree Pruning and Removal Services was posted on the PlanetBids website and sent to nine arboricultural companies. The bidding period was 27 days. A mandatory pre-bid meeting was held April 22, 2021. On May 6, 2021, bids were received from 6 contractors, 5 of which were complete and deemed responsive. Bid details are listed in the bid summary (Attachment A).

**Bid Process Details**

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<tbody>
<tr>
<td><strong>PROPOSED LENGTH OF PROJECT</strong></td>
<td>3 years</td>
</tr>
<tr>
<td><strong>TOTAL DAYS TO RESPOND TO BID</strong></td>
<td>27</td>
</tr>
<tr>
<td><strong>BIDS DUE</strong></td>
<td>May 6th 2021</td>
</tr>
<tr>
<td><strong>PRE-BID MEETING</strong></td>
<td>Yes</td>
</tr>
<tr>
<td><strong>NUMBER OF COMPANY ATTENDEES AT PRE-BID MEETING</strong></td>
<td>7</td>
</tr>
<tr>
<td><strong>NUMBER OF BIDS RECEIVED</strong></td>
<td>6</td>
</tr>
<tr>
<td><strong>BID PRICE RANGE (RFQ QUANTITIES)</strong></td>
<td>From a low of $4,081,380 to a high of $6,817,623</td>
</tr>
<tr>
<td><strong>BID PRICE RANGE (REVISED 7-YEAR CYCLE QUANTITIES)</strong></td>
<td>From a low of $3,425,380 to a high of $5,888,806</td>
</tr>
</tbody>
</table>

The five responsive bids ranged from $4,081,380 to $6,817,623, with less than $370,000 separating the four lowest bids. To simplify bidding and to bring the contract specifications more in-line with current industry trends, this RFQ contained fewer specific bid items than in previous RFQs. For example, the youngest/smallest diameter trees were removed from the scope of work and fewer size classes were listed as line item bids.

The original quantities in the 2021 RFQ for program pruning did not account for all inputs impacting the tree pruning cycle and were therefore too high for a target 7-year cycle. In addition to program pruning units, palm pruning under the contract, a portion of demand units under the contract, and trees receiving a complete maintenance prune by City staff all count toward the annual number of trees pruned for maintenance cycle calculations. The current contract being proposed is based on these revised routine unit pruning numbers and a target 7-year cycle.

After a detailed review of the City’s pruning cycle and a revision of total program pruning units, the adjusted bids ranged from $3,425,380 to $5,888,806, with less than $112,490 separating the four lowest bids. In both cases, West Coast Arborists, Inc. had the lowest bid.
The program pruning quantities given in the bid schedule for years 2 and 3 are aligned with current pruning cycle target goals. Other bid items such as demand pruning, palm pruning, tree removal, and stump grinding are based on an average amount of work that might be expected in a twelve-month period based on historical data. These quantities were given as a basis for comparison of bids, with no commitment that the actual amount or proportion of work would ultimately correspond.

To help address the City’s current budget issues, year 1 quantities for this contract are 50 percent less than year 2 and year 3 quantities. This corresponds with available budgeted funds for this contract. See the Resource Impact section of this report for more detail.

Staff reviewed all bids submitted and recommends West Coast Arborists, Inc. be declared the lowest responsible bidder. Staff confirmed with the Contractor’s State License Board that West Coast Arborists, Inc. has an active license on file. West Coast Arborists, Inc. has performed satisfactory work for the City on similar multi-year contracts from 2013 - 2021 for tree pruning and removal services.

Staff compared average unit pricing per work category between the 2021 WCA bid and year 5 pricing of the previous contract and found them to be comparable. When pricing from both the current bid and year 5 were compared using FY 2022 quantities there was a slight increase in average unit cost for tree removal and slight decreases in unit costs for all other categories.

**Resource Impact**

Funding for the first year of this contract is available in the Public Works Department Fiscal Year 2022 Adopted Operating budget. Year one of this contract is funded at 50% of previous years as
part of the Fiscal Year 2022 budget balancing strategy. Funding for subsequent years of this contract will be addressed as part of the annual budget process, subject to Council approval of the annual budget appropriation.

The contract’s total not-to-exceed amount of $3,765,380 includes $340,000 for additional services that may be needed during the term of the contract. No direct funding is available for the $340,000 additional services portion of this contract at present. The intention in granting this contract authority is to make services under this contract available to other departments or for projects that may arise during the contract term. One example of a potential additional services project that may arise is the possible removal of eucalyptus trees in Arastadero and Foothills open space areas in order to reduce fire hazards. Once funding for an additional services project is secured by the managing department, it can then be applied to the contract for use on an additional services project via a city-approved Task Order as detailed in the contract.

Policy Implications
This recommendation does not represent any change to existing City policies. Proper and timely maintenance of the City’s living infrastructure supports existing approved City policies contained in the Urban Forest Master Plan, the 2030 Comprehensive Plan and the Sustainability/Climate Action Plan.

Stakeholder Engagement
This contract is for a continuation of existing tree trimming services and stakeholder engagement was not deemed necessary.

Environmental Review
The recommended action is CEQA-exempt under the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301(h) (maintenance of existing landscape).

Attachments:
- Attachment11.a: ATTACHMENT A - Bid Summary Table
<table>
<thead>
<tr>
<th>BID ITEM</th>
<th>DETAIL</th>
<th>QTY</th>
<th>UNITS</th>
<th>CMG</th>
<th>UNIT</th>
<th>PROFESSIONAL 2 UNIT</th>
<th>UNIT</th>
<th>TOTAL</th>
<th>UNIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>ADDITIONAL HOURLY PRICES - OT 1</td>
<td>3 PERSON CREW 150</td>
<td>HOURLY</td>
<td>237.00$</td>
<td>35,550.00$</td>
<td>355.00$</td>
<td>105,000.00$</td>
<td>270.00$</td>
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<tr>
<td>15</td>
<td>ADDITIONAL HOURLY PRICES - OT 2</td>
<td>20 PERSON CREW 200</td>
<td>HOURLY</td>
<td>441.00$</td>
<td>88,200.00$</td>
<td>400.00$</td>
<td>80,000.00$</td>
<td>400.00$</td>
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<tr>
<td>16</td>
<td>ADDITIONAL HOURLY PRICES - OT 3</td>
<td>3 PERSON CREW 300</td>
<td>HOURLY</td>
<td>557.00$</td>
<td>167,100.00$</td>
<td>500.00$</td>
<td>150,000.00$</td>
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<tr>
<td>17</td>
<td>ADDITIONAL HOURLY PRICES - OT 4</td>
<td>4 PERSON CREW 400</td>
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<td>673.00$</td>
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<td>500.00$</td>
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<tr>
<td>18</td>
<td>ADDITIONAL HOURLY PRICES - OT 5</td>
<td>5 PERSON CREW 500</td>
<td>HOURLY</td>
<td>789.00$</td>
<td>394,500.00$</td>
<td>500.00$</td>
<td>250,000.00$</td>
<td>500.00$</td>
<td>250,000.00$</td>
</tr>
</tbody>
</table>

**Total for all BID ITEMS: $1,362,200.00**
Title: Approval of Advanced Metering Infrastructure (AMI) Contract with Sensus USA Inc. in the Amount of $15,283,218; and Authorization for the City Manager to Negotiate and Execute Change Orders up to a Not-to-Exceed Amount of $1,484,000, for a Total Contract Amount Not-to-Exceed $16,767,218; Approval of Amendment No. 2 with E Source in an Amount Not-to-Exceed $1,339,947 for Phase 3 AMI Consulting; and 3) Adoption of a Resolution to Transfer up to $18,900,000 from the Electric Special Project Reserves to the Smart Grid Technology Installation Project EL-11014

From: City Manager

Lead Department: Utilities

Recommendation

Staff recommend that Council:

1. Approve and authorize the City Manager or their designee to execute Contract C22177782 (Attachment A) with Sensus USA Inc. (Sensus), for advanced metering infrastructure (AMI) system and installation services, in an amount not to exceed $15,283,218 through 12/31/31;
   a. Authorize the City Manager or their designee to negotiate and execute one or more task orders for additional services under the contract with Sensus for related additional, but unforeseen work which may develop during the project; the total of which shall not exceed $1,484,000 or 10% of the implementation cost, for a total contract amount not to exceed of $16,767,218;
   b. Authorize the City Manager or their designee to determine whether executing the optional Network Performance Assurance Services (Contract Exhibit N) for post-deployment support of the AMI network and extension of performance warranty for two years, in an amount not to exceed $338,531 (included in the total Sensus contract amount above) is in the City's best interests, and approve and authorize the City Manager or their designee to execute Contract Exhibit N if it is determined to be in the City's best interests, not later than six months from the anticipated completion of AMI deployment;

2. Approve and authorize the City Manager or their designee to execute Amendment No. 2 to Contract C17165774A (Attachment B) with E Source Companies, LLC, for phase 3 AMI consulting services including project management, system integration, change
management, and field installation oversight, in an amount not to exceed $1,339,947 through 12/31/2025;

3. Approve the adoption of a Resolution (Attachment C), in which Council:
   a. Authorizes the transfer of up to $18.9M from the Electric Special Project (ESP) reserves to the Smart Grid Technology Installation Project (EL-11014), as follows:
      i. Transfer up to $8.4 million from the ESP reserves to the Smart Grid Technology Installation Project (EL-11014) for Electric Advanced Metering Infrastructure (AMI) and smart grid-related expenditures;
      ii. Transfer up to $6.5 million from the ESP reserves to the Smart Grid Technology Installation Project (EL-11014) for Water AMI and smart grid-related expenditures as an inter-fund loan with a repayment term of 5-years with appropriate interest, upon completion of the project; and
      iii. Transfer up to $4.0 million from the ESP reserves to the Smart Grid Technology Installation Project (EL-11014) for Gas AMI and smart grid-related expenditures as an inter-fund loan with a repayment term of 5-years with appropriate interest, upon completion of the project.
      iv. Individual fiscal year transfer amounts up to the totals listed in the subsections above will be determined based on annual CIP budgets, and are currently estimated to be $7 million in FY 2022, $7 million in FY 2023, and $4.9 million in FY 2024.
   b. Approves the commitment of ESP funds to support the electric AMI Project expenses, and the loan of ESP funds to support the water and gas AMI Project expenses, and finds that the proposed fund transfers meet Council’s guidelines for managing the Electric Special Project Reserve.

Executive Summary
In 2018, the Utilities Advisory Commission (UAC) and City Council approved the Smart Grid Assessment and Technology Implementation Plan and supported implementation of the Advanced Metering Infrastructure (AMI) project. AMI is a foundational technology that is becoming a standard in the utilities industry to implement smart grid systems designed to improve customer experience, strengthen system reliability, enable City of Palo Alto Utilities (CPAU) to operate more effectively, and enable the community to meet its environmental sustainability and resiliency goals.

To implement AMI, staff identified detailed business requirements and issued a request for proposal to potential AMI systems and installation vendors. After evaluating 13 proposals, staff recommends Sensus USA Inc, for their AMI system and equipment installation services. Staff also recommends a contract amendment with E Source Companies to provide AMI consulting services for the final phase (#3) which includes project management, change management, system integration, support for testing and training, and field oversight throughout the project from 2021 through 2024. The combined initial (capital) costs of these two contracts are estimated at between $15.1 and $16.7 million, depending on the use of $1.6M in contingency funds. An additional $0.9 million in expenditures is projected over the 10-year term of the
Sensus contract for on-going annual software and hosting services, bringing the total contract amount to $17.6 million over the life of the contracts.

The Electric Special Projects (ESP) reserve fund is in place to fund major one-time electric utility expenditures, including the AMI project. Hence staff recommends using up to $8.4 million from ESP reserves to cover the electric share of the AMI project, and for the ESP to lend up to $10.5 million to cover the gas and water share of the project, with a plan to repay the loan with interest at an appropriate interest rate within 5 years after project completion. The use of ESP funds for this project is within the ESP reserve guidelines approved by UAC and Council in 2015 (Staff Report #5716).

The recommended actions were presented on October 4 as part of the City Council’s consent calendar, in recognition of the City’s interest in expeditiously implementing this initiative based on prior City Council direction. Councilmembers Greer, Kou, and Tanaka moved to agendize the item for discussion.

Background
In November 2018, the City Council approved the Utilities Smart Grid Assessment and Technology Implementation Plan (Staff Report # 9780). The assessment recommended the implementation of Advanced Metering Infrastructure (AMI) based smart grid systems for the benefit of electric, natural gas and water utility customers.

An AMI-based smart grid system will empower customers to more efficiently utilize utility supplies, facilitate customer adoption of distributed energy resources (DER) such as solar photovoltaics, energy storage, and electric vehicles, and enable the timely detection of water leaks. AMI will also enable CPAU to optimize operations and improve reliability by reducing restoration time for outages. AMI will be a critical system to meet the community’s greenhouse gas reductions goals by enabling time-of-use (TOU) electricity rates and to encourage the use of electrical appliances and charging EVs during periods of the day when electricity cost is low.

Given the large investment required to implement an AMI system, a cost-benefit analysis was undertaken in 2018 to determine financial viability of AMI, assess staffing requirements, and consider technological dependencies, project risks, and CPAU’s operational readiness. The analysis found that the overall net-present-value (NPV) of the investment over the 18-year life of the system was close to break-even, considering only the costs and benefits that can be quantified. This effectively means that there will be little or no impact on utility cost to customers over the 18-year life of the project. Upon including non-quantifiable benefits such as enhanced customer experience, improved system reliability, and better distribution asset utilization, the analysis suggests that this strategic investment would be a net benefit to all utility customers, particularly for the electricity and water utility customers. The estimated capital cost related to the AMI system installation was approximately $16 to $19 million with an investment life of 18 years. The evaluation also analyzed the operational impact and found that the investment will require a few staffing changes to implement and maintain the AMI
infrastructure to maximize the value of the investment. The annual operating cost of the AMI system is estimated to be $1.9 million, which would be offset by $3.3 million in benefits estimated to accrue from electricity and water use conservation, and current staffing related savings. The result is projected to be a net monetary benefit to of $1.4 million per year on an ongoing basis.

The UAC and Council acceptance in 2018 of staff’s recommendation to invest $16 to $19 million in AMI technology was based on a financial and economic analysis undertaken by expert consultants and the experience gained by CPAU after implementing the CustomerConnect AMI pilot in 2013-18

Discussion
I. RFP Issuance, Vendors Selection, and Contract Negotiations to Implement AMI Project
Following Council’s acceptance of staff’s recommendation to invest in AMI technology in November 2018, staff retained consultants to assist with soliciting AMI system vendor proposals. On March 31, 2020, a Request for Proposal (RFP) Number 177782 for ‘Equipment, Software, and Services for an Advanced Metering Infrastructure Project’ was issued. Staff received 13 proposals ranging from one to five components identified in the RFP: AMI network, water metering, gas metering, installation services, and meter data management system. The proposers were asked to submit a proposal on a single project component, multiple project components, or all five components. Proposers were also permitted to submit a joint proposal for one or more project components, to provide a proposal that best meets the City’s stated needs.

<table>
<thead>
<tr>
<th>Component Number</th>
<th>Component Name</th>
<th>Component Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AMI Field Area Network (“FAN”)</td>
<td>Equipment, software, and services capable of delivering billing and interval reads from customer meters, including networking infrastructure components and the installation thereof, AMI-integrated electric meters, water and gas endpoints/modules, and other ancillary equipment (batteries, water meter pit lids, etc.) necessary to attain functionality; additionally, integration services to tie the AMI headend to other business-critical systems</td>
</tr>
<tr>
<td>2</td>
<td>Water Metering</td>
<td>Water meters, registers, and lids</td>
</tr>
<tr>
<td>3</td>
<td>Gas Metering</td>
<td>Gas meters, indices, and some lids</td>
</tr>
<tr>
<td>4</td>
<td>Installation Services</td>
<td>Installation services for electric meters, AMI endpoints/modules, and other ancillary metering equipment (water and gas meters, water meter registers, gas meter indices, lids, boxes, etc.) related to the AMI Project; additionally, procurement of ancillary equipment, such as water meter boxes, as-needed upon request</td>
</tr>
<tr>
<td>5</td>
<td>Meter Data Management System (“MDMS”)</td>
<td>Software and services for the long-term retention, validation, estimation, and editing of meter reads, as well as advanced analytic tools for the data; additionally, integration services to tie the MDMS to other business-critical systems</td>
</tr>
</tbody>
</table>
Staff and the consultant assembled a cross-functional AMI project team consisting of members from Administration, Customer Service, Engineering, IT, Operations and Resource Management. The team met for eight months reviewing each proposal, interviewing vendors, participating in vendor demonstrations and presentations, and conducting customer reference calls.

The proposals were evaluated based on the following criteria. It was also specified that the weights associated with the criteria would be different for the five components of the RFP.

1. Quality and completeness of Proposal
2. Quality, performance, and effectiveness of the solution
3. Proposer’s experience
4. Cost to the City
5. Proposer’s financial condition and stability
6. Proposer’s ability to perform the requirements within the time specified
7. Proposer’s prior record of performance with City or other agencies
8. Proposer’s ability to provide future maintenance, repairs, parts and/or services
9. Proposer’s compliance with applicable laws, regulations, policies
10. Whether or not the Proposal is Turnkey; existence of synergies with existing City systems

The selected vendors have a proven history of AMI experience in the municipal sector with electric, gas, and water meters in California. The solutions and services they offered were the best fit for the City in the near term and for future business requirements.

II. Sensus AMI Contract and Scope of Work

The AMI system provided by Sensus USA Inc. was selected. This system consists of five elements:

1. A 900 MHz point-to-multipoint network over FCC licensed radio band.
   - Five network poles will be erected at Hale Well Station, Peers Park Pump Station, Maybell Substation, Montebello Reservoir, and East Meadow Substation to receive wirelessly transmitted meter data from ~74,900 electric, gas and water meters.
   - There will be a total of 10 collector radios, ranging from one to three collectors per site, powered at 8 Watts, and are expected to collect meter data continuously and transmit every fifteen minutes.
   - Network and meter communication is secured via fiber backhaul and AES-256 encryption and the system meets all relevant NIST standards.

2. Approximately 27,100 Sensus residential/small commercial electric meters and ~2,900 Aclara kV2C commercial electric meters, both with Sensus radios, will replace all ~30,000 of the existing electric meters.
   - The 2 Watt-powered radio embedded in a meter is expected to transmit data (15-minute energy consumption and voltage data) on a hourly basis, but ~0.1 second each time. The customer consumption information will be made available to customers the day-after, on a hourly interval basis for electricity consumption and daily intervals for
water/gas consumption.
  o On an optional basis the electric meters can have an embedded Zigbee radio, which when turned on by CPAU at customers request, will be able to communicate meter reading data within the home via a in-home-display (IHD) or wi-fi enabled gateway to a customer selected IHD/gateway service provider.
  o Some electric meters will also have a remote disconnect switch. This feature could be used to turn off or limit the current flow to a delinquent customer. This feature will lower CPAU operating costs of travelling to customer site for customer turn-off or move outs.
  o Replacement of the electric meter will result in a momentary outage for the customer. Customers will be notified in advanced of the electric meter replacement.

3. Approximately 20,798 water meters will be retrofitted with Sensus water meter end-point radios.
  o Water meter radios are powered by batteries that are warrantied for 15-20 years and transmit to the collector at 2 Watts, 6 times a day, with transmission lasting ~ 0.1 seconds each time.
  o Approximately 8,300 water meters are older than 20 years and are due for replacement with CPAU’s preferred Badger meters. To achieve operational efficiencies and economies related to installation, these older water meters will be replaced when AMI radios are installed at those locations. CPAU will directly purchase the Badger water meters from the manufactuer and provide them to Sensus for installation along with Sensus water end-point radios.
  o Since the water meters will be procured by CPAU, outside the Sensus contract and are not directly related to the AMI project, these cost are not included in this report nor included as part of the AMI capital budget. Instead, these water meter replacements will be charged against the Water Meter Replacement CIP (WS-80015). Due to staffing constraints in previous years, CPAU has accumulated a large backlog of aged water meters in need of replacement. Water meter box lids will also be replaced or retrofitted to accommodate a mushroom shaped radio attenna that is mounted flush with the lid to provide a clear path for communication.
  o All 20,798 Badger water meters will require an AMI radio to transmit the water meter data and alerts to the AMI network. The City has had Badger water meters as a standard for approximately 25 years. Based on the City’s water meter testing results and discussions with other water utilities, Badger meters have proven to be accurate and reliable. The City has an existing contract with Badger and will directly purchase the end-point radios from them because this will eliminate the mark up cost associated with a third party distributor. The estimated cost to retrofit all Badger water meters with AMI end-point radios is $0.9 million or $43 per unit.

4. Approximately 24,208 of existing gas meters will be retrofitted with Sensus gas meter end-point radios.
  o Gas meter radios are powered by batteries that are warrantied for 20 years and
transmit to the collector at 2 Watts, 6 times a day, with transmission lasting ~ 0.2 seconds each time.

- The dials of the existing gas meters will be removed and be retrofitted with dials which can be connected to the gas meter radio/antennas.

5. A cloud-based meter Head End System (HES) will store all the data collected and transmitted by the meters. Sensus will be providing hosted HES solution for a initial 10 year period, extendable up to 20 years.

- Data centers hosting the HES are located in the U.S and communication is secured through a VPN connection. Data is encrypted at rest including backups. All datacenters comply with System and Organization Controls 2 (SOC2) for physical security. No Personally Identifiable Information (PII) will be stored in the system.
- Sensus maintains a set of security policies that are aligned with industry standards and has been certified by GE under the Achilles Practices Certification (APC) and Achilles Communication Certification (ACC) programs.
- Sensus is in the process of obtaining ISO 27001 certification and expects to be certified by the end of CY 2021.

The total capital cost associated with procuring this system is estimated at $10.3 to $11.3 million, including a contingency amount of $1.0 million or 10 percent. The annual hosting, licensing and software fee is approximately $90,000. The term of the SaaS agreement is 10 years with a 3% annual escalation totalling approximately $1,031,749. The contingency amount is requested to purchase additional Zigbee and/or remote disconnect modules on electric meters. Over the next six months, staff will be conducting more research and performing cost benefit analysis on these optional devices. The contingency funds allocated to this contract will ensure that CPAU can mitigate schedule delays in roll-out, as well as avoid overruns in the overall budget. After completion of the project, all remaining dollars from the contract or contingency account will be returned to Electric Special Project reserves.

Since the Sensus contract is a hybrid of different types of contracts (i.e. Goods, Professional Services, Software), there are some non-standard City terms in the contract.

- **FCC Spectrum License Lease** – Since Sensus uses licensed radiofrequency (RF) from the Federal Communications Commission (FCC) for their AMI network, the City has to agree to the FCC terms. Sensus is unable to modify any of the terms under the FCC’s RF spectrum lease agreement. Staff has reviewed the FCC agreement and does not have any concerns with the standard terms and conditions of the FCC agreement. The private FCC licensed spectrum provides the City additional reliability, scalability, and security.

- **Non-appropriation** – If the contract is terminated for non-appropriation, the City will not replace the Sensus AMI network with a different vendor for the remainder of the term of the contract. In addition, the City will be responsible for any unavoidable costs incurred by Sensus as a result of a suspension or termination for non-appropriation. Unavoidable costs may include raw material and work in process, plus the furnished
Equipment and Services and any standby or demobilization fees or other applicable costs that may be incurred by Sensus. In no event will the termination/suspension costs exceed ten percent (10%) of the remaining Agreement cost related to implementation/installation of the AMI network.

- Optional Network Performance Assurance Services – For post-deployment AMI network support, Sensus offers a two-year network performance assurance service which includes ongoing RF network communication management and maintenance of the AMI network. Sensus will dedicate 0.5 FTE to monitor, troubleshoot, mitigate and resolve any AMI communication or equipment issues. This extended service will provide additional support and training for the AMI staff. This is an optional service that the City will determine if it in the City’s best interest no later than six months from the anticipated completion of AMI deployment.

III. Installation Services by Utility Partners of America (Subcontractor of Sensus)

Customer metering equipment installation services would also be provided by Sensus USA, under a subcontract with Utility Partners of America (UPA). UPA is one of the leaders in providing large-scale meter installation services. UPA served as the installation contractor for other municipal utilities in California such as Sacramento Municipal Utility District, Eastern Municipal Water District, the City of Long Beach Energy Services and the City of Santa Rosa. The Work Order Management System (WOMS) to aid the management and quality control will be based on Ensight+ software.

- Ensight+ software services are hosted by Rackspace, which is SOC 1, SOC 2, SOC 3, and ISO 27001 certified; and the data is stored with AES-256 bit encryption.
- Ensight+ as a organization is in the process of being SOC2 certified by early 2022.

Installation services include replacement of electric meters, retrofitting existing water meters with AMI radios, replacing water meter box/lids, replacement of aging water meters, retrofitting existing gas meters with AMI radios, removal and disposal of old equipment in accordance with City’s disposal and recycling policies.

Installation of electric meters will cause a momentary outage for the customer. Installing water and gas radio end-point will not cause service disruptions for the customer. Replacement of aging water meters will cause a 30 to 45-minute service disruption. Timely notices, including knocking on the doors, would be provided to customers during the mass installation phase of the project, anticipated to occur in the 2023-24 period.

New electric meters will be tested on a sample basis. Due to the volume of meter replacement and associated logistics, meters removed will not be tested. If customers perceive their meter to be inaccurate, tests will be performed on the new meters.

The 18 months of installation services by UPA are expected to begin in mid-2023 and the
projected cost is $5.0 million including a contingency amount of $0.50 million or 10 percent. A need for contingency funding arises from the installation services to be performed by a contractor. CPAU has already taken steps to mitigate or otherwise account for auxiliary costs that are commonly incurred during mass meter change-out and AMI deployment, such as K- and A-base meter conversions, gas relights, and box/lid replacements, among other items. Despite this planning, field conditions are often subject to changing environments that can lead to accessibility issues or additional work that need to be performed before converting a meter to AMI.

IV. E Source Consulting Contract and Scope of Work
Staff recommends continuing to utilize the services of E Source Companies, LLC (previously UtiliWorks Consulting) to assist CPAU staff in managing this large specialized project. With their wide-ranging and in-depth AMI experience, E Source previously assisted CPAU with analyzing the cost-benefits of the AMI investment and also assisted with soliciting vendor proposals and evaluation during the vendor contract negotiations.

E Source has a proven history of working with CPAU in developing a strategic technology roadmap, completing the AMI business case and cost-benefit analysis, and supporting procurement of advanced metering infrastructure (AMI).

E Source services under the agreement will include project management, organizational change management, system integration, testing and training support, and field services oversight. The expenditure under this contract is projected to be $1.2 to $1.3 million including a contingency amount of $0.2 million. Given the complexity of the AMI project and system integration and coordination of multiple workstreams across CPAU, the contingency account will enable E Source to provide a greater level of effort to lead some of these areas, such as organizational change management, solutions architecture and engineering, or systems training and testing, depending on staff availability and constraints. Additionally, CPAU may opt to extend some services beyond the current schedule, such as mobilizing E Source resources for added installation oversight and quality assurance during Full Deployment.

V. Meter Data Management System (MDMS)
The MDMS will act as the system of record for all meter readings and customer consumption, integrating with various other system and feeding billing, customer service, and engineering operations. It will offer dashboards, visualizations, and analytics to view individual meters or aggregated meters. The MDMS also provides analysis tools for water leak detection, outage map, and transformer health.

Staff will bring forth the terms, conditions, and cost of the MDMS contract in a subsequent Council meeting. As a result of an industrywide semiconductor chip shortage, the lead time to build the AMI base stations and meters is approximately 12 – 16 weeks. Integration of the AMI
and MDMS systems cannot begin until the base stations are installed and meters are deployed, which is why staff is recommending approval of the AMI network and consulting contracts ahead of the MDMS contract.

VI. System Integration Services with Existing CPAU Technology Systems
In addition to equipment and services procured through these AMI contracts, additional resources will also be needed to implement this project:

- Augmenting SAP Consultants services to integrate MDMS with the CIS/Billing system.
- Augmenting consulting services with SEW, the MyCPAU customer account management portal provider to integrate AMI data into the portal.
- Re-assigning existing staff to new roles to implement and maintain AMI systems.
- Hiring temporary staff to back-fill for existing staff who will be assigned to the AMI project during implementation phase.

The cost of these additional resources is estimated at between $1.0 and 1.5 million.

An overview of the AMI and MDM systems selected and their communications and interfaces with CPAU’s existing technology systems are illustrated in Figure 1.

VII. Components of Project Cost & Projected Budgets
A description and summary of the Sensus and E Source contracts recommended to be approved by Council is provided in Table 1.

Table 1: Description of Sensus and E Source Services, Costs and Contract Terms

<table>
<thead>
<tr>
<th>Contracting Entity</th>
<th>Sensus USA, Inc.</th>
<th>Sensus USA, Inc. &amp; Subcontractor (Utility Partner of America)</th>
<th>E Source</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Description</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of Service</strong></td>
<td>AMI equipment, software and hosting services, integration services, and professional services</td>
<td>Meter, radio, and lid installation services</td>
<td>Consulting services related to project management, change management, system integration and field services</td>
<td></td>
</tr>
<tr>
<td><strong>Contracting Term</strong></td>
<td>10 years</td>
<td>One Time</td>
<td>4 years</td>
<td></td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation Cost</td>
<td>9.3</td>
<td>5.0</td>
<td>1.2</td>
<td>15.5</td>
</tr>
<tr>
<td>Contingency</td>
<td>1.0</td>
<td>0.5</td>
<td>0.1</td>
<td>1.6</td>
</tr>
<tr>
<td>Total Software Licensing</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Total NTE Amount (in millions) for Contract Term(s)</strong></td>
<td>$11.3</td>
<td>$5.5</td>
<td>$1.3</td>
<td>$18.1</td>
</tr>
</tbody>
</table>

A description of the total estimated AMI project cost including the meter data management system and Badger water meter radios is provided in Table 2. Staff will bring forth the terms, conditions, and cost of the MDMS and National Meter & Automation contracts in a subsequent Council meeting.

Table 2: Description of AMI Systems Hardware, Installation, Software, and Consulting Services

<table>
<thead>
<tr>
<th>Contracting Entity</th>
<th>Sensus USA, Inc.</th>
<th>Sensus USA, Inc. &amp; Subcontractor (Utility Partner of America)</th>
<th>E Source</th>
<th>Meter Data Management System (MDMS) Provider</th>
<th>National Meter &amp; Automation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Description</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Type of Service</strong></td>
<td>AMI equipment, software and hosting services, integration services, and professional services</td>
<td>Meter, radio, and lid installation services</td>
<td>Consulting services related to project management, change management, system integration and field services</td>
<td>MDMS software through Smart Works, integration services, and professional services</td>
<td>New AMI-compatible retrofit radios for Badger water meters</td>
<td></td>
</tr>
<tr>
<td><strong>Contracting Term</strong></td>
<td>10 years</td>
<td>One Time</td>
<td>4 years</td>
<td>5 years</td>
<td>One Time</td>
<td></td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation Cost</td>
<td>9.3</td>
<td>5.0</td>
<td>1.2</td>
<td>0.8</td>
<td>0.9</td>
<td>17.2</td>
</tr>
<tr>
<td>Contingency</td>
<td>1.0</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>-</td>
<td>1.7</td>
</tr>
<tr>
<td>Total Software Licensing</td>
<td>1.0</td>
<td>-</td>
<td>-</td>
<td>1.1</td>
<td>-</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Total NTE Amount (in millions) for Contract Term(s)</strong></td>
<td>$11.3</td>
<td>$5.5</td>
<td>$1.3</td>
<td>$2.0</td>
<td>$0.9</td>
<td>$20.9</td>
</tr>
</tbody>
</table>
The total estimated cost of the AMI project is approximately $20.9 million, of which $17.2 million is related to initial implementation, with the remaining funds accounting for annual SaaS and software licensing costs for the duration of the contracts ($2.1 million) and contingency funds ($1.7 million). Annual total software/hosting charges for Sensus are estimated at $90,000 for year one with a three percent annual escalator up to year ten.

VII. Project Funding & Allocation of Costs to the Electric, Water and Gas Funds

The Electric Special Projects (ESP) reserve will be used to fund the electric portion of the AMI investment. As a result, there will be no rate impact to the electric ratepayers. The gas and water funds will cover direct costs associated with their own equipment and installation costs. Of the initial implementation cost, $12.3 million could be directly attributable to one of the three utility services. Project costs that cannot be directly allocated to one of the three utilities (indirect costs, such as project management services, installation service mobilization cost, warehouse rental, etc. totaling $6.6 million) are proposed to be allocated based on the ratio of each of the three utility annual revenues during FY 2020. This results in an apportionment ratio for indirect project cost of 65% (electric), 18.5% (water) and 16.5% (gas). With these allocations, the total baseline capital cost of the vendor contracts of $17.2 million (without contingency funds) is estimated to be allocated as follows: $7.3 million (electric), $6.2 million (water) and $3.7 million (gas). The allocation of cost, including contingency, are as follows: $8.4 million (electric), $6.5 million (water) and $4.0 million (gas), totaling $18.9 million for implementation.

To reduce the short term cashflow impacts on the gas or water funds it is also proposed that the ESP reserve initially cover water and natural gas utility funding needs related to the AMI project, with a repayment plan to the ESP reserve at an appropriate interest rate over a 5-year period upon project completion. The proposed AMI capital improvement project (CIP) budget from ESP reserve and repayment schedule from the water and gas funds are illustrated in Table 3. The table below illustrates the expenses of $18.9 million during the 2021-24 period and repayment at current interest rates of 2.15% in the 2025-2029 period.

Table 3: Illustration of Baseline AMI Funding Needs: ESP Funding and Repayment by Gas and Water Funds (M$)

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
<th>2029</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESP Funding of</td>
<td>0.1</td>
<td>2.1</td>
<td>5.4</td>
<td>11.0</td>
<td>(1.8)</td>
<td>(2.1)</td>
<td>(2.1)</td>
<td>(2.1)</td>
<td>(2.1)</td>
<td>8.4</td>
</tr>
<tr>
<td>Expenses &amp; Repayment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas Fund Repayment</td>
<td></td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>0.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Water Fund Repayment</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>1.3</td>
<td>6.5</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18.9</td>
</tr>
</tbody>
</table>

Costs that are to be repaid to the ESP Reserve by the gas and water funds have been straight-line amortized across a five-year period after implementation is completed.
VI. Overall Project Organizational Structure
The project will be implemented under the direction of the Strategic Business Manager and the
AMI Project Core Team headed by the AMI Project Manager. Nine AMI implementation
workgroups, with assigned leads, will be formed to implement workstream associated with the
project. These groups will be working collaboratively with the AMI core team and the relevant
external vendors throughout the project.

Next Steps

<table>
<thead>
<tr>
<th>Timeline</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Approval</td>
<td>October 2021</td>
</tr>
<tr>
<td>Notice to Proceed Issued to Vendors</td>
<td>October – December 2021</td>
</tr>
<tr>
<td>Installation of AMI network, initial meters</td>
<td>Jan 2022 – June 2023</td>
</tr>
<tr>
<td>Availability of AMI System to Limited Number of Customers</td>
<td>Soft Launch mid 2023</td>
</tr>
<tr>
<td>Mass Deployment of Meters</td>
<td>June 2023 – December 2024</td>
</tr>
<tr>
<td>AMI Implementation Project Completion (Phase I)</td>
<td>CY Q1 2025</td>
</tr>
<tr>
<td>Phase II: Begin Initiatives to Optimize AMI Investment (e.g., conservation voltage reduction program)</td>
<td>CY Q3 2025</td>
</tr>
</tbody>
</table>

Resource Impact
Funding of the AMI implementation and capital costs of $18.9 million are available in the
Electric CIP EL-11014 (Smart Grid Technology Installation) budget. For the first year of the
project, $7,000,000 is available in the FY 2022 CIP budget. Future on-going annual operating
costs for the AMI vendor system is estimated at $0.09 million/year for software licensing and
SaaS support. Funding for FY 2023 and beyond is subject to City Council approval of the annual
appropriation of funds through the annual budget process.

New permanent roles of AMI Manager (Utilities Supervisor), AMI Systems Technicians (Business
Analyst) and MDMS Data Analyst (Business Analyst) have been identified as necessary for
successful implementation, support, and management of AMI-related systems. Staff is
currently evaluating whether this can be accomplished by converting existing vacant positions
or will be recommended in the FY 2023 budget. These new roles are anticipated to be filled
during the project implementation phase and the roles will take on the operation, maintenance,
and enhancement roles post Phase I implementation. Furthermore, best efforts
will be made to train and potentially reassign seven meter-reading staff to new roles since the
meter reader position will be impacted after the implementation of this technology project.

Policy Implications
The recommendation conforms with the 2018 Utilities Strategic Plan (USP) that has identified
implementation of AMI system as a key strategy under USP Priority #2 to “Invest in and utilize
technology to enhance customer experience and maximize operational efficiency.”
A number of policies to implement and operate an AMI system must be considered and approved as the project implementation progresses. Such policies and procedures and related Utilities Rules and Regulations will include: ways to accommodate customers who elect to opt out of advanced meters at their homes, a backup customer billing process in the event AMI meters cannot be read remotely due to a cyber-attack or a communication network interruption, etc.

**Stakeholder Engagement**
The need for an AMI system has been discussed with the UAC and Council since 2013, including the implementation of a pilot AMI system in the 2013-2018.

As part of the 2018 Utilities Strategic Plan development, staff actively engaged with internal and external stakeholders to identify priorities to be carried out by staff over the next three to five years. AMI was a recurring theme and identified as a strategic initiative under the “Technology” priority to increase system reliability, enhance customer experience, improve response time, and meet the community’s sustainability goals.

On July 7, 2021, staff recommended the UAC recommend the City Council approve use of the Electric Special Project Reserves in an amount not-to-exceed $18.5M to fund the Smart Grid Installation Project (EL-11014) (UAC Report 12285). However, the total project estimate has increased to $18.9M to reflect potential annual CPI index escalator for installation services of $0.4M post January 1, 2023. Any unspent funds for the project will be returned to the appropriate reserves after project completion. The UAC approved staff’s recommendation 5-1 with Commissioner Metz voting no and Vice Chair Segal absent. Commissioner Metz indicated that distributed energy resources and demand response programs should be accelerated in phase 1 of the AMI deployment plan to increase energy and water conservation savings. The other commissioners were appreciative that the AMI project is moving forward.

Staff has begun a concerted effort to communicate the many facets of this project, including: customer and organization benefits and costs, project timeline and what can customers and employees expect during different stages of the project, how will this project impact individual staff members, staffing, and training needs. Utilities is coordinating this project with multiple departments (Administrative Services, IT, Attorney’s Office, Planning) and discussing impacts to their organizations. Appropriate channels will be used to effectively communicate and engage with stakeholders. The AMI project related information can be found at [www.cityofpaloalto.org/AMI](http://www.cityofpaloalto.org/AMI)

As the project progresses and mass meter deployment begins in mid-2023, additional meter installation related communications will also be undertaken with the community.
Environmental Review
Council approval of the AMI project, through adoption of the Resolution approving and authorizing ESP Reserve funding for the AMI project and approval of the AMI vendor contracts, is categorically exempt under California Environmental Quality Act (CEQA) Guidelines section 15301(b) as a Project involving minor alteration of existing public utilities facilities and equipment, with negligible or no expansion of existing or former use; therefore, CEQA review is not required.

Attachments:
- Attachment12.a: Attachment A: Sensus USA Contract, Contract C22177782
- Attachment12.b: Attachment B: E Source Companies, LLC. Contract; Amendment #2, C17165774A
- Attachment12.c: Attachment C: Resolution
CONTRACT No. C22177782
Master Products and Services Agreement

between

City of Palo Alto
(“CITY”)

and

Sensus USA Inc.
(“Sensus”)

IN WITNESS WHEREOF, the parties have caused this Master Products and Services Agreement ("Agreement") to be executed by their duly authorized representatives as of the day and year written below. The date of the last party to sign is the “Effective Date.”

This Agreement shall commence on the Effective Date and continue for/until: 10 Years ("Initial Term"). At the end of the Initial Term, this Agreement shall automatically renew for a maximum of two (2) additional terms of 5 years each (each a “Renewal Term”), unless the CITY provides written notice to Sensus of its desire to not renew the Agreement one hundred twenty (120) days before the end of the then existing Term. The “Term” shall refer to both the Initial Term and the Renewal Term.

This Agreement contains two parts: Part (1) is The FCC Notification for Spectrum Manager Lease Agreement, to be filed with the FCC by Sensus on behalf of the CITY and Part (2) is a Master Products and Services Agreement between Sensus and CITY. Together, these two parts create the Agreement.

Pricing remains firm until 5/1/2024 (“Trigger Date”)

All purchase orders shall be sent to the address provided by Sensus. Sensus may change this address upon notice to CITY.

Contents of this Agreement:

Part 1: Notification for Spectrum Manager Lease Agreement
Part 2: Master Product and Services Agreement
Exhibit A  Software
Exhibit B  Technical Support
Exhibit C  Pricing
Exhibit D  Statement(s) of Work ("SOW")
  Section 1 Base Station Installation SOW
  Section 2 Professional Services and Integration SOW
  Section 3 Meter Installation Services SOW
Exhibit E  System Requirements/Acceptance Testing
Exhibit F-1  FlexNet System Performance Warranty
Exhibit F-2  Equipment Warranties
Exhibit F-3  Return Material Authorization Process
Exhibit G  Propagation Study
Exhibit H  DIR Registration for Public Works Projects
Exhibit I  Claims for Public Contract Code Section 9204 Public Works Projects
Exhibit J  Insurance Requirements
Exhibit K  Xylem Data Privacy Policy
Exhibit L  Cybersecurity Terms and Conditions
Exhibit M  CITY’s Zero Waste Program
Exhibit N  Sensus Network Performance Assurance Services
Exhibit O  Performance and Payment Bond Requirements

CITY order acknowledgements shall be sent to:

Sensus shall send all invoices to:
CONTRACT No. C22177782 SIGNATURE PAGE

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement as of the Effective Date defined above.

CITY OF PALO ALTO

____________________________
City Manager

APPROVED AS TO FORM:

____________________________
City Attorney or designee

APPROVED:

____________________________
Utilities Director

SENSUS USA INC.

Officer 1

By: _________________________
Name: _______________________
Title: _______________________

Officer 2 (Required for Corp. or LLC)

By: _________________________
Name: _______________________
Title: _______________________

Part 1: Notification for Spectrum Manager Lease

In order for Sensus to apply to the FCC on the CITY’s behalf for a spectrum manager lease, CITY must complete the information below in boxes one (1) through ten (10) and certify via authorized signature. CITY’s signature will indicate that CITY authorizes Sensus to file the spectrum manager lease notification on FCC Form 608 with the CITY as spectrum Lessee, and if CITY does not already have one, ownership disclosure information on FCC Form 602.

1. CITY/Lessee Name:

<table>
<thead>
<tr>
<th>Attention To:</th>
<th>Name of Real Party in Interest:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Street Address: CITY:

<table>
<thead>
<tr>
<th>State:</th>
<th>Zip:</th>
<th>Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fax: Email:

Is CITY contact information same as above? ☐ Yes ☐ No (If No, complete box 2 below)

2. Additional CITY/Lessee Contact Information

<table>
<thead>
<tr>
<th>Company Name:</th>
<th>Attention To:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Street Address: CITY:

<table>
<thead>
<tr>
<th>State:</th>
<th>Zip:</th>
<th>Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fax: Email:

3. CITY/Lessee is a(n) (Select one): ☐ Individual ☐ Unincorporated Association ☐ Trust
☐ Government Entity ☐ Corporation ☐ Limited Liability Company ☐ General Partnership
☐ Limited Partnership ☐ Limited Liability Partnership ☐ Consortium ☐ Other __________

4. FCC Form 602: FCC File Number of CITY’s Form 602 Ownership Information: __________. If CITY has not filed a Form 602, Sensus will file one for CITY. Please complete questions 5, 6, and 7 below if CITY does not have a Form 602 on file. CITY must complete items 8, 9 and 10 irrespective of whether CITY has an ownership report on file.

5. CITY Tax ID:

6. Individual Contact For FCC Matters

Please designate one individual (the Director of Public Works or similar person) who is responsible to the FCC for the operation of the FlexNet radio system.

Name

Title

Email: Phone:

7. Ownership Disclosure Information

If CITY/Lessee is a government entity, list the names of the Mayor and all Council Members below, as well as verify citizenship and ownership interests in any entity regulated by the FCC. Such ownership must be disclosed where a mayor/council member owns 10% or more, directly or indirectly, or has operating control of any entity subject to FCC regulation. If any answer to Ownership question is Yes, or any answer to Citizenship question is No, provide an attachment with further explanation.

<table>
<thead>
<tr>
<th></th>
<th>US Citizen?</th>
<th>Ownership Disclosure?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mayor:</td>
<td>☐ Yes ☐ No</td>
<td>☐ Yes ☐ No</td>
</tr>
<tr>
<td>Council Member:</td>
<td>☐ Yes ☐ No</td>
<td>☐ Yes ☐ No</td>
</tr>
<tr>
<td>Council Member:</td>
<td>☐ Yes ☐ No</td>
<td>☐ Yes ☐ No</td>
</tr>
<tr>
<td>Council Member:</td>
<td>☐ Yes ☐ No</td>
<td>☐ Yes ☐ No</td>
</tr>
</tbody>
</table>
### Council Member

- Yes
- No

### Alien Ownership Questions

(If the answer is Yes, provide an attachment explaining the circumstances)

1) Is the CITY/Lessee a foreign government or the representative of any foreign government?  
- Yes
- No

### Basic Qualification Information

1) Has the CITY or any party to this application had any FCC station authorization, license, or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license or construction permit denied by the Commission?  
- Yes
- No

2) Has the CITY or any party to this filing, or any party directly or indirectly controlling the CITY or any party to this filing ever been convicted of a felony by any state or federal court?  
- Yes
- No

3) Has any court finally adjudged the CITY or any party directly or indirectly controlling the CITY guilty of unlawfully monopolizing or attempting to unlawfully monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement, or any other means or unfair methods of competition?  
- Yes
- No

### CITY/Lessee Certification Statements

1) The CITY/Lessee agrees that the Lease is not a sale or transfer of the license itself.  
- Yes

2) The CITY/Lessee acknowledges that it is required to comply with the Commission’s Rules and Regulations and other applicable law at all times, and if the CITY/Lessee fails to so comply, the Lease may be revoked, cancelled, or terminated by either the Licensee or the Commission.  
- Yes

3) The CITY/Lessee certifies that neither it nor any other party to the Application/Notification is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C § 862, because of a conviction for possession or distribution of a controlled substance (See Section 1.2002(b) of the rules, 47 CFR § 1.2002(b), for the definition of “party to the application” as used in this certification.)  
- Yes

4) The CITY/Lessee hereby accepts Commission oversight and enforcement consistent with the license and lease authorization. The Lessee acknowledges that it must cooperate fully with any investigation or inquiry conducted either by the Commission or the Licensee, allow the Commission or the Licensee to conduct on-site inspections of transmission facilities, and suspend operations at the direction of the Commission or the Licensee and to the extent that such suspension of operation would be consistent with applicable Commission policies.  
- Yes

5) The CITY/Lessee acknowledges that in the event an authorization held by a Licensee that has associated with it a spectrum leasing arrangement that is the subject of this filing is revoked, cancelled, terminated, or otherwise ceases to be in effect, the CITY/Lessee will have no continuing authority to use the leased spectrum and will be required to terminate its operations no later than the date on which the Licensee ceases to have any authority to operate under the license, unless otherwise authorized by the Commission.  
- Yes

6) The CITY/Lessee agrees the Lease shall not be assigned to any entity that is not eligible or qualified to enter into a spectrum leasing arrangement under the Commission’s Rules and Regulations.  
- Yes

7) The CITY/Lessee waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by spectrum lease or otherwise.  
- Yes

8) The CITY/Lessee certifies that it is not in default on any payment for Commission licenses and that it is not delinquent on any non-tax debt owed to any federal agency.  
- Yes

The CITY/Lessee certifies that all of its statements made in this Application/Notification and in the schedules, exhibits, attachments, or documents incorporated by reference are material, are part of this Application/Notification, and are true, complete, correct, and made in good faith. The CITY/Lessee shall notify Sensus in writing in the event any information supplied on this form changes.

**CITY of Palo Alto**

By:  
Name:  
Date:

FAILURE TO SIGN THIS APPLICATION MAY RESULT IN DISMISSAL OF THE APPLICATION AND FORFEITURE OF ANY FEES PAID.

WILLFUL FALSE STATEMENTS MADE ON THIS FORM OR ANY ATTACHMENTS ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. Code, Title 18, Section 1001) AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)) AND/OR FORFEITURE (U.S. Code Title 47, Section 503).
1. Equipment.
   A. Purchase of Equipment.
      i. Equipment. CITY will purchase from Sensus the quantities and types of Field Devices, RF Field Equipment, and other goods (collectively, “Equipment”) set forth in Exhibit C at the prices set forth in Exhibit C.
      ii. First Article Testing. Prior to manufacture of full order of FlexNet electric meters and/or modules, Sensus shall manufacture and deliver four (4) samples, or other CITY-designated quantity not to exceed twelve (12), (the “First Articles”) of each electric meter and/or module ordered to CITY to ensure that the meter and/or module meets the CITY’s Requirements Documentation. Following CITY acceptance of the First Articles in accordance with Sensus’ first article process, Sensus will commence manufacture of the applicable meters and/or modules. As used herein, Requirements Documentation shall mean the meter order packet, nameplate definition and approval, manufacturing data file, specific metrology configuration, specific FlexNet configuration, and labeling information.
      iii. Delivery. Customer shall pay for delivery of the Equipment from Sensus’ or Sensus’ contracted manufacturers’ factory to Sensus’ subcontractor’s warehouse. All Equipment is shipped FOB CITY’s designated ship to location (Incoterms 2020) prepay freight and add. Notwithstanding the foregoing, title to, and property in, Equipment will pass to CITY upon acceptance. CITY must provide notice to Sensus within fifteen (15) calendar days from delivery of Equipment shipments that are not deemed as accepted due to a failure to meet the agreed upon specifications; otherwise shipments shall be deemed as successfully accepted by CITY. Risk of Loss to the Equipment shall also pass to CITY upon acceptance.
      iv. Project Number. CITY shall include the Sensus project number on all Purchase Orders. Orders submitted to Sensus may not be canceled or amended, or deliveries deferred, by City except with Sensus’ prior written consent, such consent not to be unreasonably withheld.
      v. Equipment Warranties. The Equipment purchased directly from Sensus is warranted as set forth in this subsection (v).
         (a) Sensus warrants its water metering equipment and gas SmartPoint Modules according to the terms and conditions (including all limitations and exclusions) in the Sensus G-500 warranty, attached to this Agreement as Exhibit F-2 (“G-500 Warranty”). To the extent the terms of the G-500 Warranty conflict with the terms in this Agreement, the terms of this Agreement shall control.
         (b) Sensus warrants all other goods, software, and services, except for the water metering equipment and gas SmartPoint Modules, according to the terms and conditions (including all limitations and exclusions) in the Sensus Limited Warranty, attached to this Agreement as Exhibit F-4 (“General Limited Warranty”). To the extent the terms of the General Limited Warranty conflict with the terms in this Agreement, the terms of this Agreement shall control.
      vi. Equipment Services Warranty. Sensus represents and warrants that: (a) Sensus and its applicable subcontractors will perform all services in a timely, professional and workmanlike manner in compliance with this Agreement and with a level of care, skill, practice and judgment consistent with generally recognized industry standards and practices for similar services, using personnel with the requisite skill, experience and qualifications, will devote adequate resources, and be responsible for its own means and methods to meet its obligations under this Agreement; and (b) for a period of twelve (12) months from the date of installation, Field Devices installed by Sensus’ subcontractor at the premise of Customer’s End Users will remain free from any defects in workmanship and any such material which is supplied by the subcontractor during the installation services. Sensus or Sensus’ subcontractor shall repair (or cure the defect) for any breach of the foregoing warranties.
   B. Limitations and Exclusions. THE WARRANTIES IN THIS SECTION 1 ARE THE ONLY WARRANTIES GIVEN WITH RESPECT TO THE GOODS, SOFTWARE LICENSES, AND SERVICES SOLD OR OTHERWISE PROVIDED BY SENSUS. SENSUS EXPRESSLY DISCLAIMS ANY AND ALL OTHER REPRESENTATIONS, WARRANTIES AND/OR CONDITIONS, EXPRESSED, IMPLIED, STATUTORY OR OTHERWISE REGARDING ANY MATTER IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT AND TITLE.
   C. Ongoing Maintenance of Equipment.
      i. Field Devices. CITY shall be responsible for the ongoing maintenance of the Field Devices. CITY shall provide the field services labor to visit a problem Field Device and perform diagnostics and repair or replacement. For electricity products, CITY shall first test and confirm that each socket to which a Field Device will be connected is in safe operating condition, is fully functional, is not corroded, does not contain improperly installed jaws or other deficiencies, complies with ANSI standards, and is not hot, damaged, or otherwise in need of maintenance or repair.
      ii. RF Field Equipment. CITY shall be responsible for the ongoing maintenance of the RF Field Equipment. CITY shall be responsible for the ongoing monthly operations and expenses related to the RF Field Equipment, including any leasing costs, construction costs, taxes and costs of WAN Backhaul. CITY shall pay for electric power to the RF Field Equipment.

2. Services.
   A. Installation of Equipment.
      i. Generally. The parties shall have their respective obligations for the deployment and operation of the FlexNet System as set forth in the Statement of Work attached as Exhibit D.
      ii. Field Devices. Sensus shall install the Field Devices at End Users’ premise or other location as applicable for the pricing set forth in Exhibit C. For electricity products, CITY shall first test and confirm that each socket to which a Network Device will be connected is in safe operating condition, is fully functional and is not “hot”, damaged or in need of maintenance or repair.
      iii. RF Field Equipment. Sensus shall perform the propagation analysis in the Service Territory to determine where to locate the RF Field Equipment. For the prices set forth in Exhibit C, Sensus, or its subcontractor, shall perform Sensus’ obligations in Exhibit D with regards to the RF Field Equipment installation. CITY shall perform CITY’s obligations in Exhibit D with regards to the RF Field Equipment installation.
      iv. Prevailing Wages and DIR Registration for Public Works. The Equipment installation work outlined in Exhibit D, Sections 3.3 through 3.9, is subject to prevailing wages and related requirements as a “public works” under California Labor Code Sections 1720 et seq, and related regulations. Sensus is required to pay general prevailing wages as defined in California Labor Code Section 1773.1 and Subchapter 3, Title 8 of the California Code of Regulations
v. **Claims Procedure for “9204 Public Works Projects”**. For purposes of this Section, a “9204 Public Works Project” means the erection, construction, alteration, demolition, repair or maintenance, including but not limited to the obligations to register with, and furnish certified payroll records directly to, DIR.

vi. **Performance Bond and Payment Bond Requirements.** Sensus shall provide a performance bond and a payment bond for the Equipment installation services set forth in Exhibit D, Statement of Work, Sections 3.3 through 3.9, according to the terms outlined below and as set forth in Exhibit O, Performance and Payment Bond for Installation Services.

   (a) Within ten (10) days after the issuance of the notice to proceed with the Equipment installation services, and prior to commencing those services, SENSUS shall provide to CITY a payment bond and a performance bond, each in the penal sum of 100% of the total payment due for the Equipment installation services set forth in Exhibit D, Sections 3.3 through 3.9, as specified in Exhibit C, Pricing. Each bond shall be in substantially the same form as contained in Exhibit O, Performance and Payment Bond for Installation Services, and shall be signed by the authorized representatives for Sensus and its bond surety and properly notarized. If CITY determines that any bond required hereunder is insufficient based on failure to comply with the requirements set forth herein, the bond shall be replaced within ten (10) days by a bond that fully complies with the requirements of this Section. Likewise, if the issuing surety cancels a bond or becomes insolvent, within ten (10) days, Sensus must substitute an acceptable admitted surety and provide a replacement bond. No further payments to Sensus for Equipment installation services performed pursuant to Exhibit D shall be made or due until Sensus has fully complied with the requirements of this Section.

   (b) The payment bond must fully comply with the requirements California Civil Code section 9550 et seq. The performance bond shall remain in effect for the duration of the period required for the Equipment installation services provided pursuant to Exhibit D, and shall assure faithful performance of all Sensus’ obligations with regard to those installation services, including, without limitation, all obligations that survive expiration or termination of this Agreement, including, but not limited to Sensus’ warranty and indemnity obligations.

   (c) If the total amount of compensation due to Sensus for the Equipment installation services is increased by five percent (5%) or more over the original amount set forth in Exhibit C for those services, Sensus shall promptly furnish such additional security as may be required by CITY, which may include supplemental or replacement bonds, to protect CITY’s interests and those interests of persons or firms eligible to submit a claim for payment pursuant to section 9100 of the California Civil Code.

   (d) Each bond surety must have a current A.M. Best A VII rating and must be an admitted surety subject to the provisions of Code of Civil Procedure Section 965.610 et seq.

   (e) CITY agrees to reimburse Sensus annually for its direct costs to provide the bonds required herein (not to exceed 2.75% of the total payment due by City for the equipment installation services).

   (f) Each bond shall name CITY as obligee.

   (g) Modifications to the requirements for Equipment installation services set forth in Exhibit D, Sections 3.3 through 3.9, including change orders or field orders, which operate to modify the compensation due for those services in Exhibit C, shall in no way release or exonerate Sensus or its sureties from their obligations and notice thereof is waived by its sureties.

   (h) CITY and its authorized representatives may communicate with Sensus’ sureties with respect to matters that are related to Sensus’ performance of its obligations pursuant to Exhibit D of the Agreement. Such communications shall not create or be interpreted as creating any contractual relationship between CITY or any such surety.

B. **IT Systems Integration Services.** Integration of the Software into CITY’s new or existing internal IT systems is included in this Agreement as set forth in Exhibit D for the prices listed in Exhibit C.

C. **Technical Support.** Sensus shall provide CITY the technical support set forth in Exhibit B.

D. **Project Management.** Project management of the FlexNet System is included in this Agreement as set forth in Exhibit D for the prices listed in Exhibit C.

E. **Training.** Training on the use of the FlexNet System is included in this Agreement as set forth in Exhibit D for the prices listed in Exhibit C.

F. **Optional Network Performance Assurance Services.** Sensus shall provide CITY with the Network Performance Assurance Services as set forth in Exhibit N for the prices listed in Exhibit C only if CITY provides written notice to Sensus of its desire to receive said services six (6) months prior to the expected date of delivery of such services.
3. Software.
   A. **Software as a Service (SaaS).** Sensus shall provide CITY with Software as a Service, as defined in Exhibit A, only so long as CITY is current in its payments for such services.
   B. **UCITA.** To the maximum extent permitted by law, the Parties agree that the Uniform Computer Information Transaction Act as enacted by any state shall not apply, in whole or in part, to this Agreement.

   A. **Definitions in this Section 4.** In this Section 4 only, "Sensus" shall mean Sensus USA Inc. and its wholly owned subsidiary, Sensus Spectrum LLC.
   B. **Spectrum Lease.** Sensus hereby grants to CITY, and CITY accepts, a spectrum manager lease ("Spectrum Lease") over the frequencies of certain FCC license(s) ("FCC License") solely within CITY’s Service Territory. (The frequencies of the FCC License within CITY’s geographic Service Territory are called the “Leased Spectrum”). CITY shall pay the Ongoing Fees for use of the Leased Spectrum.
   C. **FCC Forms.** At the Federal Communications Commission ("FCC"), Sensus will; (1) obtain an FCC Registration Number ("FRN") for CITY; (2) submit on behalf of CITY the FCC Form 602 Ownership Disclosure Information if CITY has not already done so; and (3) file a FCC Form 608, notification/application for long-term spectrum manager lease. This Lease becomes effective when the FCC accepts the FCC Form 608.
   D. **Lease Application.** In order to complete the FCC lease application, CITY will promptly:
      i. Complete and sign the representations in Part 1 of this Agreement such that CITY demonstrates it qualifies for a spectrum lease under FCC rules. CITY’s signature will indicate that CITY authorizes Sensus to; (1) obtain a FRN on behalf of CITY; (2) submit the FCC Form 602 Ownership Disclosure Information on behalf of CITY if CITY has not already done so; and (3) file the spectrum manager lease notification on FCC Form 608 with the CITY as spectrum lessee.
      ii. Give Sensus the coordinates of the boundaries of CITY’s Service Territory or, alternatively, approve Sensus’ estimation of the same.
      iii. If CITY has not already done so; CITY hereby authorizes Sensus to apply on CITY’s behalf and obtain for CITY a Federal Registration Number (FRN, the FCC’s unique identifier for each licensee) and shall supply Sensus with CITY’s Taxpayer Identification Number ("TIN”).
      iv. Provide any other information or other cooperation reasonably necessary for the Parties to perform as set forth herein.
   E. **Permitted Use of Spectrum Lease.** CITY may transmit or receive over the Leased Spectrum only in the Service Territory and only using FlexNet equipment manufactured by Sensus and used in accordance with Sensus’ specifications. CITY may use the Leased Spectrum only to read and direct meters in support of the Permitted Use of Spectrum Lease.
   F. **Infringement Indemnity.** Provided hereunder infringes upon the patents, copyrights, trade secrets, trademarks, or other recognized right in intellectual property of such third party, Sensus will be responsible for CITY’s compliance with FCC policies and rules. Sensus is responsible for engineering the FlexNet equipment and accompanying software and other programs to comply with FCC rules. CITY will operate the FlexNet equipment subject to Sensus’ supervision and control and solely in accordance with Sensus’ specifications. Sensus retains the right to inspect CITY’s radio operations hereunder and to terminate this Agreement or take any other necessary steps to resolve a violation of FCC rules, including to order CITY to cease transmission. Sensus will act as spectrum manager in assigning spectrum under the FCC License so as to avoid any harmful interference or other violation of FCC rules. Sensus will be responsible for resolving any interference complaints or other FCC rule violations that may arise; and
   G. **Term of Spectrum Lease.** Unless terminated earlier (because, for example, CITY stops using the FlexNet equipment or because this Agreement terminates or expires for any reason), this Spectrum Lease will have the same term as the FCC license. If CITY is operating in compliance with this Agreement and is current on any payments owed to Sensus, when the FCC license renews, the Parties will apply to the FCC to renew this Spectrum Lease.
   H. **FCC Compliance.** The following FCC requirements apply:
      i. Pursuant to 47 CFR 1.9040(a):
         a. CITY must comply at all times with applicable FCC rules. This Agreement may be revoked by Sensus or the FCC if CITY fails to so comply;
         b. If the FCC License is terminated, CITY has no continuing right to use the Leased Spectrum unless otherwise authorized by the FCC;
         c. This Agreement is not an assignment, sale or other transfer of the FCC License;
         d. This Agreement may not be assigned except upon written consent of Sensus, which consent may be withheld in its discretion; and
         e. In any event, Sensus will not consent to an assignment that does not satisfy FCC rules.
      ii. The FCC issues a license that may arise; and
         a. Sensus will be responsible for CITY’s compliance with FCC policies and rules. Sensus is responsible for engineering the FlexNet equipment and accompanying software and other programs to comply with FCC rules. CITY will operate the FlexNet equipment subject to Sensus’ supervision and control and solely in accordance with Sensus’ specifications. Sensus retains the right to inspect CITY’s radio operations hereunder and to terminate this Agreement or take any other necessary steps to resolve a violation of FCC rules, including to order CITY to cease transmission. Sensus will act as spectrum manager in assigning spectrum under the FCC License so as to avoid any harmful interference or other violation of FCC rules. Sensus will be responsible for resolving any interference complaints or other FCC rule violations that may arise; and
         b. CITY must notify Sensus by sending an email to legal@xyleminc.com. CITY may not pause or discontinue operations for more than 180 days.
   I. **Interference.** CITY agrees to report to Sensus promptly, and in no event later than 72 hours afterward, any incident related to the Leased Spectrum, including where CITY experiences harmful interference, receives a complaint or other notice of having caused harmful interference, or receives any type of communication from the FCC or other government agency regarding radio transmission.

5. **General Terms and Conditions.**
   A. **Payment.** All payment and pricing is subject to the terms in Exhibit C.
   B. **Indemnity.**
      i. **Infringement Indemnity.** Sensus shall indemnify, hold harmless, and defend CITY from and against any claim, judgment by a court of competent jurisdiction, or settlement reached from any litigation instituted against CITY in the United States by a third party which alleges that the FlexNet System provided hereunder infringes upon the patents, copyrights, trade secrets, trademark, or other recognized right in intellectual property of such third party, provided that Sensus shall have the right to select counsel in such proceedings and control such proceedings; however, Sensus will not settle a claim or consent to the entry of any judgment that solely names CITY as a Sensus customer defendant without CITY’s consent except where the judgement or proposed settlement involves only the payment of money damages by Sensus, does not impose any obligation upon the CITY, and Sensus obtains a full
and complete release of CITY. Notwithstanding the foregoing, Sensus shall have no liability under this indemnity unless CITY provides Sensus with written notice of any claim hereunder within twenty (20) business days of receiving it. CITY agrees to reasonably cooperate with and assist Sensus in any such proceedings. Further, Sensus shall have no liability hereunder if such claim is related to: (i) any change, modification or alteration made to the FlexNet System by CITY or a third party, (ii) use of the FlexNet System in combination with any goods or services not provided by Sensus hereunder, (iii) CITY’s failure to use the most recent version of the Software provided by Sensus or to otherwise take any corrective action as reasonably directed by Sensus, (iv) compliance by Sensus with any designs, specifications or instructions provided by CITY, provided that Sensus first advises CITY in writing why such designs, specifications, or instructions are not advised, (v) use of the FlexNet System that is materially other than for the Permitted Use. In the event the FlexNet System is adjudicated to infringe the intellectual property rights of a third party and its use is enjoined, or, if in the reasonable opinion of Sensus, the FlexNet System is likely to become the subject of an infringement claim, Sensus, at its sole discretion and expense, may: (i) procure for CITY the right to continue using the FlexNet System or (ii) modify or replace the FlexNet System so that it becomes non-infringing provided the modified or replacement FlexNet System is functionally equivalent to the original FlexNet System contemplated under this Agreement. If neither of the foregoing options is reasonably available to Sensus, in its sole discretion, then CITY may terminate the Agreement and CITY shall be entitled to a prorated refund of any prepaid Ongoing Fees calculated as of the effective date of the Agreement’s termination. THIS SECTION STATES CITY’S SOLE AND EXCLUSIVE REMEDY AND SENSUS’ ENTIRE LIABILITY FOR ANY CLAIM OF INFRINGEMENT.

ii. General Indemnification. Sensus shall defend, indemnify, and hold harmless the CITY, its parent, subsidiaries, affiliates, and its directors, officers, agents, representatives, contractors, employees, successors and assigns from and against costs, expenses, damages, suits, actions, liabilities, losses and judgements, arising from third party claims for actual damages for personal injuries (including death) and tangible property damage, to the extent such third party claims arise from Sensus or Sensus’ subcontractor’s negligent acts or omissions or willful misconduct during the performance of this Agreement.

C. Limitation of Liability.

i. SENSUS LIMITATION OF LIABILITY. SENSUS’ AGGREGATE LIABILITY IN ANY AND ALL CAUSES OF ACTION ARISING UNDER, OUT OF OR IN RELATION TO THIS AGREEMENT, ITS NEGOTIATION, PERFORMANCE, BREACH OR TERMINATION (COLLECTIVELY “CAUSES OF ACTION”) SHALL NOT EXCEED THE TOTAL AMOUNT PAID BY CUSTOMER DIRECTLY TO SENSUS UNDER THIS AGREEMENT. THIS IS SO WHETHER THE CAUSES OF ACTION ARE IN TORT, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE OR STRICT LIABILITY, IN CONTRACT, UNDER STATUTE OR OTHERWISE. SENSUS’ LIABILITY LIMIT SET FORTH HEREIN SHALL NOT APPLY TO (1) DAMAGES CAUSED BY SENSUS’ GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, (2) SENSUS’ OBLIGATIONS TO INDEMNIFY AND DEFEND THE CITY UNDER THIS AGREEMENT, (3) LIMIT CLAIMS OR GENERAL DAMAGES THAT FALL WITHIN THE INSURANCE COVERAGE REQUIREMENTS OF THIS AGREEMENT, (4) WRONGFUL DEATH CAUSED BY SENSUS. AS SEPARATE AND INDEPENDENT LIMITATIONS ON LIABILITY, SENSUS’ LIABILITY SHALL BE LIMITED TO DIRECT DAMAGES. IN NO EVENT SHALL SENSUS BE LIABLE TO CITY, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES OR FOR: (I) ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES; NOR ANY OTHER PROVISION OF THIS AGREEMENT, NOR (II) ANY REVENUE OR PROFITS LOST BY CITY OR ITS AFFILIATES FROM ANY END USER(S), IRRESPECTIVE WHETHER SUCH LOST REVENUE OR PROFITS IS CATEGORIZED AS DIRECT DAMAGES OR OTHERWISE; NOR (III) ANY IN/OUT COSTS, NOR (IV) MANUAL METER READ COSTS AND EXPENSES; (V) DAMAGES ARISING FROM MAINCASE OR BOTTOM PLATE BREAKAGE CAUSED BY FREEZING TEMPERATURES, WATER HAMMER CONDITIONS, OR EXCESSIVE WATER PRESSURE; (IV) DAMAGES ARISING FROM EQUIPMENT STRIKING THE METER AND DAMAGING THE METER IN ANY WAY, OVER RANGE CAPACITY USAGE, EXCESSIVE GAS PRESSURE ABOVE ALLOWABLE OPERATING PRESSURE; (V) ANY DAMAGE OF ANY KIND, WHETHER TO THE GAS METER OR OTHERWISE, ARISING FROM THE USE OF GAS METERS WITH ERODING, CORROSIVE, OR POTENTIALLY FREEZING LIQUIDS OR GASES. THE LIMITATIONS ON LIABILITY SET FORTH IN THIS AGREEMENT ARE FUNDAMENTAL INDUCEMENTS TO SENSUS ENTERING INTO THIS AGREEMENT. THEY APPLY UNCONDITIONALLY AND IN ALL RESPECTS. THEY ARE TO BE INTERPRETED BROADLY SO AS TO GIVE SENSUS THE MAXIMUM PROTECTION PERMITTED UNDER LAW.

ii. CITY LIMITATION OF LIABILITY. CITY’S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN EXHIBIT C OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT TO THE CONTRARY, EXCEPT FOR THE TERMINATION/SUSPENSION COSTS OUTLINED IN SECTION 5(X)(iii) BELOW, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

D. Termination. Either party may terminate this Agreement earlier if the other party commits a material breach of this Agreement and such material breach is not cured within forty-five (45) days of written notice by the other party. In the event that any particular breach cannot reasonably be cured within such forty-five (45) day period, provided the party in breach is exerting continuous, good faith efforts to cure the breach, the forty-five (45) day period shall toll for so long as such efforts continue. Upon any expiration or termination of this Agreement, Sensus’ and CITY’s obligations hereunder shall cease and the software as a service and Spectrum Lease shall immediately cease.

i. In the event of Agreement termination, Sensus will be paid for the Services rendered and Equipment delivered to CITY in accordance with the Agreement up and until the termination effective date; provided, however, if this Agreement is terminated on account of a default by CITY, CITY will be obligated to compensate Sensus only for that portion of Sensus’ Services provided in material conformity with this Agreement as such determination is made by the CITY Manager acting in the reasonable exercise of his/her discretion.

ii. The following Sections will survive any expiration or termination of this Agreement: Section 1(A)(v-vii), Section 1(B), Section 2(A)(v), Section 5(B), Section 5(C), Section 5(D)(i-ii), Section 5(F), Section 5(G), Section 5(H), Section 5(J), Section 5(M), Section 5(T), Section 5(X), Section 5(AA).

E. Force Majeure. If either party becomes unable, either wholly or in part, by an event of Force Majeure, to fulfill its obligations under this Agreement, the obligations affected by the event of Force Majeure will be suspended during the continuance of that inability. The party affected by the force majeure will take reasonable steps to mitigate the Force Majeure.


i. Software and Materials. No Intellectual Property is assigned to CITY hereunder. Excluding CITY Data, Sensus shall own or continue to own all right, title,
and interest in and to the Intellectual Property associated with the Software and related documentation, including any derivations and/or derivative works (the “Sensus IP”). To the extent, if any, that any ownership interest in and to such Sensus IP does not automatically vest in Sensus by virtue of this Agreement or otherwise, and instead vests in CITY, CITY agrees to grant and assign and hereby does grant and assign to Sensus all right, title, and interest that CITY may have in and to such Sensus IP. CITY agrees not to reverse engineer any Sensus Products purchased or provided hereunder.

ii. CITY Data. Notwithstanding the prior paragraph, as between CITY and Sensus, CITY remains the owner of all right, title or interest in or to any CITY Data. “CITY Data” means solely usage data collected by the Field Devices. To avoid doubt, CITY Data does not include non-End User usage data collected by the Field Devices, Software, or FlexNet System, such as network and equipment status information or the like.

iii. Consent to Use of CITY Data. CITY hereby grants to Sensus a royalty-free, non-exclusive, irrevocable right and license to access, store, and use such CITY Data and any other data or information provided to Sensus, to (1) provide the Service; (2) analyze and improve the Service; (3) analyze and improve any Sensus or affiliate equipment, software, or service; or (4) for any other internal use, provided that the CITY Data is anonymized and aggregated. As used herein, “Service” means Sensus’ obligations under this Agreement.

iv. Copy of CITY Data. Upon CITY’s written request, Sensus will provide CITY a quote to deliver a CMEP file consisting of the most recent 60 days of CMEP interval file data. Sensus will deliver the CMEP file in accordance with the quote upon CITY’s acceptance of the quote.

G. Data Privacy.

i. CITY acknowledges that Sensus and its Affiliates (collectively, “Xylem”) will collect and process personal data for the purposes outlined in this Agreement. Xylem’s data privacy policy is as set forth in Exhibit K. CITY acknowledges that it has read and understood Xylem’s privacy policy and agrees to the use of personal data outlined therein. The collection and use of personal data by CITY is CITY’s responsibility.

ii. This Agreement is also subject to the terms and conditions of the CITY’s Cybersecurity Terms and Conditions as set forth in Exhibit L.

H. Confidentiality.

i. In the performance of this Agreement, Sensus may have access to CITY’s Confidential Information (defined below). Sensus will hold CITY’s Confidential Information in strict confidence, not disclose it to any third party, and will use it only for the performance of its obligations to CITY under this Agreement and for no other purpose. Sensus will maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the security, confidentiality and integrity of CITY’s Confidential Information. Notwithstanding the foregoing, Sensus may disclose CITY’s Confidential Information to its employees, agents and subcontractors, if any, to the extent they have a need to know in order to perform Sensus’ obligations to CITY under this Agreement and for no other purpose, provided that the Sensus informs them of, and requires them to follow, the confidentiality and security obligations of this Agreement.

ii. “CITY Confidential Information” means all data, information (including without limitation “Personal Information” about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to Sensus by CITY, directly or indirectly, pursuant to this Agreement.

iii. Except as may be required under applicable law, court order, or regulation, or to the extent required to perform and enforce this Agreement, both parties shall (and shall cause their employees and contractors to) keep all Confidential Information (defined in the Definitions Section of this Agreement) strictly confidential and shall not disclose it to any third party. The Confidential Information may be transmitted orally, in writing, electronically or observed in public or filed by Sensus. Notwithstanding any provision in this Agreement to the contrary, Sensus will indemnify and hold harmless CITY for any and all costs and expenses of enforcing Sensus’ rights under this Agreement.

iv. CITY Confidential Information and Confidential Information excludes information that: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a party’s breach of this Agreement; (ii) was rightfully in a party’s possession free of any obligation of confidence prior to receipt of CITY Confidential Information and/or Confidential Information; (iii) is rightfully obtained by a party from a third party without breach of any confidentiality obligation outlined this Agreement; (iv) is independently developed by employees of Sensus or the CITY without any use of or access to the CITY Confidential Information or Confidential Information; or (v) Sensus has written consent to disclose CITY Confidential Information or Confidential Information signed by an authorized representative of the disclosing party.

v. Notwithstanding the foregoing, Sensus may disclose CITY Confidential Information to the extent required by order of a court of competent jurisdiction or governmental body, provided that Sensus will notify CITY in writing of such order immediately upon receipt and prior to any such disclosure (unless Sensus is prohibited by law from doing so), to give CITY an opportunity to oppose or otherwise respond to such order.

vi. Sensus will notify CITY promptly upon learning of any breach in the security of its systems or unauthorized disclosure of, or access to, CITY Confidential Information in its possession or control, and if such CITY Confidential Information consists of Personal Information, Sensus will provide information to CITY sufficient to meet the notice requirements of Civil Code Section 1798 et seq., as applicable, as amended from time to time.

vii. Prior to or upon termination or expiration of this Agreement, Sensus will honor any request from the CITY to return or securely destroy all copies of CITY Confidential Information except for CITY Confidential Information considered to be anonymized and aggregated CITY Data as outlined in Section 5(F) above.

viii. Notwithstanding anything else to the contrary contained in this Agreement, CITY hereby acknowledges and expressly agrees, that CITY is subject to the California Public Records Act (Gov. Code Section 6250 et seq., as amended from time to time) and is required, upon request, to disclose information, unless such information is protected from disclosure. CITY shall notify Sensus within five (5) business days of receiving a request under the applicable laws for any records which would constitute Confidential Information and, to the extent allowed by law, CITY shall apply exceptions to disclosure of the Confidential Information that are applicable. If a suit is filed by a member of the public with respect to any such request, CITY will cooperate in any action to intervene filed by Sensus. Notwithstanding any provision in this Agreement to the contrary, Sensus will indemnify and hold harmless CITY for any and all costs and attorneys’ fees awarded to a prevailing plaintiff, arising out of or related to a suit which results from CITY’s actions, taken at Sensus’ request, in compliance with this provision in protecting the Confidential Information from public disclosure. Whether or not there is a request or demand of any third party not a Party to this Agreement (the “Requestor”) for the production, inspection and/or copying of information designated by CITY as Confidential Information, Sensus shall be solely responsible for taking whatever legal steps CITY deems necessary to protect information deemed by it to be Confidential Information and to prevent release of information to the Requestor (including the release of such information by Sensus). Under no circumstances will Sensus be permitted to comply with the Requestor’s request for disclosure of such Confidential Information that CITY deems confidential and not intended for disclosure to the general public, or otherwise publicly disclose the Confidential Information to any person not authorized by law to receive such information.

ix. Compliance with Laws. Both parties shall comply with all applicable country, federal, state, and local laws and regulations, as set forth at the time of acceptance and as may be amended, changed, or supplemented. Neither party shall take any action or permit the taking of any action by a third party, which may render the other party liable for a violation of applicable laws. Sensus shall procure all permits and licenses, pay all applicable charges and fees, and give all notices
required by law in the performance of the Services.

i. **Export Control Laws.** CITY shall; (i) comply with all applicable U.S. and local laws and regulations governing the use, export, import, re-export, and transfer of products, technology, and services. By ordering equipment, software or services, CITY certifies that it is not on any U.S. government export exclusion list.

ii. **Anti-Corruption Laws.** CITY shall comply with the United States Foreign Corrupt Practices Act (FCPA), 15 U.S.C. §§ 78dd-1, et seq.; and any other applicable laws and regulations relating to anti-corruption in the CITY’s county or any country where performance of this Agreement, or delivery or use of equipment, software or services will occur.

J. **Non-Waiver of Rights.** A waiver by either party of any breach of this Agreement or the failure or delay of either party to enforce any of the articles or other provisions of this Agreement will not in any way affect, limit or waive that party’s right to enforce and compel strict compliance with the same or other articles or provisions.

i. **No Implied Waiver.** No payment, partial payment, acceptance, or partial acceptance by CITY shall operate as a waiver on the part of CITY of any of its rights under this Agreement. Moreover, any waiver by either party of any breach of this Agreement shall be in writing and shall not constitute a continuing waiver.

K. **Assignment and Sub-contracting.**

i. The parties agree that the expertise and experience of Sensus are material considerations for CITY entering into this Agreement. Sensus shall not assign the performance of any of SENSUS’ obligations hereunder without the prior written consent of the CITY. Consent to one assignment will not be deemed to be consent to any subsequent assignment. Any assignment made without the approval of the CITY shall be void. Notwithstanding the foregoing, either party may assign, transfer, or delegate this Agreement by providing formal written notice to the other party but without requiring the other party's consent; (i) to an Affiliate; (ii) as part of a merger; or (iii) to a purchaser of all or substantially all of its assets. Apart from the foregoing, neither party may assign, transfer or delegate this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld.

ii. CITY agrees that subcontractors may be used to complete the Services. Sensus shall be responsible for directing the work of any subcontractors and for any compensation due to subcontractors. CITY assumes no responsibility whatsoever concerning compensation of subcontractors. Sensus shall be fully responsible to CITY for all acts and omissions of subcontractors. Sensus shall change or add subcontractors only with the prior written approval of the CITY.

L. **Amendments.** No alteration, amendment, or other modification shall be binding unless in writing and signed by the duly authorized representatives of both CITY and Sensus.

M. **Governing Law and Dispute Resolution.** This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Any and all disputes arising under, out of, or in relation to this Agreement, its negotiation, performance or termination ("Disputes") shall first be resolved by mediation between the Parties. TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE PARTIES AGREE TO A BENCH TRIAL AND THAT THERE SHALL BE NO JURY IN ANY DISPUTES. In the event that an action is brought, the parties agree that the venue for any trial will be in the state courts of California, in the County of Santa Clara, State of California.

N. **Acknowledgement of Events.** The parties acknowledge that this Agreement is being entered into in the context of a pandemic (known as the COVID-19 pandemic), which has the potential to cause disruptions and delays to the work beyond the Parties’ reasonable control. The Parties agree that an actual delay directly required by compliance with COVID-19 governmental orders or regulations, and not due to fault or negligence of the SENSUS, may be considered an excusable delay (as below) in accordance with this section. SENSUS may be entitled to an equitable adjustment in schedule in the event such COVID-19-related delays occur, but only to the extent reasonably required based upon the circumstances, as agreed in writing by the CITY’s Project Manager. A COVID-19-related excusable delay will not be a default or a ground for termination for cause of the Agreement, provided that the SENSUS provides the CITY with prompt and detailed notice of the COVID-19-related delay as soon as is reasonably feasible under the circumstances and uses reasonable efforts to overcome the effects of such delay as promptly as reasonably feasible under the circumstances. Notwithstanding the above provisions of this Section, in the event of a period of nonperformance by SENSUS lasting more than thirty (30) days due to a COVID-19-related delay, CITY may elect to terminate this Agreement pursuant to its termination rights outlined in Section 5(D) above. The parties shall work, in good faith, to make any reasonable adjustments that may be required as a result of COVID-19.

O. **Severability.** In the event any provision of this Agreement is held to be void, unlawful or otherwise unenforceable, that provision will be severed from the remainder of the Agreement and replaced automatically by a provision containing terms as nearly like the void, unlawful, or unenforceable provision as possible; and the Agreement, as so modified, will continue to be in full force and effect.

P. **Four Corners.** This written Agreement, including all of its exhibits, represents the entire understanding between and obligations of the parties and supersedes all prior understandings, agreements, negotiations, and proposals, whether written or oral, formal or informal between the parties. Any additional writings shall not modify any limitations or remedies provided in the Agreement. There are no other terms or conditions, oral, written, electronic or otherwise. There are no implied obligations. All obligations are specifically set forth in this Agreement. Further, there are no representations that induced this Agreement that are not included in it. The only operative provisions are set forth in writing in this Agreement. Without limiting the generality of the foregoing, no purchase order placed by or on behalf of CITY shall alter any of the terms of this Agreement. The parties agree that such documents are for administrative purposes only, even if they have terms and conditions printed on them even if and when they are accepted and/or processed by Sensus. Any goods, software or services delivered or provided in anticipation of this Agreement (for e.g., as part of a pilot or because this Agreement has not yet been signed but the parties have begun the deployment) under purchase orders placed prior to the execution of this Agreement are governed by this Agreement upon its execution and it replaces and supersedes any such purchase orders.

Q. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Additionally, this Agreement may be executed by facsimile or electronic copies, all of which shall be considered an original for all purposes.

R. **PROJECT MANAGEMENT.**

i. Sensus will assign Wayne Schmieder as the Sensus Project Manager to have supervisory responsibility for the performance, progress, and execution of
the Services and represent Sensus during the day-to-day performance of the Services. If circumstances cause the substitution of the Sensus’ Project Manager or any other of Sensus’ key personnel for any reason, the appointment of a substitute Project Manager and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY’s Project Manager. SENSUS, at CITY’s request, shall promptly remove Sensus 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 Services or a threat to the safety of persons or property.

ii. CITY’s Project Manager is Dave Yuan, Utilities Administration Department, Palo Alto, California. 94301, Telephone: 650.329.2622. CITY’s Project Manager will be Sensus’ point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate Project Manager from time to time.

S. INDEPENDENT CONTRACTOR. Sensus acknowledges and agrees that Sensus and any agent or employee of Sensus will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which Sensus performs the Services requested by CITY under this Agreement. Sensus and any agent or employee of Sensus will not have employee status with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. Sensus will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers’ compensation, unemployment compensation, insurance, and other similar responsibilities related to Sensus’ performance of the Services, or any agent or employee of Sensus providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and SENSUS or any agent or employee of Sensus. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of Sensus’ provision of the Services only, and not as to the means by which such a result is obtained.

T. AUDITS. During the Term of the Agreement, and for four years thereafter, upon reasonable notice from CITY and during a mutually agreed upon date and time, Sensus shall provide CITY and its agents and representatives with access to records and supporting documentation so that CITY may audit the fees charged, or expenses reimbursed to Sensus, in order to determine that such fees are accurate and in accordance with this Agreement and that work charged was actually performed.

U. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS. Sensus shall use reasonable efforts to comply with the CITY’s Environmentally Preferred Purchasing policies, without impacting the cost of the Equipment and/or Services, as stated below and as attached as Exhibit M. Sensus shall comply with waste reduction, reuse, recycling and disposal requirements of 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, Sensus shall comply with the following Zero Waste requirements:

i. All printed materials provided by Sensus 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 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.

ii. Goods purchased by Sensus on behalf of CITY shall be purchased in accordance with 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 Department’s office.

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

V. CONFLICT OF INTEREST.

i. In executing this Agreement, Sensus 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. Sensus further covenants that, in the performance of this Agreement, it will not employ subcontractors or other persons or parties having such an interest. Sensus 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, as amended from time to time. Sensus agrees to notify CITY if any conflict arises.

ii. If the SENSUS meets the definition of a “Consultant” as defined by the Regulations of the Fair Political Practices Commission, SENSUS will file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act of 1974, as amended from time to time.

W. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE. Sensus shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the CITY, Sensus shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code Section 4.62.030 for each hour worked within the geographic boundaries of the CITY. In addition, Sensus shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code Section 4.62.060.

X. NON-APPROPRIATION. This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code, as amended from time to time. This Agreement may be suspended by the CITY without any penalty, upon seven (7) business days’ written notice to Sensus at the end of any fiscal year in the event that funds are not appropriated by the City of Palo Alto for the following fiscal year. If the CITY suspends the Agreement for a period longer than one hundred eighty (180) days, then on no later than the one hundred eighty-first day following the applicable noticed suspension, the CITY at its sole option shall either: (1) terminate the Agreement and pay the applicable termination costs outlined below or (2) execute a written change order with Sensus that has been negotiated during the applicable noticed suspension period. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

i. Non-Substitution. If the Agreement is terminated for non-appropriation, the CITY may not replace the FlexNet System with AMR or AMI technology from a different vendor for the remainder of the Term.

ii. Best Efforts. CITY staff responsible for the management of this Agreement shall use best efforts to obtain an appropriation in the full amount required under the Agreement, including the submission of budget requests each year that are sufficient to cover CITY’s payment obligations for the next fiscal year.

iii. Termination/suspension Costs: The termination and/or suspension costs encompass CITY’s liability for termination and/or suspension of the Agreement due to Non-Appropriation and are meant to cover Sensus’ actual and unavoidable costs, including but not limited to, work and materials applicable solely to
Definitions

A. "Affiliate" of a party means any other entity controlling, controlled by, or under common control with such party, where "control" of an entity means the ownership, directly or indirectly, of 50% or more of either: (i) the shares or other equity in such entity; or (ii) the voting rights in such entity.

B. "Available Meter" means an installed Sensus FlexNet meter (with a SmartPoint Module installed) or a Sensus SmartPoint Module which has been installed on a third party meter, and which, in either case, is not an Unavailable Meter (or on an Unavailable Meter in the case of SmartPoint Modules on third party meters) and which satisfies all of the following criteria: (i) it functions properly, is powered and is not a damaged or failed meter; (ii) it is in a deployment area of meters for CITY such that a sufficient number of two-way meters are in range of each other; (iii) it is serviced by RF Field Equipment that has not been subjected to a power failure greater than eight (8) total hours; (iv) neither it nor the RF Field Equipment that serves that meter has been affected by a Force Majeure event; (v) jamming of the radio spectrum is not preventing or interfering with radio communication to or from the meter; (vi) it is installed in the Service Territory; (vii) it has not been reported to CITY under Sensus' or CITY's preventative maintenance; (viii) its functioning or performance has not been adversely affected by a failure of CITY to perform its obligations or tasks for which it is responsible under this Agreement, including, but not limited to, testing and confirming that the socket to which the meter will be/is connected is in safe operating condition, is fully functional,
is not corroded, does not contain improperly installed jaws or other deficiencies, complies with ANSI standards, and is not hot, damaged, or otherwise in need of maintenance or repair; (ix) its functioning or performance has not been adversely affected by a failure or insufficiency of the back haul telecommunications network of CITY for communications among the components of the Sensus FlexNet System; and (x) it has been installed in compliance with the procedures and specifications approved by CITY and Sensus.

C. “Confidential Information” means any and all non-public information of either party, including all technical information about either party’s products or services, pricing information, marketing and marketing plans, CITY’s End Users’ data, FlexNet System performance, FlexNet System architecture and design, FlexNet System software, other business and financial information of either party, and all trade secrets of either party.

D. “End User” means any end user of electricity, water, and/or gas (as applicable) that pays CITY for the consumption of electricity, water, and/or gas, as applicable.

E. “Field Devices” means the SmartPoint Modules.

F. “FlexNet Base Station” identifies the Sensus manufactured device consisting of one transceiver, to be located on a tower that receives readings from the SmartPoint Modules (either directly or via an R100 unit) by radio frequency and passes those readings to the RNI by TCP/IP backhaul communication. For clarity, FlexNet Base Stations include Metro Base Stations.

G. “FlexNet System” is comprised of the SmartPoint Modules, RF Field Equipment, Server Hardware, software licenses, Spectrum Lease, and other equipment provided to CITY hereunder. The FlexNet System only includes the foregoing, as provided by Sensus. The FlexNet System does not include goods, equipment, software, licenses or rights provided by a third party or parties to this Agreement.

H. “Force Majeure” means an event beyond a party’s reasonable control, including, without limitation, acts of God, hurricane, flood, volcano, tsunami, tornado, storm, tempest, mudslide, vandalism, illegal or unauthorized radio frequency interference, strikes, lockouts, or other industrial disturbances, unavailability of component parts of any goods provided hereunder, acts of public enemies, wars, blockades, insurrections, riots, epidemics, earthquakes, fires, restraints or prohibitions by any court, board, department, commission or agency of the United States or any State, any arrests and restraints, civil disturbances and explosion.

I. “Hosted Software” means those items listed as an Application in Exhibit A.

J. “In/Out Costs” means any costs and expenses incurred by CITY in transporting goods between its warehouse and its End User’s premises and any costs and expenses incurred by CITY in installing, uninstalling and removing goods.

K. “Intellectual Property” means patents and patent applications, inventions (whether patentable or not), trademarks, service marks, trade dress, copyrights, trade secrets, know-how, data rights, specifications, drawings, designs, maskwork rights, moral rights, author’s rights, and other intellectual property rights, including any derivations and/or derivative works, as may exist now or hereafter come into existence, and all renewals and extensions thereof, regardless of whether any of such rights arise under the laws of the United States or of any other state, country or jurisdiction, any registrations or applications thereof, and all goodwill pertinent thereto.

L. “LCM” identifies the load control modules.

M. “Ongoing Fee” means the annual or monthly fees, as applicable, to be paid by CITY during the Term of this Agreement.

N. “Patches” means patches or other maintenance releases of the Software that correct processing errors and other faults and defects found previous versions of the Software. For clarity, Patches are not Updates or Upgrades.

O. “Permitted Use” means only for reading CITY’s Field Devices in the Service Territory. The Permitted Use does not include reading third devices not provided by Sensus or reading Field Devices outside the Service Territory.

P. “R100 Unit” identifies the Sensus standalone, mounted transceiver that takes the radio frequency readings from the SmartPoint Modules and relays them by radio frequency to the relevant FlexNet Base Station or directly to the RNI by TCP/IP backhaul communication, as the case may be.

Q. “Release” means both Updates and Upgrades.

R. “Remote Transceiver” identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them directly to the RNI by TCP/IP backhaul communication.

S. “RF Field Equipment” means, collectively, FlexNet Base Stations, R100 units (if any) and Remote Transceivers (if any).

T. “RNI” identifies the regional network interfaces consisting of hardware and software used to gather, store, and report data collected by the FlexNet Base Stations from the SmartPoint Modules. The RNI hardware specifications will be provided by Sensus upon written request from CITY.

U. “RNI Software” identifies the Sensus proprietary software used in the RNI and any Patches, Updates, and Upgrades that are provided to CITY pursuant to the terms of this Agreement.

V. “Service Territory” identifies the geographic area where CITY utilizes Sensus equipment to provide services to End Users as of the Effective Date. This area will be described on the propagation study in the parties’ Spectrum Lease filing with the FCC.

W. “Server Hardware” means the RNI hardware.

X. “SmartPoint™ Modules” identifies the Sensus transmission devices installed on devices such as electric, natural gas and water meters, distribution automation equipment and demand/response devices located at CITY’s End Users’ premises (e.g. LCM) that communicate with the relevant devices and transmit those communications by radio frequency to the relevant piece of RF Field Equipment.

Y. “Software” means all the Sensus proprietary software provided pursuant to this Agreement, and any Patches, Updates, and Upgrades that are provided to CITY pursuant to the terms of this Agreement. The Software does not include any third party software.

Z. “TouchCoupler Unit” identifies an inductive coupler connection from a water register to the SmartPoint Module.

AA. “Unavailable Meters” include meters with sockets with power cut at the pole, meters that are booted on the line side, sockets that are not provided power due to a power delivery system failure, meters with tamper, theft or other human induced failures that render the meter or SmartPoint Module incapable of providing a read, a Force Majeure event induced failures of the power delivery system, socket or meter, and/or any system or meter maintenance issue that precludes the meter from transmitting its message to the network. Examples of Unavailable Meters include: (i) Cut At Pole: a meter for which power has been turned off to the socket by CITY; (ii) Booted on Line Side: a meter for which power has been turned off by placing boots in the socket from which the power to the meter has effectively been turned off; (iii) Failed or flawed power delivery to the meter socket: CITY power generation, distribution or delivery system failure that has effectively turned off power to the socket and/or meter; (iv) Tampered Meters: sockets, meters or distribution assets that have been modified by unauthorized personnel rendering the meter incapable of providing accurate usage readings from that meter; (v) Broken TouchCoupler unit: the TouchCoupler unit is damaged by intentional or unintentional acts; (vi) Broken Clip: the clip that holds the TouchCoupler unit into the radio package housing is broken and the unit cannot complete the inductive electrical connection; (vii) Improper installation of the TouchCoupler unit: the TouchCoupler unit is not pushed all the way into the housing clip causing the unit to not be able to complete the inductive electrical connection; (viii) Unit not installed through the pit lid: the unit is not installed with the antenna positioned through the pit lid and properly secured with the retaining nut. The radio unit must...
also be securely attached to the antenna section; (ix) Radio unit not securely attached to the Antenna unit: The water-proof SmartPoint Module housing is not properly installed and secured to the antenna unit; (x) Damaged antenna: the unit’s antenna is damaged by intentional or unintentional acts; (xi) Damaged radio package: the unit’s water-proof radio package is damaged by intentional or unintentional acts; (xii) Data Base errors: the unit is removed from the system but not updated in the database. Still shown as in the system when in fact has been removed; (xiii) Phantom Units: the unit is removed from the system but is still transmitting and being heard by the system; and (xiv) Other Installation Defect: the unit is otherwise installed improperly so that it does not communicate with the FlexNet Base Station.

BB. “Updates” means releases of the Software that constitute a minor improvement in functionality.

CC. “Upgrades” means releases of the Software which constitute a significant improvement in functionality or architecture of the Software.

DD. “WAN Backhaul” means the communication link between FlexNet Base Stations and RNI.
Software as a Service

I. Description of Services.

This exhibit contains the details of the Software as a Service that Sensus shall provide to CITY if both; (i) pricing for the application of Software as a Service has been provided to the CITY; and (ii) the CITY is current in its payments for such application of Software as a Service.

A. Software as a Service Generally.

Software as a Service is a managed service in which Sensus will be responsible for the day-to-day monitoring, maintenance, management, and supporting of CITY’s software applications. In a Software as a Service solution, Sensus owns all components of the solution (server hardware, storage, data center, network equipment, Sensus software, and all third-party software) required to run and operate the application. These software applications consist of the following (each an Application):

- Regional Network Interface (RNI) Software

The managed application systems consist of the hardware, Sensus Software, and other third-party software that is required to operate the software applications. Each Application will have a production, and Disaster Recovery (as described below) environment. Sensus will manage the Applications by providing 24 x 7 x 365 monitoring of the availability and performance of the Applications.

B. Use of Software as a Service. Subject to the terms of this Agreement, Sensus shall make Software as a Service available to CITY to access and use solely for the Permitted Use and solely for so long as CITY is current in its payments to Sensus or its authorized distributor for Software as a Service. The Software as a Service term commences on the date that Sensus first makes Software as a Service available to CITY for use and ends upon the earlier of: (i) the expiration or termination of the Agreement; (ii) breach by CITY of this exhibit or the Agreement; or (iii) CITY’s termination of Software as a Service as set forth in paragraph (C) below.

C. Termination of an Application. CITY shall have the option at any time before the end of the Term to terminate any Application by giving Sensus one hundred twenty (120) days prior written notice. Such notice, once delivered to Sensus, is irrevocable. Should CITY elect to terminate any Application, CITY acknowledges that; (a) CITY shall pay all applicable fees, including any unpaid Software as a Service fees due in the current calendar year plus a ten percent (10%) early termination fee, where such fee is calculated based on the annual Software as a Service fee due in the current calendar year; and (b) Software as a Service for such Application shall immediately cease. If CITY elects to terminate the RNI Application in the Software as a Service environment but does not terminate the Agreement generally, then upon delivery of the notice to Sensus, CITY shall purchase the necessary (a) RNI hardware from a third party and (b) RNI software license at Sensus’ then-current pricing. No portion of the Software as a Service fees shall be applied to the purchase of the RNI hardware or software license.

i. If System Uptime Rate (defined below) falls below 90% for six (6) consecutive months, CITY may terminate the RNI Software Application and Sensus will waive the Sensus RNI license fee and any applicable transition services fees necessary for CITY to deploy the Sensus RNI on premise at the CITY for the amounts listed in Exhibit C. CITY would still be responsible for all necessary RNI hardware, third party software, and IT personnel associated with managing the Sensus RNI on premise. For clarity and avoidance of doubt, the fee waivers outlined above do not apply if the CITY terminates the RNI Software Application for convenience.

D. Software as a Service means only the following services:

i. Sensus will provide the use of required hardware, located at Sensus’ or a third-party’s data center facility (as determined by Sensus), that is necessary to operate the Application.

ii. Sensus will provide production and disaster recovery environments for Application.

iii. Sensus will provide patches, updates, and upgrades to latest Sensus Hosted Software release.

iv. Sensus will work to provide documentation showing the ISO 27001 Certification implemented by Q1 2022, and annually thereafter.

v. Sensus will work to provide two-factor authentication by the close of Q2 2022 in the RNI. CITY will require an RNI Update to the latest version at this time to receive the feature.

vi. Sensus will configure and manage the equipment (server hardware, routers, switches, firewalls, etc.) in the data centers:

a. Network addresses and virtual private networks (VPN)

b. Standard time source (NTP or GPS)

c. Security access points

d. Respond to relevant alarms and notifications

vii. Capacity and performance management. Sensus will:

a. Monitor capacity and performance of the Application server and software applications 24x7x365 using KPI metrics, thresholds, and alerts to proactively identify any potential issues related to system capacity and/or performance (i.e. database, backspool, logs, message broker storage, etc.)

b. If an issue is identified to have a potential impact to the system, Sensus will open an incident ticket and manage the ticket through resolution per Exhibit B, Technical Support.

c. Manage and maintain the performance of the server and perform any change or configuration to the server, in accordance to standard configuration and change management policies and procedures.

d. Manage and maintain the server storage capacity and performance of the Storage Area Network (SAN), in accordance to standard configuration and change management policies and procedures.

e. Exceptions may occur to the system that require Sensus to take immediate action to maintain the system capacity and performance levels, and Sensus has authority to make changes without CITY approval as needed, in accordance to standard configuration and change management policies and procedures.

viii. Database management. Sensus will:

a. Implement the data retention plan and policy and will provide the policy upon request.
b. Monitor space and capacity requirements.

c. Respond to database alarms and notifications.

d. Install database software upgrades and patches.

e. Perform routine database maintenance and cleanup of database to improve capacity and performance, such as rebuilding indexes, updating indexes, consistency checks, run SQL query/agent jobs, etc.

ix. Incident and Problem Management. Sensus will:

a. Proactively monitor managed systems (24x7x365) for key events and thresholds to proactively detect and identify incidents.

b. Respond to incidents and problems that may occur to the Application(s).

c. Maintain policies and procedures for responding to incidents and performing root cause analysis for ongoing problems.

d. Correlate incidents and problems where applicable.

e. Sensus personnel will use the self-service portal to document and track incidents.

f. In the event that a Sensus personnel is unable to resolve an issue, the issue will be escalated to the appropriate Subject Matter Expert (SME).

g. Maintain responsibility for managing incident and problems through resolution and will coordinate with CITY’s personnel and/or any required third-party vendor to resolve the issue.

h. Provide telephone support consistent with Exhibit B, Technical Support in the case of undetected events.

x. Security Management. Sensus will:

a. Monitor the physical and cyber security of the server and Application(s) 24x7x365 to ensure system is highly secure in accordance with NIST Security Standards.

b. Perform active intrusion prevention and detection of the data center network and firewalls and monitor logs and alerts.

c. Conduct period penetration testing of the network and data center facilities. Sensus will provide an annual report confirming the penetration testing process has been performed.

d. Conduct monthly vulnerability scanning by both internal staff and external vendors.

e. Perform anti-virus and Malware patch management on all systems.

f. Install updates to virus protection software and related files (including virus signature files and similar files) on all servers from the update being generally available from the anti-virus software provider.

g. Respond to any potential threat found on the system and work to eliminate virus or malware found.

h. Adhere to and submit certification to NERC/CIP Cyber Security standards.

i. Monitor industry regulation/standards regarding security – NERC, FERC, NIST, OpenSG, etc. through the dedicated Sensus security team.

j. Provide secure web portal access (SSL) to the Application(s).

xi. Backup and Disaster Recovery Management. Sensus will:

a. Perform daily backups of data providing one (1) year of history for auditing and restoration purposes.

b. Back-up and store data (on tapes or other storage media as appropriate) off-site to provide protection against disasters and to meet file recovery needs.

c. Conduct incremental and full back-ups to capture data, and changes to data, on the Application(s).

d. Replicate the Application(s) environments to a geographically separated data center location to provide a full disaster recovery environment for the Application production system.

e. Provide disaster recovery environment and perform fail-over to disaster recovery environment within forty-eight (48) hours of declared event.

f. Generate a report following each and any disaster measuring performance against the disaster recovery plan and identification of problem areas and plans for resolution.

g. Maintain a disaster recovery plan. In the event of a disaster, Sensus shall provide the services in accordance with the disaster recovery plan.

h. In the case of a disaster and loss of access to or use of the Application, Sensus would use commercially reasonable efforts per the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) specified herein to restore operations at the same location or at a backup location within forty-eight (48) hours.

i. The Application shall have a RTO of forty-eight (48) hours.

j. The RPO shall be a full recovery of the Application(s), with an RPO of one (1) hours, using no more than a twenty-four (24) hour old backup. All meter-related data shall be pushed from each Base Station/TGB restoring the database to real-time minus external interfaced systems from the day prior.

k. Data from external interfaced systems shall be recreated within a forty-eight (48) hour period with the assistance of CITY personnel and staff, as needed.

xii. Configuration, Change, and Release Management. Sensus will:

a. Coordinate and schedule all patches, updates, and upgrades to the Application(s) and other third-party applications with CITY’s personnel.

b. Perform software patches, updates, and/or upgrades to the Application(s) in a test environment to test the features/functionality of the new release along with coordination of CITY’s personnel, in accordance to standard configuration and change management policies and procedures.

c. Perform software patches, updates, and upgrades to all required third-party software applications (i.e. Microsoft® SQL server, Microsoft Windows Server, Red Hat Linux OS, and other third-party Software) to operate the Application(s) in a test environment along with coordination of CITY’s personnel, in accordance to standard configuration and change management policies and procedures.

d. Once Sensus and CITY have verified and signed off on change and release of the patch, update, and/or upgrade, Sensus will apply the appropriate patches, updates, and/or upgrades to the production environment, in accordance to standard configuration and change management policies and procedures.

E. CITY Responsibilities:

i. Coordinate and schedule any changes submitted by Sensus to the system in accordance with standard configuration and change management procedures.

ii. Participate in all required configuration and change management procedures.

iii. CITY will log incidents related to the managed Application with Sensus personnel via email, web portal ticket entry, or phone call.

iv. Responsible for periodic processing of accounts or readings (i.e., billing files) for CITY’s billing system for billing or other analysis purposes.
v. Responsible for any field labor to troubleshoot any SmartPoint modules or smart meters in the field in populations that have been previously deployed and accepted.

vi. First response labor to troubleshoot FlexNet Base Station, R100s, Remote Transceivers or other field network equipment.

vii. Responsible for local area network configuration, management, and support.

viii. Identify and research problems with meter reads and meter read performance.

ix. Create and manage user accounts.

x. Support application users.

xi. Investigate application operational issues (e.g., meter reads, reports, alarms, etc.).

xii. Respond to alarms and notifications.

xiii. Perform firmware upgrades over-the-air, or delegate and monitor field personnel for on-site upgrades.

xiv. Perform firmware upgrades over-the-air, or delegate and monitor field personnel for on-site upgrades.

F. **Software as a Service** does not include any of the following services:

i. Parts or labor required to repair damage to any field network equipment that is the result of a Force Majeure event.

ii. Any integration between applications, such as a MDMS, would require a Professional Services contract agreement to be scoped, submitted, and agreed in a signed writing between Sensus and all the applicable parties.

If an item is not listed in subparagraphs in item (D) above, such item is excluded from the Software as a Service and is subject to additional pricing.

II. Further Agreements

A. **System Uptime Rate.**

i. Sensus (or its contractor) shall manage and maintain the Application(s) on computers owned or controlled by Sensus (or its contractors) and shall provide CITY access to the managed Application(s) via internet or point to point connection (i.e., Managed-Access use), according to the terms below. Sensus endeavors to maintain an average System Uptime Rate equal to ninety-nine (99.0) per Month (as defined below). The System Uptime Rate, cumulative across all Applications, shall be calculated as follows:

\[
\text{System Uptime Rate} = 100 \times \frac{TMO - \text{Total Non-Scheduled Downtime minutes in the Month}}{TMO}
\]

ii. **Calculations**

   a. **Targeted Minutes of Operation** or **TMO** means total minutes cumulative across all Applications in the applicable month minus the Scheduled Downtime in the Month.

   b. **Scheduled Downtime** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is scheduled to be unavailable for use by CITY due to planned system maintenance. Sensus shall provide CITY notice (via email or otherwise) at least seven (7) days in advance of commencement of the Scheduled Downtime.

   c. **Non-Scheduled Downtime** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is unavailable for use by CITY due to reasons other than Scheduled Downtime or the Exceptions, as defined below (e.g., due to a need for unplanned maintenance or repair).

iii. **Exceptions.** Exceptions mean the following events:

   - Force Majeure
   - Emergency Work, as defined below; and
   - Lack of Internet Availability, as described below.

   a. **Emergency Work.** In the event that Force Majeure, emergencies, dangerous conditions or other exceptional circumstances arise or continue during TMO, Sensus shall be entitled to take any actions that Sensus, in good faith, determines is necessary or advisable to prevent, remedy, mitigate, or otherwise address actual or potential harm, interruption, loss, threat, security or like concern to any of the Application(s) ("Emergency Work"). Such Emergency Work may include, but is not limited to: analysis, testing, repair, maintenance, re-setting and other servicing of the hardware, cabling, networks, software and other devices, materials and systems through which access to and/or use of the Application(s) by the CITY is made available (the "Managed Systems"). Sensus shall endeavor to provide advance notice of such Emergency Work to CITY when practicable and possible.

   b. **Lack of Internet Availability.** Sensus shall not be responsible for any deterioration of performance attributable to latencies in the public internet or point-to-point network connection operated by a third party. CITY expressly acknowledges and agrees that Sensus does not and cannot control the flow of data to or from Sensus’ networks and other portions of the Internet, and that such flow depends in part on the performance of Internet services provided or controlled by third parties, and that at times, actions or inactions of such third parties can impair or disrupt data transmitted through, and/or CITY’s connections to, the Internet or point-to-point data connection (or portions thereof). Although Sensus will use commercially reasonable efforts to take actions Sensus may deem appropriate to mitigate the effects of any such events, Sensus cannot guarantee that such events will not occur. Accordingly, Sensus disclaims any and all liability resulting from or relating to such events.
iv. **System Availability.** For each month that the System Uptime Rates for the production RNI falls below 99.0%, Sensus will issue CITY the following Service Level Credits:

<table>
<thead>
<tr>
<th>System Uptime Rate per calendar month</th>
<th>Service Level Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 99.0% but at least 97.5%</td>
<td>5% of the monthly RNI SaaS Fees in which the service level default occurred (Note: SaaS fees are pre-paid annually and for purposes of Service Level Credits are computed on a monthly basis.)</td>
</tr>
<tr>
<td>Less than 97.5% but at least 95.0%</td>
<td>10% of the monthly RNI SaaS Fees in which the service level default occurred</td>
</tr>
<tr>
<td>Less than 95.0% but at least 90%</td>
<td>25% of the monthly RNI SaaS Fees in which the service level default occurred</td>
</tr>
<tr>
<td>Less than 90%</td>
<td>30% of the monthly RNI SaaS Fees in which the service level default occurred</td>
</tr>
</tbody>
</table>

Service Level Credits for any single month shall not exceed 30% of the RNI SaaS Fee associated with the month in which the service level default occurred. Sensus records and data will be the sole basis for all Service Level Credit calculations and determinations, provided that such records and data must be made available to CITY for review and agreement by CITY. To receive a Service Level Credit, CITY must issue a written request no later than ten (10) days after the Service Level Credit has accrued. Sensus will apply each valid Service Level Credit to the CITY’s invoice within 2 billing cycles after Sensus’ receipt of CITY’s request and confirmation of the failure to meet the applicable Service Level Credit. Service Level Credits will not be payable for failures to meet the System Uptime Rate caused by any Exceptions. No Service Level Credit will apply if CITY is not current in its undisputed payment obligations under the Agreement. Service Level Credits are exclusive of any applicable taxes charged to CITY or collected by Sensus. Sensus shall not refund an unused Service Level Credits or pay cash to CITY for any unused Service Level Credits. Any unused Service Level Credits at the time the Agreement terminates will be forever forfeited. THE SERVICE LEVEL CREDITS DESCRIBED IN THIS SECTION ARE THE SOLE AND EXCLUSIVE REMEDY FOR SENSUS’ FAILURE TO MEET THE SYSTEM UPTIME REQUIREMENT OR ANY DEFECTIVE SAAS PERFORMANCE. IN NO EVENT SHALL THE AGGREGATE AMOUNT OF SERVICE LEVEL CREDITS IN ANY ANNUAL PERIOD EXCEED 25% OF THE ANNUAL RNI SAAS FEE.

B. **Data Center Site-Security.** Although Sensus may modify such security arrangements without consent or notice to CITY, CITY acknowledges the following are the current arrangements regarding physical access to and support of the primary hardware components of the Managed Systems:

i. The computer room(s) in which the hardware is installed is accessible only to authorized individuals.

ii. Power infrastructure includes one or more uninterruptible power supply (UPS) devices and diesel generators or other alternative power for back-up electrical power.

iii. Air-conditioning facilities (for humidity and temperature controls) are provided in or for such computer room(s) and can be monitored and adjusted for humidity and temperature settings and control. Such air systems are supported by redundant, back-up and/or switch-over environmental units.

iv. Such electrical and A/C systems are monitored on an ongoing basis and personnel are available to respond to system emergencies (if any) in real time.

v. Dry pipe pre-action fire detection and suppression systems are provided.

vi. Data circuits are available via multiple providers and diverse paths, giving access redundancy.

C. **Responsibilities of CITY.**

i. CITY shall promptly pay all Software as a Service fees.

ii. CITY may not (i) carelessly, knowingly, intentionally or maliciously threaten, disrupt, harm, abuse or interfere with the Application(s), Managed Systems or any of their functionality, performance, security or integrity, nor attempt to do so; (ii) impersonate any person or entity, including, but not limited to, Sensus, a Sensus employee or another user; or (iii) forge, falsely, disguise or otherwise manipulate any identification information associated with CITY’s access to or use of the Application(s).

iii. The provisioning, compatibility, operation, security, support, and maintenance of CITY’s hardware and software ("CITY’s Systems") is exclusively the responsibility of CITY. CITY is also responsible, in particular, for correctly configuring and maintaining (i) the desktop environment used by CITY to access the Application(s) managed by Sensus; and (ii) CITY’s network router and firewall, if applicable, to allow data to flow between the CITY’s Systems and Sensus’ Managed Systems in a secure manner via the public Internet.

iv. Upon receiving the system administrator account from Sensus, CITY shall create username and passwords for each of CITY’s authorized users and complete the applicable Sensus registration process (Authorized Users). Such usernames and passwords will allow Authorized Users to access the Application(s). CITY shall be solely responsible for maintaining the security and confidentiality of each user ID and password pair associated with CITY’s account, and Sensus will not be liable for any loss, damage or liability arising from CITY’s account or any user ID and password pairs associated with CITY. CITY is fully responsible for all acts and omissions that occur through the use of CITY’s account and any user ID and password pairs. CITY agrees (i) not to allow anyone other than the Authorized Users to have any access to, or use of CITY’s account or any user ID and password pairs at any time; (ii) to notify Sensus immediately of any actual or suspected unauthorized use of CITY’s account or any of such user ID and password pairs, or any other breach or suspected breach of security, restricted use or confidentiality; and (iii) to take the Sensus-recommended steps to log out from and otherwise exit the Application(s) and Managed Systems at the end of each session. CITY agrees that Sensus shall be entitled to rely, without inquiry, on the validity of the user accessing the Application(s) application through CITY’s account, account ID, usernames or passwords.

v. CITY shall be responsible for the day-to-day operations of the Application(s) and FlexNet System. This includes, without limitation, (i) researching problems with meter reads and system performance, (ii) creating and managing user accounts, (iii) customizing application configurations, (iv) supporting application users, (v) investigating application operational issues, (vi) responding to alarms and notifications, and (vii) performing over-the-air commands (such as firmware updates or configuration changes).

D. **Software Solution Components.**

i. **Description of Software Solutions.** Sensus software consists of a core communication module and a set of applications. Some applications are required to perform basic solution capabilities, other applications are optional and add additional capabilities and function to the overall solution. As CITY’s business process expands and/or new Sensus offerings are made available, additional applications and functionality can dynamically be added to the solution, provided CITY purchases such additional applications.

ii. **Regional Network Interface.** The Regional Network Interface (RNI) or Sensus head-end is the centralized intelligence of the FlexNet network; the RNI’s...
primary objective is to transfer endpoint (such as meters) data to the CITY and the advanced feature applications. The RNI is adaptable to CITY configurations by simultaneously supporting a wide range of FlexNet enabled endpoints; including but not limited to meters (electric, water, gas), Home Area Network devices and Load Control devices. The FlexNet System supports Distribution Automation functionality with the addition of the Sensus Automation/Control Application. The FlexNet System supports street lighting control with the addition of the VantagePoint Software Application.

a. Core Package
   (i) Communication
      1. Manages all inbound and outbound traffic to and from endpoints
      2. Outbound routing optimization
      3. Route analyzer
      4. AES256 bit encryption of radio messages
      5. Reports and metric details of network performance and troubleshooting aids
      6. Management of RF equipment (base stations and endpoint radios)
   (ii) Data Collection
      1. Missing read management
      2. Management of duplicate reads
      3. 60 day temporary storage
   (iii) Application integration
      1. To Sensus Analytics applications
      2. Enable 3rd party application integration
      3. Batch CMEP file export
      4. Real-time access through MultiSpeak
   (iv) Endpoint Management
      1. Gas, water, electric, lighting concurrent support
      2. Remote configuration
      3. Remote firmware updates
      4. Reports, metrics and Troubleshooting
   (v) User Management
      1. Secure access
      2. Password management
      3. Definable user roles
      4. User permissions to manage access to capabilities

b. Integration of RNI. Sensus shall provide RNI integration support services to CITY only to the extent specifically provided below:
   (i) Sensus shall meet with the representative from the CITY's system(s) targeted for integration to determine which integration method is appropriate (e.g., Multispeak, CMEP, etc.).
      1. In scope and included integration efforts: Provide the gateway URLs to the integrating system as needed, provide CITY with standard integration API documentation, validate and test that the correct CITY information is flowing into and/or out of the RNI.
      2. Out of scope and subject to additional charges: Modifications or extensions to the standard API provided by Sensus and any integration efforts not outlined above as in scope and included.
   (ii) CITY Responsibilities:
      1. Provide Sensus with information about the relevant information CITY wishes to transfer and integrate with the RNI.
      2. Establish the network and security required for the two systems to reasonably communicate.
      3. Verify integration to third party system functionality is working as intended.
   (iii) If an item is not listed in subparagraph (i) above, such item is excluded from the integration of Sensus RNI Support and is subject to additional pricing.

III. Third party Software
A. RedHat Linux. If Sensus is providing CITY with a license to use RedHat Linux Software, CITY agrees to the following:
   By entering into this Agreement, CITY agrees to abide by and to be legally bound by the terms and conditions of the Red Hat End User License Agreements identified below, each of which are incorporated into this Agreement by reference and are available at the websites identified below. Please read the Red Hat End User License Agreements and incorporated references carefully.
   Subscription: End User License Agreement:
   Red Hat Enterprise Linux http://www.redhat.com/licenses/rhel_rha_eula.html
   JBoss Enterprise Middleware http://www.redhat.com/licenses/jboss_eula.html
Exhibit B
Technical Support

1. Introduction
Sensus Technical Services provides CITY with a single point of contact for Tier 1 support of technical issues as well as any coordination of additional resources required to resolve the issue. Requests that require specialized skills are to be forwarded to a senior support engineer or Technical Advisor within the team for further analysis. If Technical Services has exhausted all troubleshooting efforts for the product type, the issue will escalate to the Engineering Support Team. Occasionally, on-site troubleshooting/analysis may be required. The preferred order of on-site support is:

a) The CITY (for assistance with the easiest and lowest time-consuming activities such as power on/power off).
b) The local distributor.
c) Sensus employees or contracted personnel, if required to fulfill a contract commitment.

2. Support Categories
2.1. General questions regarding functionality, use of product, how-to, and requests for assistance on Sensus AMR, AMI, RF Network Equipment, Metering Products, Sensus Lighting Control, and Demand Response Management System (FlexNet Home).
2.2. Proactive reporting and resolution of problems.
2.3. Reactive reporting to isolate, document, and solve reported hardware/software defects.
2.4. Responding to service requests and product changes.
2.5. Addressing CITY inquiries with printed or electronic documentation, examples, or additional explanation/clarification.

3. Support Hours
3.1. Standard Support Hours: Toll-free telephone support (1-800-638-3748 option #2) is available Monday thru Friday from 8:00 a.m. EST to 8:00 p.m. EST. After-hours, holiday and weekend support for Severity 1 and Severity 2 issues is available by calling 1-800-638-3748, option #9.

4. Support Procedures
4.1. CITY identifies an issue or potential problem and calls Technical Services at 1-800-638-3748 Option #2. The CITY Service Associate or Technical Support Engineer will submit a SalesForce ticket.
4.2. The CITY Service Associate or Technical Support Engineer will identify the caller name and utility by the assigned software serial number, city, and state based on where the call originated. The CITY Service Associate or Technical Support Engineer will require a brief description of the problem symptoms, or error messages depending on nature of the incident. The nature of the problem and severity levels will be mutually agreed upon by both parties (either at the time the issue is entered or prior to upgrading or downgrading an existing issue) using the severity definitions below as a guideline. The severity level is then captured into SalesForce for ticket creation and resolution processing. Any time during the processing of this ticket, if the severity level is changed by Sensus, the CITY will be updated.

A. Severity Levels Description:

Sev1 CITY’s production system is down. The system is unusable resulting in total disruption of work. No workaround is available and requires immediate attention.
Example: Network mass outage, all reading collection devices inoperable, inoperable head end software (e.g., FlexWare, Sensus MDM). Not able to generate billing files.

Sev2 Major system feature/function failure. Operations are severely restricted; there is a major disruption of work, no acceptable work-around is available, and failure requires immediate attention.
Examples: Examples: Network equipment failure (e.g., FlexNet Echo, FlexNet Remote, Base Station transceiver, or VGB); inoperable reading devices (e.g., AR5500, VXU, VGB, or CommandLink); head end software application has important functionality not working and cannot create export file for billing system operations.

Sev3 The system is usable and the issue doesn’t affect critical overall operation.
Example: Minor network equipment failure (e.g., Echo/Remote false alarms or Base Station transceiver false alarms); head end software application operable but reports are not running properly, modification of view or some non-critical function of the software is not running.

4.3. The CITY Service Associate or Technical Support Engineer identifies whether or not the CITY is on support. If the CITY is not on support, the CITY is advised of the service options as well as any applicable charges that may be billed.

4.4. Calls are placed in a queue from which they are accessible to Technical Support Engineers on a first-come-first-served basis. A 1st level CITY Service Associate may assist the CITY, depending on the difficulty of the call and the representative’s technical knowledge. Technical Support Engineers (Tier 1 support) typically respond/resolve the majority of calls based on their product knowledge and experience. A call history for the particular account is researched to note any existing pattern or if the call is a new report. This research provides the representative a basis and understanding of the account as well as any associated problems and/or resolutions that have been communicated.

a. Technical Services confirms that there is an issue or problem that needs further analysis to determine its cause. The following information must be collected: a detailed description of the issue’s symptoms, details on the software/hardware product and version, a description of the environment in which the issue arises, and a list of any corrective action already taken.

b. Technical Services will check the internal database and product defect tracking system, to see if reports of a similar problem exist, and if any working solutions were provided. If an existing resolution is found that will address the reported issue, it shall be communicated to the CITY. Once it is confirmed that the issue has been resolved, the ticket is closed.

c. If there is no known defect or support that defines the behavior, Technical Services will work with the CITY to reproduce the issue. If the issue can be reproduced, either at the CITY site or within support center test lab, Technical Services will escalate the ticket for further investigation / resolution.

If the issue involves units that are considered to be defective with no known reason, the representative will open a Special Investigation RMA through the SalesForce system. If it is determined that a sample is required for further analysis, the CITY will be provided with instructions that detail where to send the sample and the type of equipment to be returned for analysis.
product sample(s) for a root cause analysis. Once it is determined that the issue cannot be resolved by Tier 1 resources, the ticket will be escalated to Tier 2 support for confirmation/workarounds to resolve immediate issue. Technical Services will immediately contact the CITY to advise of the escalation. The response and escalation times are listed in Section 5. At this time, screen shots, log files, configuration files, and database backups will be created and attached to the ticket.

5. **Response and Resolution Targets.**

   Sensus Technical Support will make every reasonable effort to meet the following response and resolution targets:

<table>
<thead>
<tr>
<th>Severity</th>
<th>Standard Target Response</th>
<th>Standard Target Resolution</th>
<th>Resolution (one or more of the following)</th>
</tr>
</thead>
</table>
   | 1        | 30 Minutes               | Immediately assign trained and qualified Services Staff to correct the error on an expedited basis. Provide ongoing communication on the status of a correction (24 hours). | • Satisfactory workaround is provided.  
• Program patch is provided.  
• Fix incorporated into future release.  
• Fix or workaround incorporated into Salesforce Knowledge Base. |
   | 2        | 4 hours                  | Assign trained and qualified Services Staff to correct the error. Provide communication as updates occur (48 hours). | • Satisfactory workaround is provided.  
• Program patch is provided.  
• Fix incorporated into future release.  
• Fix or workaround incorporated into Salesforce Knowledge Base. |
   | 3        | 1 Business Day           | 30 business days          | • Answer to question is provided.  
• Satisfactory workaround is provided.  
• Fix or workaround incorporated into Salesforce Knowledge Base.  
• Fix incorporated into future release. |

6. **Problem Escalation Process.**

   6.1. If the normal support process does not produce the desired results, or if the severity has changed, the issue may be escalated as follows to a higher level of authority.

   6.1.1.1. Severity 1 issues are escalated by Sales or Technical Services to a Supervisor if not resolved within 2 hours; to the Manager level if not resolved within 4 hours; to the Director level if not resolved within the same business day; and to the VP level if not resolved within 24 hours.

   6.1.1.2. A CITY may escalate an issue by calling 1-800-638-3748, Option 2. Please specify the Salesforce ticket number and the reason why the issue is being escalated.

   6.1.1.3. In the event that a CITY is not satisfied with the level of support or continual problem with their products, they may escalate a given Salesforce ticket to Manager of Technical Services (1-800-638-3748, Option 2).

7. **General Support Provisions and Exclusions.**

   7.1. Sensus provides online documentation for Sensus products, and all Sensus customers are provided access to this online database, which includes operation, configuration and technical manuals. The CITY shall provide names and email accounts to Sensus so Sensus may provide access to the product documentation.

   7.2. Specialized support from Sensus is available on a fee basis to address support issues outside the scope of this support plan or if not covered under another specific contract or statement of work. For example: specialized systems integration services or out of warranty network equipment repair.
### Exhibit C Summary Pricing

#### SUMMARY

<table>
<thead>
<tr>
<th>ELECTRIC</th>
<th>$ 3,072,193</th>
</tr>
</thead>
<tbody>
<tr>
<td>WATER MODULES</td>
<td>$ 1,708,866</td>
</tr>
<tr>
<td>Water Retrofits</td>
<td></td>
</tr>
<tr>
<td>(Retrofit registers to be sourced from CPA direct)</td>
<td></td>
</tr>
<tr>
<td>GAS</td>
<td>$ 1,728,318</td>
</tr>
<tr>
<td>AMI INFRASTRUCTURE, NETWORK, SREG, FIELD TOOLS</td>
<td>$ 314,054</td>
</tr>
<tr>
<td>RHI/RIS - SaaS</td>
<td>$ 1,059,276</td>
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<tr>
<td>PROJECT MANAGEMENT</td>
<td>$ 464,000</td>
</tr>
<tr>
<td>PROFESSIONAL SERVICES &amp; INTEGRATION</td>
<td>$ 45,000</td>
</tr>
<tr>
<td>INSTALLATION &amp; LIDS</td>
<td>$ 5,873,194</td>
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<tr>
<td>PERFORMANCE AND PAYMENT BOND</td>
<td>$ 20,010</td>
</tr>
<tr>
<td>OPTIONAL MANAGED SERVICES PERFORMANCE OFFERINGS</td>
<td>$338,531.26</td>
</tr>
<tr>
<td>OPTIONAL DRIVE BY READING SOFTWARE (not included in total)</td>
<td>$ 58,200</td>
</tr>
</tbody>
</table>

**SUMMARY INCLUDING TAX**

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>$ 14,605,441</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax (9%) on Goods</td>
<td>$ 677,777.07</td>
</tr>
</tbody>
</table>

**SUMMARY INCLUDING TAX**

| TOTAL | $ 15,283,218 |

#### ASSUMPTIONS:

1. Per Month Estimate. The Authority and the City will mutually develop a plan for storage and warehouse logistics based on the available commercial real estate and market pricing in 2022 when full deployment is expected to begin. If project extends beyond initial time frame, the same monthly fee would apply.
2. CPA & UPA will jointly develop a solution and estimated cost based on the frequency of occurrence.
3. For 3rd Party materials, UPA will charge cost + 10%.
4. Project pricing does not include any costs assessed by the CPA’s CIS provider (bump sum, per meter, or otherwise) that may be required to integrate the EN/SIGHT+ work order system with the CIS system. Any fees assessed by the CIS provider will be passed through at Sensus’ cost for reimbursement.
5. Sensus’ proposal assumes that CPA will pay all any requested CommandLink devices for UPA personnel (plus spare) necessary to perform the steps required by the AMI technology to program and/or register the AMI modules to the network at the time of installation.
6. Sensus’ proposal assumes that CPA will purchase all any required CommandLink devices for UPA personnel (plus spares) necessary to perform the steps required by the AMI technology to program and/or register the AMI modules to the network at the time of installation.
7. Sensus’ proposal is based on performing work in an efficient and sequenced manner (e.g., house-to-house), excluding scheduled appointments and revisits. If for any reason outside of Sensus’ control, the UPA unable to perform work in an efficient and sequenced manner, all work completed by impact field technicians will be billed at the hourly T&M rates rather than the unit installation rates, until work can recommence in an efficient and sequenced manner, or until a change order is implemented that fairly and equitably addresses the inefficient and out-of-sequence work.
8. Sensus’ proposal includes storage of approximately 8 weeks of new inventory at its warehouse location.

#### Electric Meter Exchange

- Sensus assumes that all existing and/or new locking rings are compatible and operable. Pricing does not include cutting, drilling or grinding of locking devices. Pricing is available upon request if not provided in Exhibit C – Pricing.
- Sensus’ proposal does not include the installation of A-Base adapters or K-base (bolt-in) meter bases. Pricing is available upon request if not provided in Exhibit C – Pricing.
- Sensus’ proposal includes replacement of a subset of meters (approximately 125) requiring installation of more than two (2) reads, such as Time of Use (TOU) meters and bi-directional net meters. Pricing is available upon request if not provided in Exhibit C – Pricing.
- Sensus’ proposal includes testing of new or removed meters. Pricing is available upon request if not provided in Exhibit C – Pricing.

#### Water Meter Retrofit and Replacement

- Sensus assumes replacement registers will have Sensus TouchCoupler sensors so that they may be connected to the FlexNet modules without field splicing. Pricing for splicing is available upon request if not provided in Exhibit C – Pricing.
- Sensus assumes that water meter exchanges are like for like, same lay and length, and no major plumbing is required. Accounts requiring additional plumbing will be handled on a T&M basis or surveyed and quoted on a case-by-case basis.
- Sensus’ installation unit rates do not include additional labor or groundwork needed to access meters (including but not limited to the cutting, removal and replacement of asphalt, concrete, or large tree roots). Pricing is available upon request if not provided in Exhibit C – Pricing.
- Sensus’ installation unit rates do not include repair or replacement of meter boxes or meter vaults. Pricing is available upon request if not provided in Exhibit C – Pricing.

#### Gas Meter Retrofit and Replacement

- Retrofit pricing does not include meters with pressure or temperature compensated indexes. Pricing is available upon request if not provided in Exhibit C – Pricing.
- Retrofit pricing does not include K-Base registers for Sensus TouchCoupler sensors. Sensus assumes that a retrofit will be considered complete with a minimum of three total screws intact, including the top two screws. Pricing for broken screw repair is available upon request if not provided in Exhibit C – Pricing.
- Sensus’ proposal includes gas retrofits that require an adapter plate (e.g., Siopex 1A). Pricing is available upon request if not provided in Exhibit C – Pricing.
- Sensus’ proposal does not include costs for Sensus to perform leak survey work following the meter retrofit. Pricing is available upon request if not provided in Exhibit C – Pricing.

#### Escalations

Notwithstanding anything to the contrary, prices for subcontractor installation services are firm through 12/31/22. “Installation Services Trigger Date.” Beginning 1/1/23, and each subsequent year thereafter, pricing is subject to an annual increase based off CPI (as defined in Exhibit C – Pricing), all unit and T&M rates, except for Storage and Equipment Warehousing.
**Payment Terms**

**Escalation.** CITY shall pay for goods and services rendered by Sensus hereunder at the prices set forth in this Exhibit C. The pricing in Exhibit C shall remain firm until the Trigger Date (as defined on the first page of the Agreement), or "Installation Service Trigger Date" defined in Exhibit C, as applicable. Starting on the applicable Trigger Date, and on each anniversary of the Trigger Date thereafter, the pricing in Exhibit C shall automatically adjust to equal the summation of (i) the amount charged for such pricing component during the immediately preceding year ("Base Amount"); plus (ii) the product of the Base Amount multiplied by the percentage rate of increase in the Escalator(s) during the immediately preceding year (which product shall not be less than zero, such that the pricing in Exhibit C cannot decrease under this section). The Escalator(s) will be calculated utilizing the Escalator(s) published the month prior to the anniversary of the Trigger Date compared to the equivalent month from one year earlier to determine the escalation. For example, if the Trigger Date occurs in January 2015, the Escalator(s) will be calculated by comparing December 2013 and December 2014 figures.

"Escalator(s)" means the following:

i. For SaaS/Services: three percent (3%).
ii. For Water Meters: three percent (3%).
iii. For all other goods and services: three percent (3%).
iv. For Installation Services: CPI, which means the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco-Oakland-San Jose area, published by the United States Department of Labor Statistics (CPI) which is published most immediately preceding the commencement of the Installation Services Trigger Date and each Installation Services Trigger Date anniversary thereafter. Notwithstanding the foregoing, in no event shall Sensus’ compensation rates for Installation Services be increased by an amount exceeding five percent (5%) per year.
v. Any Escalator increases called forth in this Agreement shall be calculated to the third decimal point (e.g. 2.576%).

**Equipment.** Invoices for all Field Devices, RF Field Equipment, Server Hardware and any other goods sold by Sensus hereunder shall be delivered along with the relevant goods.

**Third Party Devices.** In cases where CITY requests or requires Sensus to deliver SmartPoint Modules to a third party manufacturer (or any other third party), payment for such modules is due within thirty (30) days of the invoice date to such manufacturer or other third party, irrespective of how long it takes such third party to deliver the SmartPoint Modules to CITY.

**Services.** Invoices for Ongoing Fees and services shall be delivered annually or monthly, as applicable, in advance. Invoices for other services shall be delivered upon completion of the applicable service.

**Invoices and Payment.** CITY shall pay invoices for Equipment within thirty (30) days from date of Equipment acceptance by the CITY. CITY shall pay all other invoices within thirty (30) days from the invoice date. Sensus reserves the right to establish credit limits for City and may require full or partial payment prior to shipment of any goods or commencement of any services provided hereunder. All payments shall be made via electronic payment to the account(s) indicated by Sensus from time to time, unless CITY requests or requires Sensus to deliver SmartPoint Modules to a third party manufacturer (or any other third party), payment for such modules is due within thirty (30) days of the invoice date to such manufacturer or other third party, irrespective of how long it takes such third party to deliver the SmartPoint Modules to CITY.

**Invoices and Payment.** CITY shall pay invoices for Equipment within thirty (30) days from date of Equipment acceptance by the CITY. CITY shall pay all other invoices within thirty (30) days from the invoice date. Sensus reserves the right to establish credit limits for City and may require full or partial payment prior to shipment of any goods or commencement of any services provided hereunder. All payments shall be made via electronic payment to the account(s) indicated by Sensus from time to time, unless CITY requests or requires Sensus to deliver SmartPoint Modules to a third party manufacturer (or any other third party), payment for such modules is due within thirty (30) days of the invoice date to such manufacturer or other third party, irrespective of how long it takes such third party to deliver the SmartPoint Modules to CITY.

**Disputed Invoices.** If CITY disputes an invoice, CITY must give written notice of the dispute to Sensus within thirty (30) days of the invoice date. If CITY does not do so, the entire invoice shall be deemed payable without reduction, set off, or claim. If CITY gives written notice of the dispute within the required thirty (30) days, it shall, at such time as the notice is given, pay the undisputed amount of the invoice and the disputed portion shall be resolved by the parties or, if necessary, under the dispute resolution provisions of this Agreement. If it is ultimately determined that some or all of the disputed amount was payable, that amount shall bear interest from the original due date until CITY pays it at the Interest Rate.

**Withholding.** CITY may withhold payment on an invoice for defective goods and services.

**Final Invoice for Installation Services.** Upon receipt of notice from Sensus that the meters are fully deployed, communicating on the FlexNet System, and Final System Acceptance is achieved, CITY will file a notice of completion with the County Clerk within fifteen (15) business days after Final System Acceptance. Before CITY authorizes the final payment for installation services, Sensus shall have completed the installation services in accordance with this Agreement and all applicable standards of care and Sensus shall meet the following requirements with its invoice, together with supporting documentation:

- Delivery by Sensus to CITY of an affidavit, signed under penalty of perjury, stating that all workers and persons employed, all firms supplying the materials, and all subcontractors have been paid in full, and that there are no bills outstanding against the work for either labor or materials, except certain items, to be set forth in such affidavit covering disputed claims or items in connection with which notices to withhold have been filed under the provisions of the statutes of the State of California.
- All rubbish, tools, scaffolding and surplus materials and equipment have been removed from the installation and warehouse sites.
- Submission of conditional releases of claims and stop notices from Sensus and its Subcontractors with no reservation of rights for disputed claims or amounts.
- If a stop notice(s) is received by the CITY after the notice of completion has been filed and prior to final payment for installation services, the CITY shall withhold the amount specified in the stop notice plus reasonable cost of any litigation pursuant to Civil Code Section 9358 from the final payment unless, at its option, instead supplies a stop notice release bond in the amount of 125% of the stop notice amount from a surety acceptable to the CITY.

Acceptance of final payment for installation services by Sensus shall constitute a complete waiver of all claims, except those previously made in writing and identified by Sensus as unsettled at the time of the invoice for final payment of installation services.

**Taxes.** All prices quoted are exclusive of federal, state and municipal taxes. CITY shall be liable for all sales, use and other taxes (whether local, state or federal) imposed on this Agreement or the goods, services, licenses, and/or other rights provided to CITY hereunder. Sensus shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of Sensus’ business.

**Packaging.** Equipment shall be adequately contained, packaged, marked, labeled and/or provided in compliance with all applicable federal and state laws and regulations (including materials deemed hazardous); Sensus will comply with CITY’s Environmentally Preferred Purchasing and Zero Waste Requirements at no extra charge to CITY.

**Address for Purchase Orders.** All purchase orders shall be sent to the address listed below. Sensus may change this address at any time, upon written notice to the CITY (such notice may be provided via email).

Sensus USA Inc.
PO Box 487
Uniontown, PA 15401
Attn: CITY Service
Fax: 800-688-2403
Email: sensus.orders@xyleminc.com
1. **DOCUMENT OVERVIEW**

1.1 **CONTRACT**

This Scope of Work (“SOW”) will become part of the Contract Terms & Conditions for Equipment and Installation Services (“Contract”) between CITY OF PALO ALTO and Sensus.

1.2 **DESCRIPTION**

This document is intended to set forth the requirements for the Project Services required to deploy the AMI System in accordance with the Contract. The document defines the tasks, responsibilities, and deliverables of Sensus and CITY OF PALO ALTO to support this effort.

1.3 **DEFINITIONS**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMO</td>
<td>Project Management Office</td>
</tr>
<tr>
<td>Project Team</td>
<td>Shall mean CITY OF PALO ALTO and SENSUS personnel assigned to the Project and responsible for deliverables as defined herein. Each party will assign their own project manager (“Project Manager”) as part of this Project Team.</td>
</tr>
<tr>
<td>Project Definition Document (PDD)</td>
<td>Shall mean the Project document defining Project framework, roles and responsibilities, Project processes and a detailed Project plan.</td>
</tr>
<tr>
<td>Project Plan</td>
<td>The deployment Project Plan including schedule jointly developed between Sensus and CITY OF PALO ALTO.</td>
</tr>
<tr>
<td>PO</td>
<td>Purchase Order</td>
</tr>
<tr>
<td>Stakeholder Register</td>
<td>Formal project register of stakeholders to the project recorded during the stakeholder identification process.</td>
</tr>
<tr>
<td>RACI Chart</td>
<td>The Responsibility chart listing task assignments to the project team members.</td>
</tr>
<tr>
<td>Prop Study</td>
<td>The RF Propagation study</td>
</tr>
<tr>
<td>CIS</td>
<td>The CITY OF PALO ALTO customer information system</td>
</tr>
<tr>
<td>Full Deployment Phase</td>
<td>Means the period in which Meters purchased under this Contract are installed within the CITY OF PALO ALTO service territory.</td>
</tr>
<tr>
<td>Meter(s)</td>
<td>Shall mean meter(s) provided under the AMI Agreement contract</td>
</tr>
<tr>
<td>MDMS</td>
<td>Meter Data Management System</td>
</tr>
<tr>
<td>Project</td>
<td>Means the planned effort in relation to the Project Services more specifically set out in this statement of work.</td>
</tr>
<tr>
<td>Routes</td>
<td>Shall mean a set of meters grouped together for reading and/or route acceptance.</td>
</tr>
<tr>
<td>Set Aside Account/ RTU</td>
<td>Shall mean an account of which all meter access commitments were met or an account in which the service or other conditions prohibits the installation of a meter and the account is removed from scope.</td>
</tr>
<tr>
<td>Work Order System</td>
<td>Shall mean the work order system utilized by SENSUS and supplied by the installation subcontractor to install Meters.</td>
</tr>
<tr>
<td>Work Breakdown Schedule (“WBS”) and Project Schedule</td>
<td>Shall mean the Project task list and Project schedule timeframes created to manage the Project activities.</td>
</tr>
</tbody>
</table>

1.4 **Assumptions:**
• Data received from the CITY OF PALO ALTO will be as accurate and up-to-date as possible. Significant data discrepancies can cause changes in Scope, Schedule and or Budget.

• There are no union requirements.

• CITY OF PALO ALTO will supply all materials not previously agreed upon as deliverables from Sensus (i.e., washers, seal gaskets, lock rings, meter bands, etc...)

• Work identified by the project team as ‘out of scope’ will be managed through the change order process.

• Any ‘out of scope’ work that directly effects Scope, Schedule or Budget will necessitate a signed Change Order before work can commence.

• Sensus will be managing the physical deployment of meters in the field.

• Sensus will manage the Basestation installation.

• CITY OF PALO ALTO will provide route information to Sensus.

• UPA will provide installed meter work order information to both CITY OF PALO ALTO and Sensus to compare installations with network performance.

• CITY OF PALO ALTO will identify any locations that are medically sensitive or deemed unsafe, if available.

• CITY OF PALO ALTO will assign sufficient staff to support the deployment.

• CITY OF PALO ALTO will assist Sensus in identifying any required documentation or identification materials the installers will need to perform work in the area.

• Sensus will be providing and managing Software as a Service (SaaS) for the RNI.

2. PROJECT OVERVIEW

Sensus will install the FCC Primary Use Licensed AMI System (FlexNet) throughout the City of Palo Alto Utility’s service territory for Electric, Water and Gas metering. In accordance with the contract this will include, roughly 30,076 Electric meters, 24,193 Gas Smart Points, 19,513 Water Smart Points, and 10 base stations at 5 separate locations, along with providing the Sensus SaaS Head End System (RNI). Proposed Base Station Site locations include: Montebello, Maybell Substation, Palo Alto Tank, East Meadow Substation, and Palo Alto Pump Station (Peers Park).

2.1 PROJECT OBJECTIVES

• Utilization of project management services to deploy the Sensus FlexNet AMI System with the highest level of attention paid to quality, schedule and CITY OF PALO ALTO satisfaction.

• Deployment of meters with the highest level of attention paid to quality, schedule, and CITY OF PALO ALTO satisfaction

• Support for CITY OF PALO ALTO planned operational and business initiatives with Sensus FlexNet AMI technology

• Supporting CITY OF PALO ALTO in maximizing benefits of Sensus FlexNet AMI technology

• Enhancing CITY OF PALO ALTO operations and consumer satisfaction with Sensus FlexNet AMI technology

2.2 **PROJECT PHASING**

The project will consist of: Planning Phase, Alpha Proof of Concept Phase, Beta Proof of Concept Phase and Full Deployment Phase.

2.3 **PROJECT SCHEDULE**

<table>
<thead>
<tr>
<th>Phase</th>
<th>Start Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Kickoff</td>
<td>January 2022</td>
<td>3 Months</td>
</tr>
<tr>
<td>Alpha Proof of Concept</td>
<td>January 2022</td>
<td>6 Months</td>
</tr>
<tr>
<td>Beta Proof of Concept</td>
<td>July 2022</td>
<td>12 Months</td>
</tr>
<tr>
<td>Full Deployment</td>
<td>July 2023 or sooner</td>
<td>18 Months</td>
</tr>
</tbody>
</table>

3. **PROJECT WORK**

3.1 **PLANNING (PROJECT INITIATION & DESIGN)**

3.1.1 **Summary**

The Planning (Project Initiation & Design) phase is when the project plans are documented, and the project deliverables and requirements are further refined. This phase is essential to set up the foundation through the remaining phases of the project.

3.1.2 **Responsibilities and Deliverables**

The following table describes the activities and responsibilities required for the Planning (Project Initiation and Design) Phase. “C” denotes a contributor to an item, and “O” denotes the owner of an item.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Represent the AMI project team at the Project Management Office (PMO) along with core team members as required.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>2.</td>
<td>Assist CITY OF PALO ALTO with defining roles and expectations of the AMI operations team, both the core and extended team members.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>3.</td>
<td>Leverage and build an internal team of Sensus Experts assigned to provide support.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>4.</td>
<td>Assist with development of communication plan for field deployment, both internal to the project and external to project sponsors.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>5.</td>
<td>Perform Contract Requirements Analysis.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>6.</td>
<td>Document inventory management and RMA plan.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>7.</td>
<td>Lead meter deployment workshop.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
### 3.2 Risk Identification, Mitigation, & Management

#### 3.2.1 Summary
The Risk Identification, Mitigation, & Management phase is the process of identifying, analyzing, and mitigating risk. This includes planning responses to any identified risk that arises during the project.

#### 3.2.2 Responsibilities And Deliverables
The following table describes the activities and responsibilities required for the Risk Identification, Mitigation, & Management Phase.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Lead the deployment workshop.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.</td>
<td>Create Project Definition Document.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>9.</td>
<td>Develop Stakeholder Register.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>10.</td>
<td>Create and distribute Project Plan.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>11.</td>
<td>Develop Project Schedule.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>12.</td>
<td>Manage Inventory and order planning.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>13.</td>
<td>Provide PO Coordination and order set-up and support.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>14.</td>
<td>Work with CITY OF PALO ALTO to identify and formalize stakeholder</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>register and RACI Chart.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Propagation study validation and adherence.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>16.</td>
<td>Design meter rate configurations.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>17.</td>
<td>Inventory Forecasting and Lead Time Planning.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>18.</td>
<td>Manage changes to infrastructure deployment plan and coordinate Prop</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>study rerun with Sales/RF Team.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Facilitate Weekly Deployment Planning Team Calls and document &amp;</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>distribute minutes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Create master project book, containing all processes and procedures</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>documentation (flow charts and reference documents).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Develop Work Breakdown Schedule (WBS).</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>22.</td>
<td>Update and finalize AMI requirements through Design workshop(s).</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>23.</td>
<td>Test Plan Development (Alpha Proof of Concept, Beta Proof of Concept,</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>and Full Deployment Testing).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Manage project collaboration software tools as needed (SmartSheet, MS</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>Excel Templates, Web Data Collection Forms, ProjectManager.Com).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2. Document and formalize meter installation Standard Operating Procedures (SOP’s) as needed.

3. Document installation and communication processes and procedures related to new installs.

4. Document installation and communication processes and procedures related to performance and network analysis.

5. Facilitate and document a Risk Mitigation Workshop and create a Risk Mitigation Plan with Rank, Likelihood and Severity.

6. Document and track all project risks in the project management portal, escalating and upgrading as needed throughout the life of the project.

### 3.3 ALPHA PROOF OF CONCEPT

#### 3.3.1 SUMMARY

The Alpha Proof of Concept phase consists of installing 4 base station location sites: Palo Alto Tank, Park blvd Substation, MB Substation and Montebello as well as up to 100 each of electric meters, water and gas smart points, totaling roughly 300 meters total. This will also include RNI integrations to MDM and life-cycle information to SAP. In addition, this will include brief installation and water/gas module programming training from Sensus on performing meter installations.

In addition, Sensus will cause UPA to install WOMS system & integration with CIS in Alpha phase to be ready for CITY staff to install meters during Beta Phase.

#### 3.3.2 RESPONSIBILITIES AND DELIVERABLES

The following table describes the activities and responsibilities required for the Execution & Deployment Phase.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Site walk selected Base Station location(s).</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>2.</td>
<td>Validate the chosen locations are viable per the RF Prop Study; if not, choose new locations and rerun the Prop Study.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>3.</td>
<td>Order installation material and Base Stations.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>4.</td>
<td>Identify meter locations to install.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>5.</td>
<td>Obtain approvals and any necessary permitting for Base Stations, as necessary.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>6.</td>
<td>Install Base Stations.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
7. Stand up and configure RNI, and validate connectivity (with DEV/TEST instance). Sensus is currently working towards ISO 27001 certification, with the intent that this certification will be completed by end of 2021.

8. Perform initial RNI training.

9. Perform certification at each installed Base Station location.

10. Commission the communication link between the Base Station and RNI.

11. Conduct Initial training of RNI and endpoints, and provide documentation (where applicable) for: user manuals for the AMI headend; standard system report samples, with descriptions of input/out parameters, and explanations of how reports are built and executed; error code and troubleshooting documentation; system documentations concurrent with the software environment; and system acceptance test plan.

12. Perform integration of the RNI to/from the MDMS to exchange all meter event data, reads, and initiation of remote commands.

13. Test the RNI data integration and transfer to the customer information system.

14. Provide Alpha POC meters and endpoints.

15. Install Alpha POC meters and endpoints.

16. Perform Alpha POC testing and approval.

### 3.4 Beta Proof of Concept

#### 3.4.1 Summary

The Beta Proof of Concept phase consists of installing any remaining base stations, and installing additional meters up to 1,000 each of electric meters, water and gas smart points, totaling roughly up to 3,000 meters total, this phase will also include any outstanding integrations required to meet the integration architecture.

#### 3.4.2 Responsibilities and Deliverables

The following table describes the activities and responsibilities required for the Execution & Deployment Phase.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Site walk any additional Base Station location(s) if any.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>2.</td>
<td>Validate the chosen locations are viable per the RF Prop Study; if not, choose new locations and rerun the Prop Study.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>3.</td>
<td>Order installation material and Base Stations.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
4. Obtain approvals and any necessary permitting for Base Stations, as necessary.

5. Install Base Stations.

6. Perform certification at each installed Base Station location.

7. Commission the communication link between the Base Station and FlexNet Head End System.

8. Perform field training and refresher RNI training.

9. Identify meters to install.

10. Provide route information to UPA.

11. Provide Beta POC meters and endpoints.

12. Install Beta POC meters and endpoints.

13. Perform Beta POC testing and approval.

3.5 **FULL DEPLOYMENT**

3.5.1 **SUMMARY**

The Full Deployment phase consists of installation of the remaining meters and endpoints, validation of network performance, optimization, system acceptance testing, and project closeout.

3.5.2 **RESPONSIBILITIES AND DELIVERABLES**

The following table describes the activities and responsibilities required for the Full Deployment Phase.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Gain formal project plan approval.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>2.</td>
<td>Provide refresher training sessions for installers and AMI head end system operators.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>3.</td>
<td>Facilitate and send out minutes of weekly project meetings that may include:</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>i. Network Deployment</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>ii. Meter Installation Updates/Issues</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>iii. Route Planning</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td>iv. Leadership Update Meetings</td>
<td>O</td>
<td>C</td>
</tr>
</tbody>
</table>
3.6 **CONTRACTOR MANAGEMENT**

### 3.6.1 SUMMARY

Contractor management includes the management of deliverables from subcontractors including the methods and work to ensure quality and project completion within the project schedule and budget.

### 3.6.2 RESPONSIBILITIES AND DELIVERABLES

The following table describes the activities and responsibilities required for Contractor Management.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Quality control plan development and execution.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>2.</td>
<td>Cost control plan development and adherence.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.</td>
<td>Monthly email reports of overall project metrics and KPIs including meter installations (as reported and verified with RNI), network performance, and issue tracking &amp; resolution. CITY can request weekly if desired.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>5.</td>
<td>Coordinate and support CITY OF PALO ALTO through acceptance testing.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>6.</td>
<td>Manage and communicate all software and AMI system implementation related issues via the Sensus Ticket system and the Project Action Item Tracker.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>7.</td>
<td>Manage Sensus Internal experts for resolution on any network implementation issues or concerns.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>8.</td>
<td>Manage the delivery of meters, endpoints, and other equipment, including ordering, shipping, RMA, and programming of meters, endpoints, and other equipment, as required by the AMI Agreement.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>9.</td>
<td>Manage and coordinate delivery of antennas, coaxial and other network related materials as required by the AMI Agreement.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>10.</td>
<td>Review Equipment and Hardware Configurations and Forecast/Orders.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>11.</td>
<td>Adhere to the Business Requirements of the AMI Agreement.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>12.</td>
<td>Lead the Solutions Architecture/RNI Systems Integration development.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>13.</td>
<td>Manage the First Article Test Plan as provided under the AMI Agreement.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>14.</td>
<td>Provide and perform in accordance with the training requirements and approach.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
### 3.7 Monitoring & Controlling

#### 3.7.1 Summary

The Monitoring and Controlling phase involves the processes designed to identify, monitor, and deploy the controls and risk mitigation strategy. This phase is critical to ensuring the project remains within scope, on time, and on budget.

#### 3.7.2 Responsibilities and Deliverables

The following table describes the activities and responsibilities required for the Monitoring & Controlling Phase.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Manage Change Order Requests and present for formal approval.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>2</td>
<td>Monitor Installation actual vs estimate trending to ensure on schedule completion</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>3</td>
<td>Implement, track, and manage all project related issues from identification to resolution in formal project tracking logs.</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
4. Review and discuss all changes for schedule/scope/budget impact with Project Leadership team.

5. Develop Key Performance Indicators (KPIs) which are based on Project daily, weekly and monthly goals and/or objectives including:
   i. Installation actual vs estimate trending
   ii. Software Implementation & Integrations
   iii. Material Completion Forecasting


7. Monitor and report on network performance, meter/endpoint performance, identify meter/endpoint issues, develop plans/proposals and solutions based on findings including:
   iv. Network Data Validation
   v. Read Interval Success %
   vi. Meter Profile/Configuration Confirmation

8. Optimize the read performance of all endpoints

### 3.8 Acceptance Testing

#### 3.8.1 Summary

The Acceptance Testing phase is to ensure the solution by the project meets the requirements (both functional and non-functional) as specified in the contract and requirements.

#### 3.8.2 Responsibilities and Deliverables

The following table describes the activities and responsibilities required for the Acceptance Testing Phase.
### 3.9 COMPLETION

#### 3.9.1 SUMMARY
The Completion phase is focused on achieving and releasing the final deliverables, releasing project resources, finalizing project documentation, and providing transition support for post project operations.

#### 3.9.2 RESPONSIBILITIES AND DELIVERABLE
The following table describes the activities and responsibilities required for the Completion Phase.

<table>
<thead>
<tr>
<th>Ref. #</th>
<th>Item</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Manage project wrap-up including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i. RMA assistance</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td>ii. Route Review &amp; Sign-off of network performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii. CITY OF PALO ALTO Assistance with MySensus Portal (if needed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iv. Review and close out of outstanding claims (if applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Assist and facilitate transition training for CITY OF PALO ALTO to ongoing customer support</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>3.</td>
<td>Review of contacts and available resources for ongoing support and information</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
1. **DOCUMENT OVERVIEW**

1.1 **CONTRACT**
This Statement of Work (“SOW”) will become part of the Contract Terms & Conditions for Equipment and Installation Services (“Contract”) between CITY and Sensus.

1.2 **DESCRIPTION**
This document is intended to set forth the requirements for the installation of a Sensus M400B2 at CITY. The proposed site will be installed per this Statement of Work. This document provides a description of all work to be performed based on requirements developed during the site walk by a Sensus approved Base Station Installation Contractor and the assigned Sensus Project Manager. Any deviation from the RF design hereafter referred to as the Propagation Study (Exhibit G) with respect to antenna height, antenna azimuth, cable types/lengths, or grounding will require prior approval from Sensus RF Network Design Engineer or Project Manager.

The installation contractor will perform a daily *tailgate* Safety and Environmental briefing prior to the start of every site installation.

Sensus and Diversified Communication Services agree to maintain all requisite licenses, certifications and Workers Comp Certificates of Insurance current and good standing. In the event any of these articles lapse all work must stop until such time that currency is restored.

Where required Sensus and Diversified Communication Services agree to comply with governing agencies requirement to pay prevailing wages and document to the agency and Sensus of all required certified payroll documents.

Diversified Communication Services agrees to comply with all CITY safety and security practices such as the wearing of Personal Protective Equipment (PPE).

It is assumed for the purpose of this SOW that the installation of the M400B2 that the vertical asset used will be CITY provided.

1.3 **DEFINITIONS**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cat 6</td>
<td>Standardized twisted pair cable for Ethernet rated to 10 gig bits per second.</td>
</tr>
<tr>
<td>dB</td>
<td>Decibel (dB) is a logarithmic unit of measure</td>
</tr>
<tr>
<td>FBS</td>
<td>FlexNet Base Station</td>
</tr>
<tr>
<td>GPS</td>
<td>Global Positioning Satellite</td>
</tr>
<tr>
<td>H Frame</td>
<td>Two Rectangular aluminum or steel frames, braced with cross bracing used a flexible transceiver mounting structure.</td>
</tr>
<tr>
<td>RF</td>
<td>Radio Frequency</td>
</tr>
<tr>
<td>VAC</td>
<td>Voltage, Alternating Current</td>
</tr>
<tr>
<td>Vertical Asset</td>
<td>Mono Pole, Communication Tower, Water Tank, Building or any structure for which an Antenna(s) and supporting components will be affixed.</td>
</tr>
<tr>
<td>VSWR</td>
<td>Voltage Standing Wave Ratio, a measure of reflective power at the antennae.</td>
</tr>
</tbody>
</table>

1.4 **ASSUMPTIONS:**
2. **PROJECT OVERVIEW**

Sensus will work with Diversified Communication Services and CITY to perform site surveys of the 5 site locations and install 10 separate M400B2 Basestations at the 5 locations identified in the Sensus propagation study. Current Base Station Site locations include: Montebello, Maybell Substation, Hale Well, Palo Alto Pump Station (Peers Park) & East Meadow Substation. Sensus will provide Turn-Key installation of the M400B2 base stations, which includes both the Base Station Installation as well as the certification and commissioning process. Turn-Key Installation Includes any necessary labor, materials, and equipment required to realize a functioning network base station and head-end software system. CITY will only be responsible for electric power availability at the M400 Cabinet, cost of consumption at the sites, and Fiber Backhaul. If City of Palo Alto choses to have Sensus manage the backhaul, Sensus will deliver cellular backhaul modems at the pricing in Exhibit C.

2.1 **PROJECT OBJECTIVES**

This Statement of Work describes the roles, responsibilities, processes, workflow, personnel identification, and communications between working groups to ensure the successful installation and necessary hand-offs between specific entities associated with all FlexNet Base Stations. It touches on site prospecting and propagation studies and provides a Base Station worksheet and general site requirements. For additional technical details or installation requirements reference the applicable Base Station Installation Manual or Reference guide below.

*M400 Installation Guide (AIG-10014-04)*
*M400 Reference Guide (ARM-10009-03)*
*R100NA Installation Guide (AIG-10053-05)*

3. **PROJECT WORK**

The following table describes the activities and responsibilities required for Base Station installation.

<table>
<thead>
<tr>
<th>RESPONSIBILITIES</th>
<th>Customer</th>
<th>Sensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The following site preparation activities will be performed by either CITY OF PALO ALTO or Sensus as indicated, prior to installation activities:</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>2. Install conduit from power source on site and provide a dedicated 120VAC/15A circuit terminated at a junction box at the Base Station vertical asset mounting location.</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>3. Install conduit from power source on site and provide a dedicated 120VAC/15A circuit terminated at a junction box at the base of the new City of Palo Alto pole</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>4. Install the M400B2 transceiver cabinet on mounting structure, e.g. City of Palo Alto pole, H frame, or wall mount at “man height”.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>5. Connect grounding bus bar of M400B2 transceiver cabinet to the existing grounding grid or ground rods</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>6. Run transmission cable with jumpers at cabinet and antenna ends of the main transition cable.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>7. Mount M400B2 antenna specified at the designed centerline, elevation, and azimuth per the propagation study</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>8. Make all cable and antenna connections and weatherproof.</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>9. Verify that the Base Station is grounded IAW with the M400B2 Basestation Installation Documentation</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Sweep the antenna and coax system; install the GPS antenna; Install a Polyphaser on the GPS cable and mast as needed. Capture JPG of the sweep for the record.</td>
<td>C O</td>
</tr>
<tr>
<td>11.</td>
<td>Perform screen capture of antenna sweep and provide along with as built documentation.</td>
<td>C O</td>
</tr>
<tr>
<td>12.</td>
<td>Configure transmit mode for multi sync transmit operation.</td>
<td>C O</td>
</tr>
<tr>
<td>13.</td>
<td>Verify proper configuration, IP Address and Default Gateway of the Transceiver and Cordex Power Controller if applicable.</td>
<td>C O</td>
</tr>
<tr>
<td>14.</td>
<td>Connect Transceiver Ethernet Port to the modem or router RJ-45 using Cat 6 cable.</td>
<td>C O</td>
</tr>
<tr>
<td>15.</td>
<td>Connect modem to 24 VDC, 3A ancillary power strip.</td>
<td>C O</td>
</tr>
<tr>
<td>16.</td>
<td>From command line on the transceiver PING IP Address 8.8.8.8 or other CITY OF PALO ALTO network address to test Backhaul performance.</td>
<td>C O</td>
</tr>
<tr>
<td>17.</td>
<td>Verify Base Station Transmitter Operation Does Not Cause Any &quot;Red Light&quot; Failures.</td>
<td>C O</td>
</tr>
<tr>
<td>18.</td>
<td>Measure Transmitter power output</td>
<td>C O</td>
</tr>
<tr>
<td>19.</td>
<td>Normal Channel Reception Confirmed</td>
<td>C O</td>
</tr>
<tr>
<td>20.</td>
<td>Noise verification, record, low, high and average readings ensuing &lt;15 dB</td>
<td>C O</td>
</tr>
<tr>
<td>21.</td>
<td>Perform receiver Sensitivity and Calibration Measurements</td>
<td>C O</td>
</tr>
<tr>
<td>22.</td>
<td>Measure Voltage reading from GPS port on rear of transceiver.</td>
<td>C O</td>
</tr>
<tr>
<td>23.</td>
<td>Measure and record VSWR @ Receive Frequency.</td>
<td>C O</td>
</tr>
<tr>
<td>24.</td>
<td>Measure and record VSWR @ Transmit Frequency</td>
<td>C O</td>
</tr>
<tr>
<td>25.</td>
<td>Open &quot;FBS COMMISSIONING&quot; ticket by email to <a href="mailto:techservices.support@xylem.com">techservices.support@xylem.com</a> or contacting (800) METER IT (638 3748)</td>
<td>C O</td>
</tr>
<tr>
<td>26.</td>
<td>Perform Base Station Certification and deliver documentation to CITY OF PALO ALTO</td>
<td>C O</td>
</tr>
</tbody>
</table>
4. DOCUMENT OVERVIEW

Sensus plans to deliver the integration work outlined in the RFP, we will support or lead an integration workshop with Palo Alto to understand the preferred integration methods and work to execute those as it pertains to the Sensus system.

As the AMI and MDMS components of the Project are tightly coupled through integration, and as these components are being implemented concurrently through separate contracts, the following table has been developed to establish mutual obligations and co-dependencies between the services and systems being provided by the respective vendors for these components. This table outlines tasks (including integration services, with specifications listed if already identified) and denotes which parties are the owners ("O") or contributors ("C") of specific activities.

The City of Palo Alto shall be ultimately responsible for obtaining and coordinating adequate participation of the MDMS vendor to contribute to the listed tasks.

The tasks and integrations identified in this table will be superseded by any changes that occur and are mutually agreed-upon by all parties during the kickoff and workshopping tasks outlined in the SOW. Sensus will not be held liable for non-compliance as a result of the MDMS contract not being executed.

<table>
<thead>
<tr>
<th>Work Category</th>
<th>Activity</th>
<th>Customer</th>
<th>Sensus</th>
<th>MDMS Provider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service</td>
<td>Develop Project Schedule.</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Design meter rate configurations.</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Update and finalize AMI requirements through Design workshop(s).</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Test Plan Development (Alpha Proof of Concept, Beta Proof of Concept, and Full Deployment Testing).</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Perform integration of the RNI to/from the MDMS to exchange all meter event data, reads, and initiation of remote commands.</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Perform Alpha POC testing and approval.</td>
<td>O</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Perform Beta POC testing and approval.</td>
<td>O</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Formal System Acceptance Test Design.</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Draft and facilitate approval and consensus of SAT Definitions.</td>
<td>C</td>
<td>O</td>
<td>C</td>
</tr>
<tr>
<td>Work Category</td>
<td>Activity</td>
<td>Customer</td>
<td>Sensus</td>
<td>MDMS Provider</td>
</tr>
<tr>
<td>---------------</td>
<td>----------</td>
<td>----------</td>
<td>--------</td>
<td>---------------</td>
</tr>
<tr>
<td>Integration - SFTP</td>
<td>CMEP Read File</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Integration - SFTP</td>
<td>CMEP Voltage File</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Integration - SFTP</td>
<td>CMEP Event File</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Integration - MultiSpeak 4.1</td>
<td>Real-Time Events</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Integration - MultiSpeak 4.1</td>
<td>On-Demand Read</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Integration - MultiSpeak 4.1</td>
<td>Remote Disconnect</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Integration - MultiSpeak 4.1</td>
<td>Remote Connect</td>
<td>C</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Service</td>
<td>To Kick Off project and establish successful working relationship</td>
<td>C</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>Service</td>
<td>To obtain detailed agreement on Project Plan</td>
<td>C</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>Service</td>
<td>Conduct Discovery Sessions</td>
<td>C</td>
<td>C</td>
<td>O</td>
</tr>
<tr>
<td>Service</td>
<td>To write associated test cases that Customer would execute for acceptance of the Solution</td>
<td>O</td>
<td>C</td>
<td>C</td>
</tr>
<tr>
<td>Service</td>
<td>Integration Testing</td>
<td>C</td>
<td>C</td>
<td>O</td>
</tr>
</tbody>
</table>
Sensus will organize and lead a series of consultative workshop sessions with Palo Alto’s departmental stakeholders and Subject Matter Experts (SMEs). Through interaction with Palo Alto’s stakeholders and SMEs, Sensus will gain an understanding of Palo Alto’s current processes and future state goals. During these consultative sessions, the Solution and Business architects from Sensus Professional Services will review the current architecture that is in place along with the proposed architecture diagram given below and formalize the Solution Architecture and data flow that supports Palo Alton’s business requirements.
1. Project Introduction

City of Palo Alto (CITY) requires installation services in support of its Advanced Meter Infrastructure (AMI) project. The project Full Deployment Phase installations will take place over a planned 20-month period.

Sensus, through its subcontractor meter installation vendor Utility Partners of America (UPA), will provide installation services, contract management, field-project management, inventory management, data management, call center services and a quality assurance program. Sensus shall also provide through UPA a uniform vehicle fleet, hand tools, uniforms, personal protective equipment, performance reports and the use of EnSight Plus Work Order Management System (WOMS).

Sensus, through our subcontractor installer UPA, will install Advanced Metering Infrastructure (AMI) equipped electric, water, and gas meters and retrofit modules in accordance with the Statement of Work and Exhibit C – Pricing.

2. Common Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMI</td>
<td>Shall mean Advanced Metering Infrastructure, specifically Sensus Advanced Metering Infrastructure, a system in which Sensus network elements communicate commodity measurements such as consumption data throughout the day</td>
</tr>
<tr>
<td>Blackout Period</td>
<td>Shall refer to a temporary period in which access to a particular route is limited or denied. Usually coincides with a reading of current meters so as to not interrupt the Utility’s billing cycle</td>
</tr>
<tr>
<td>C&amp;I Accounts</td>
<td>Shall mean Commercial and Industrial Accounts</td>
</tr>
<tr>
<td>CC</td>
<td>Shall mean Can’t Complete the work order to install a meter or module due to a temporary obstruction.</td>
</tr>
<tr>
<td>CIS</td>
<td>Shall mean Utility’s Customer Information Systems (SAP).</td>
</tr>
<tr>
<td>Custodial Care</td>
<td>Custodial Care is exclusive physical control supported by documentation. Documentation will take the form of a signed bill of lading or a documented inventory transfer.</td>
</tr>
<tr>
<td>Phase</td>
<td>Shall mean a Period of Performance</td>
</tr>
<tr>
<td>GPS</td>
<td>Shall mean Global Positioning System, a method to identify the longitude and latitude of a location</td>
</tr>
<tr>
<td>Meter(s)</td>
<td>Shall mean meter(s) provided under this Agreement (i.e., electric meters)</td>
</tr>
<tr>
<td>Network Elements</td>
<td>Shall mean endpoint devices that comprise the Sensus AMI System, including but not limited to electric meters.</td>
</tr>
<tr>
<td>POC</td>
<td>Proof of Concept phase</td>
</tr>
<tr>
<td>Project</td>
<td>Shall mean the delivery of the Full Deployment Phase.</td>
</tr>
<tr>
<td>Project Stakeholders</td>
<td>Shall mean Utility, UPA and Sensus personnel assigned to the Project and responsible for deliverables as defined herein.</td>
</tr>
<tr>
<td>Utility Intervention Required (UIR)</td>
<td>Shall mean a work order where due to any of the following reasons, Utility Intervention is Required (UIR): UPA’s Due Diligence Plan is complete, an unsafe or abnormal operating condition is identified, a permanent obstruction is present, a customer refuses service, evidence of theft or tampering is present, or UPA finds that the work order is found-complete upon arrival.</td>
</tr>
<tr>
<td>Return to Utility (RTU)</td>
<td>Shall mean a completed work order that is returned to the utility for service due to an unsafe or abnormal operating condition, customer refusal, permanent obstruction, theft or due to an inability to gain access to the meter after the approved meter-access strategy is employed.</td>
</tr>
<tr>
<td>Routes</td>
<td>Shall mean a set of meters grouped together for manual meter reading and/ or replacement operations</td>
</tr>
<tr>
<td>SOW</td>
<td>Shall mean the Statement of Work or Scope of Work.</td>
</tr>
<tr>
<td>Utility</td>
<td>Shall mean (City of Palo Alto) or (CITY).</td>
</tr>
</tbody>
</table>
3. **Place of Performance**

The work will be performed within CITY’s Service Territory.

4. **Period of Performance**

The meter installation services referenced herein will begin after the Agreement is executed and formal Notice to Proceed for the mass meter deployment is issued by CITY. Sensus and our subcontractor installer UPA will require at least sixty (60) days after formal Notice to Proceed to mobilize before the commencement of the work. The meter installation services will continue until the installation work associated with the project is complete. NTP will be issued towards the end of Alpha phase, to get access to WOMS/training for Palo Alto staff installing meters for Beta phase. NTP to secure warehousing/staging area and mobilizing full crew for Full Deployment will be given with ninety (90) days notice.

5. **Scope of Work**

The scope of work will be performed during the Period of Performance and in accordance with the provisions, requirements and assumptions listed in Section 6 and Exhibit C - Pricing. The scope of work includes:

**Planning and Support Phase:**

- Planning support (discussions, meeting participation and presentations will be conducted as needed via conference call or web conference)
  - Developing and drafting work plans
  - Other strategic planning (routes, standard operating procedures, customer communications, branding, safety, training, etc.)
  - Sending and receiving documentation
  - WOMS development and testing
- Site visit and assessment (to include storage facility, office, parking, etc.)
- Support of one on-site kickoff meetings that will take place during the week prior to the commencement of the Full Deployment Phase installations.
- Alpha Proof of Concept Support
  - Configuring the WOMS
  - Performing integration of the WOMS to/from the SAP HANA module to provide exchange of Work Order information
  - Providing adequate documentation of the WOMS, including guides on information access and key performance indicators or reports generated
- Beta Proof of Concept Support
  - Hiring adequate numbers of qualified personnel to staff installation services for Full Deployment
  - Acquiring adequate heavy equipment, space, and office/staging/warehousing facilitates to facilitate the installation services to be provided for Full Deployment
- Support of weekly status meetings during the Full Deployment Phase.
**Full Deployment Phase:**  Sensus and subcontractor UPA will support the Full Deployment Phase over a 18 month period, beginning in 2023 (estimated).  Included in the scope of work are: installation labor (10 installers), contract management, field project management, inventory management, data management, call center services, travel expenses, a uniform vehicle fleet (approximately 12-14, depending on need and scheduling), tools, uniforms and use of UPA’s Work Order Management System (WOMS).

The scope of work will be performed in accordance with the provisions, requirements and assumptions listed in Section 6.

### 6. Provisions, Requirements and Assumptions Related to the Scope of Work

The scope of work includes installation services, contract management, field-project management, inventory management, data management, call center services and a quality assurance program.  Sensus and subcontractor UPA will source a warehouse facility during the Full Deployment Phase.  Sensus and subcontractor UPA will also provide a uniform vehicle fleet, tools, uniforms, personal protective equipment, performance reports and UPA’s Work Order Management System (WOMS), titled Deployment Automation System which will interface with CITY’s CIS/AMS.

#### 6.1 UPA Provisions & Requirements

UPA will provide the following:

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<thead>
<tr>
<th>ID</th>
<th>UPA Provision</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1.1</td>
<td>Installation Services</td>
<td>Sensus and UPA will staff the project with trained and qualified installation technicians. Installation technicians will be pre-qualified by UPA and interviewed by UPA’s Field Project Manager. Those applicants that are deemed pre-qualified will be subjected to a Motor Vehicle Record “MVR” Check, a nationwide background check (last seven (7) years), a sexual offender registry check, and a 5-panel drug test. Applicants who pass Sensus and UPA’s screening process will be extended an offer letter. If the offer letter is accepted, the applicants will be hired and asked to report for training on a specific date and time. Once hired, new associates will be trained and qualified to ensure they are qualified to work in a safe and effective manner. Sensus and UPA will deploy a trainer who will administer a classroom training course. Classroom training will encompass but is not limited to the following topics: work safety, avoiding hazards, defensive driving, SOW review, tools and hardware review, work order management training, installation techniques, tamper and theft, unsafe conditions and meter reading. Field training will follow classroom training. Installation Technicians deemed qualified once they have demonstrated all the necessary installation and safety techniques and they have passed a final exam. Installation technicians will perform the installation services associated with the SOW and in accordance with the manufacturer’s recommended installation specification. UPA will employ one (1) field supervisor for every ten (10) to twelve (12) installation technicians. Installation technicians will be subjected to UPA’s Quality Assurance Program.</td>
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<tr>
<td>6.1.2</td>
<td>Project Management</td>
<td>UPA’s Project Delivery Manager (PDM) will represent Sensus as it pertains to the meter installation work during planning and project status meetings and will maintain project budgets, project tracking and change management tools. The PDM will have the authority to develop and administer all aspects of UPA’s Statement of Work with Sensus, to negotiate with Sensus on UPA’s behalf, and develop solutions with</td>
</tr>
</tbody>
</table>
| 6.1.3 | Operations Management | Sensus for unforeseen challenges that arise during the Period of Performance in cooperation with the Project Stakeholders. | UPA’s Field Operations Manager (FOM) responsibilities include managing the day-to-day aspects of the meter installation field operations including, but not limited to: safety management, quality control, personnel management, inventory management, schedule management and SOW adherence, and customer claims and complaints.  

The FOM will live and work in Utility service territory during the Full Deployment Phase. The FOM will be supported by a Field Supervisor or a Senior Field Operations Manager (SFOM) any time the FOM is schedule to be offsite (vacation, etc.).  

The FOM will be tasked with ensuring that installation services are carried out in a safe and professional manner that complies with the SOW, the manufacturer’s recommended installation specifications, and all other applicable local, state and federal regulations. |

| 6.1.4 | Inventory Management | Sensus shall cause UPA to establish its inventory control system in anticipation of receiving, managing and reconciling allotments of meters and installation material. UPA shall accept delivery of the inventory. After physical delivery to the UPA-controlled site UPA shall be responsible for storing the inventory it receives from Utility. UPA will staff the project with an appropriate number of dedicated inventory technicians during the Full Deployment Phase. UPA will pick, stage and distribute meters and installation material that have been released from quarantine by Utility to installation technicians who will sign for the meters and installation material they receive. Meters and installation material will be managed by UPA on behalf of CITY until the meters and installation material are returned to Utility by way of completed work orders or by way of documented inventory transfers.  

CITY will have access to an Inventory Report via UPA’s Project Web Portal. The Inventory Report will provide statistics regarding inventory on hand, inventory used, inventory returned to the manufacturer (RMA). Sensus and CITY will establish and document reordering thresholds and lead times and UPA will utilize the Inventory Report to alert Sensus and CITY that reordering is necessary. |

| 6.1.5 | Data Management | UPA’s Data & Dispatch Coordinator (DDC) will work closely with the Project Stakeholders to initiate and develop project work plans such as the Production Schedule and the Route Release Schedule. Work plans will be submitted to Utility for review and approval. The Production Schedule will be used to compare actual performance to planned performance. The Route Release Schedule will be used to facilitate the release of work orders and customer communication and will be used to facilitate meter and installation material ordering by Utility.  

The DDC will assign work orders based on the Route Release Schedule, the geographic layout of the available routes, the number of Installation Technicians, CITY’s meter reading schedules and the number of previously scheduled installation appointments. Work orders will be organized the night before and dispatched to the field prior to the start of the workday.  

The DDC will accept completed work orders, electronically, from the field daily. Data collected the previous day will be reviewed and scrubbed to ensure accuracy. The DDC will submit completed work orders to CITY two business days after the data is collected in the field. The completed work orders will be sent to Utility electronically at the appropriate time daily via an FTP site that UPA hosts on CITY’s behalf. |
Various performance reports are available to Utility via the Project Web Portal.

| 6.1.6 | Call Center Services | Sensus and UPA will support the Full Deployment Phase with UPA’s call center which consists of its primary call center located in Greenville, SC and its overflow call center, MAP Communications located in Chesapeake, VA.  

UPA’s call center will be responsible for providing customer service, answering Frequently Asked Questions (FAQ) (if provided by Utility and approved to do so), scheduling installation appointments and facilitating the customer claims process.  

UPA will provide a toll-free and local exchange number that will be dedicated to CITY for customer inbound calling and will be printed on all customer communication material.  

UPA’s call centers are staffed with trained and qualified Customer Service Representatives (CSR) 24/7/365.  

UPA Call Center supports English and Spanish speaking customers. UPA utilizes a 3rd party translating service to communicate with customers speaking languages other than English, Spanish and French.  

Outbound and inbound scripts will be drafted by UPA’s call center manager and submitted to CITY for approval.  

Call Center disposition reports will be available via the Project Web Portal. |
| 6.1.7 | Quality Assurance Program | Sensus and UPA will provide a Quality Assurance Program which includes auditing 100% of the installation work performed by new associates during their first 3 working days of employment and a percentage of the installation work performed by all installation technicians thereafter.  

UPA will also audit 100% of the photographs taken in the field, verifying several recorded meter attributes and the recorded meter read, before the completed work order is returned to the Utility.  

UPA’s Field Project Manager and its Field Supervisors will perform random Quality Audits throughout the Period of Performance to maintain quality and adherence to UPA’s Standard Operating Procedures (SOP). |
| 6.1.8 | Uniform Vehicle Fleet | UPA will provide and maintain an appropriate number of work vehicles suited to facilitate the SOW. UPA’s work vehicles will be labeled with an approved semi-permanent decal that identifies UPA as an approved Utility contractor. |
| 6.1.9 | Tools | UPA will provide its personnel with applicable tools necessary to complete the SOW. |
| 6.1.10 | Uniforms | UPA will provide its Installation Technicians with uniforms and ID badges |
| 6.1.11 | Personal Protective Equipment | UPA will provide its personnel with applicable Personal Protective Equipment to ensure they can complete the requirements associated with the SOW safely. |
| 6.1.12 | Performance Reports | UPA will provide performance reports generated from its WOMS and made available to CITY via Project Web Portal. Performance Reports will include, but are not limited to:  
- EnSight+ Dashboard Report  
- Production Schedule  
- Route Status Report |
<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Details</th>
</tr>
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<tbody>
<tr>
<td>6.1.13</td>
<td>Work Order Management System</td>
<td>Sensus and UPA will provide UPA’s Work Order Management System (WOMS), titled EnSight Plus (EnSight+) for use by its personnel and during the Period of Performance. UPA will provide its Work Order Management System (WOMS) hardware (handheld computers) for use by its associates. EnSight+ is a file interfaced work order management system comprised of both hardware and software used to facilitate the completion of work orders. In collaboration with Utility, UPA will gather requirements and design a workflow to record and validate information associated with each work order. The workflow will offer various collection method options including drop down menus, checkboxes, scannable text fields and free form comment fields. The workflow will also accommodate photo documentation and GPS collection. UPA will design the workflow to enforce data integrity and to accommodate real-time data validation. UPA and Utility will jointly define and test the workflow requirements, the associated field lengths, and the file formats in an effort to facilitate the transference of data between EnSight+ and Utility’s CIS/AMS. UPA will build the workflow and the associated file that it will use to transfer data to Utility’s CIS to meet the specification agreed to by both UPA and Utility. All requirements gathering, design and testing services will be performed remotely via conference call or web conference. UPA will provide a sufficient number of handheld computers. Each handheld computer will be pre-loaded with UPA’s EnSight+ software. UPA will provide regular maintenance of EnSight+ software and hardware and continuous IT support during the Period of Performance. Maintenance and IT support will be provided remotely. EnSight+ is currently working towards SOC 2 certification, with the intent that this certification will be completed in early 2022.</td>
</tr>
<tr>
<td>6.1.14</td>
<td>Warehouse</td>
<td>Sensus and UPA will provide a warehouse facility of appropriate size in Utility service territory.</td>
</tr>
<tr>
<td>6.1.15</td>
<td>Waste Disposal</td>
<td>UPA will be responsible for the disposal of all trash, cardboard, removed meters, debris removed from site, and any material UPA removes from Utility service territory on Utility’s behalf, abiding to City and State policies and regulations on disposal.</td>
</tr>
<tr>
<td>6.1.16</td>
<td>Meter Salvage</td>
<td>Sensus and UPA will arrange for regular pick up of accumulated legacy meters for disposal. Due to the high volatility of the metals market, Sensus and UPA may negotiate fixed or market variable rates on a per meter or per pound basis with the scrap vendor. For each scrap load, Sensus and UPA will remit 50% of the received scrap proceeds, net of any costs and fees, in the form of an invoice credit within 30 days.</td>
</tr>
<tr>
<td>6.1.17</td>
<td>Insurance Coverage</td>
<td>Sensus and UPA will maintain adequate insurance coverage (outlined in the Agreement) to cover CITY, UPA employees, UPA vehicles, and</td>
</tr>
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the meters and installation material in UPA custodial care. Custodial care is defined in Section 2 – Common Terms.

6.1.18 Warranty

Sensus and UPA will provide a 12-Month Equipment Installation Warranty.

Utility Partners of America (UPA) guarantees that all service work related to the installation of the specified products (the “Products”) substantially conforms to the Statement of Work. UPA will reinstall the Products, in the event the service work related to the installation is shown to have been inconsistent with the Statement of Work. Excluded is any defect that was apparent or ascertainable at the time of the service work related to the installation was performed.

In the event additional Product is needed, Sensus shall supply all necessary materials, including the replacement Product.

### 6.2 Utility Provisions & Requirements

Utility will provide the following personnel, services, and materials:

<table>
<thead>
<tr>
<th>ID</th>
<th>Utility Provision</th>
<th>Requirement</th>
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</thead>
<tbody>
<tr>
<td>6.2.1</td>
<td>Work Orders &amp; Customer Data</td>
<td>CITY will provide work orders in route read sequence and a format agreed to by CITY, Sensus and UPA. The work order data will define the work to be completed at the premise (i.e. meter retrofit or meter exchange) and will include the most current customer data needed to perform the SOW.</td>
</tr>
<tr>
<td>6.2.2</td>
<td>Blackout Schedule</td>
<td>CITY will provide a meter reading schedule defining the dates when UPA cannot install meters in a specific billing cycle.</td>
</tr>
<tr>
<td>6.2.3</td>
<td>Inventory File</td>
<td>CITY will provide an electronic inventory file that includes a description and a serial number associated with all assets that are transferred into UPA’s custodial care.</td>
</tr>
<tr>
<td>6.2.4</td>
<td>Customer Communications</td>
<td>CITY will design, print, and deliver a notification letter by route/cycle to customers two-to-four weeks prior to installation activity. CITY will design and print door hangers for customer notification which will be distributed by UPA after attempting to complete a work order. UPA provided optional pricing for this effort in the instance CITY chooses not to provide.</td>
</tr>
<tr>
<td>6.2.5</td>
<td>Meters and Installation Materials</td>
<td>CITY will purchase and supply Sensus and UPA with all Metering and Installation Materials needed to perform the SOW. Materials to be purchased or otherwise supplied by CITY include but are not limited to:</td>
</tr>
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</table>

#### Metering
- Electric Meters
- Water meters
- Water meter registers
- Meter End Points
- Gas meters
- Gas Modules

#### Electric Installation Materials
- Meter Boots (few if any)
- Meter Rings
- Meter Seals
- Meter Keys
- Meter Locking Devices
- Maps of service territory and any established meter reading routes

#### Water Installation Materials
Pre-drilled water meter pit lids
- Wire (cables)
- Wire connectors
- Washers and gaskets
- Flange kits
- Bolts
- Maps of service territory and any established meter reading routes

Gas Installation Materials
- Indexes (If Replaced)
- Screws
- Maps of service territory and any established meter reading routes

Sensus will provide Metering to meet the established Production Schedule and Route Release Schedule. CITY will order and provide Installation Materials to meet the established Production Schedule and Route Release Schedule.

6.2.6 AMI Programming Devices
- CITY will purchase and Sensus will provide a sufficient number of FlexNet CommandLinks (one per installer plus spares) for use by UPA technicians.

6.2.6 Keys and Gate Codes
- CITY will provide keys to utility lock boxes and other utility locks and access to gate codes needed to perform the Scope of Work.

6.2.7 Utility Support
- CITY will provide expeditious support in the event that UPA requires assistance with access, locating a meter, resolving an exception stemming from errant CIS data, addressing a customer concern or dealing with an abnormal operating condition.

6.3 (Intentionally Omitted)

6.4 Scope of Work and Pricing Assumptions

<table>
<thead>
<tr>
<th>ID</th>
<th>Assumption</th>
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<tbody>
<tr>
<td>6.4.1.</td>
<td>Project pricing does not include any costs assessed by the CITY’s CIS provider (lump sum, per meter, or otherwise) that may be required to integrate the ENSIGHT+ work order system with the CIS system. Any fees assessed by the CIS provider will be passed through at Sensus’ cost for reimbursement.</td>
</tr>
<tr>
<td>6.4.2</td>
<td>Sensus’ proposal assumes that CITY will purchase all any required CommandLink devices for UPA personnel (plus spares) necessary to perform the steps required by the AMI technology to program and/or register the AMI modules to the network at the time of installation.</td>
</tr>
<tr>
<td>6.4.3</td>
<td>Sensus/UPA’s Due Diligence Plan includes as many as two (2) physical cold call attempts, the delivery of two (2) door hangers (provided by UPA, alongside the cold calls) and three (3) phone call attempts (if phone numbers are provided) in an effort to gain access to the meter or to schedule a customer appointment if the meter is temporarily obstructed (i.e., behind a locked gate) before returning a work order to the Utility (RTU).</td>
</tr>
<tr>
<td>6.4.4</td>
<td>Sensus assumes that less than 3% of residential meters are considered “hard-to-access” or otherwise require an appointment to access the meter, such as meters located indoors, behind locked gates, or in seasonal homes without access to meter. Sensus will charge an additional fee per residential meter in excess of 3% that require an appointment, which includes the costs of scheduling and accommodating the appointment.</td>
</tr>
<tr>
<td>6.4.5</td>
<td>Sensus assumes that the Utility will provide available keys for meters that are located behind locked gates.</td>
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<tr>
<td>6.4.6</td>
<td>Sensus and UPA will notify CITY if UPA is unable to complete a work order due to any of the following reasons and if CITY Intervention is Required (UIR): Sensus/UPA’s Due Diligence Plan is complete, an unsafe or abnormal operating condition is identified, a permanent obstruction is present, a customer refuses service, evidence of theft or tampering is present, or UPA finds that the work order is found- complete upon arrival. If CITY intervenes and resolves the issue within 15 business days, UPA will complete the work order as planned. If CITY does not resolve the issue within 15 business days, Sensus and UPA will return the work order to the Utility (RTU) for completion.</td>
</tr>
<tr>
<td>6.4.7</td>
<td>Work orders that are RTU’d for the aforementioned reasons will be billed at the applicable unit rate less a 5% discount. Sensus and UPA will dispatch all RTUs to a Sensus/UPA supplied handheld that can be used by the Utility for processing the returned work order.</td>
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<tr>
<td>6.4.8</td>
<td>UPA will quality audit each new employee’s work during the first 3 days and a percentage of their work thereafter.</td>
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<tr>
<td>6.4.9</td>
<td>UPA will quality audit 100% of meter photographs taken in the field.</td>
</tr>
<tr>
<td>6.4.10</td>
<td>Sensus’ proposal is based on performing work in an efficient and sequenced manner (i.e., house-to-house), excluding scheduled appointments and revisits. If for any reason outside of Sensus or UPA’s control UPA is unable to perform work in an efficient and sequenced manner, all work completed by impacted field technicians will be billed at the hourly T&amp;M rates rather than the unit installation rates, until work can recommence in an efficient and sequenced manner, or until a change order is implemented that fairly and equitably addresses the inefficient and out-of-sequenced work.</td>
</tr>
<tr>
<td>6.4.11</td>
<td>Sensus assumes that CITY maintains and will provide for each metered account, the complete and accurate 911-registered address information.</td>
</tr>
<tr>
<td>6.4.12</td>
<td>Sensus assumes that all work orders will be provided to Sensus and UPA with the route-read sequence followed by CITY.</td>
</tr>
<tr>
<td>6.4.13</td>
<td>Sensus and UPA assume a seamless flow of work other than designated holidays and weather days.</td>
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<tr>
<td>6.4.14</td>
<td>Sensus’ proposal includes provision of a warehouse with storage and office space, including utilities, high speed internet and adequate parking.</td>
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<tr>
<td>6.4.15</td>
<td>Sensus’ proposal includes storage of approximately 8 weeks’ worth of new inventory at its warehouse location.</td>
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<tr>
<td>6.4.16</td>
<td>Sensus assumes old meters and materials removed from the field will be returned to UPA’s storage facility each day and kept for no more than 30 days before disposal or relocation.</td>
</tr>
<tr>
<td>6.4.17</td>
<td>If scrapping and disposal services are included as part of Sensus’ scope of work responsibilities, Sensus will identify a meter salvage/recycling vendor to provide meter scrapping services of legacy meters. Sensus or its scrap vendor will arrange for regular pick up of accumulated legacy meters for disposal. Due to the high volatility of the metals market, Sensus may negotiate fixed or market variable rates on a per meter or per pound basis with the scrap vendor. For each scrap load, Sensus will remit 50% of the received scrap proceeds, net of any costs and fees, in the form of an invoice credit within 30 days.</td>
</tr>
<tr>
<td>6.4.18</td>
<td>Sensus assumes that the Utility will provide a location for UPA to dump the dirt and debris collected from water and gas meter pits on a daily basis.</td>
</tr>
<tr>
<td>6.4.19</td>
<td>Sensus assumes it will not be responsible for extensive sorting, palletizing, labeling, or packaging of old meters.</td>
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<tr>
<td>6.4.20</td>
<td>Sensus assumes that it will only be responsible for the repair of damages caused directly by Sensus or UPA negligence.</td>
</tr>
<tr>
<td>6.4.21</td>
<td>Sensus assumes that CITY will provide timely assistance with unsafe meter installations or other special circumstances.</td>
</tr>
<tr>
<td>6.4.22</td>
<td>Sensus assumes that if tampering or unsafe conditions are found requiring the installation technician to wait for a utility employee to arrive, the response time will not exceed 30 minutes. Should a UPA employee be required to stay beyond this time, Sensus assumes it will be reimbursed at a Time &amp; Material (T&amp;M) rate.</td>
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</table>

**Scope of Work, Electric Meter Exchange**

| 6.4.23 | Sensus assumes that all installation material including, but not limited to electric meters, seals, boots, rings, and locking devices will be purchased and/or otherwise provided to UPA by CITY and will be present at the time of need. |
| 6.4.24 | Sensus assumes that single phase electric meter replacements provided by Sensus or a third-party be pre-programmed at the factory and will not require field programming at the time of installation. |
| 6.4.25 | Sensus assumes that all existing and/or new locking rings are compatible and operable. Pricing does not include cutting, drilling or grinding of locking devices. Pricing is available upon request if not provided in *Exhibit C – Pricing*. |
| 6.4.26 | Sensus assumes the Utility will provide keys for the removal and replacement of locking devices. |
| 6.4.27 | Sensus assumes residential meter replacements will not require the use of jumpers or bypasses. |
| 6.4.28 | Sensus assumes any existing bypasses on commercial services are operable and in good working condition. If it is not operable, UPA will UIR the work order. |
| 6.4.29 | Sensus assumes that the Utility will provide a list of life support and critical load meters prior to the project start date. Sensus or UPA will not be held responsible for customer claims where it was not properly notified of an existing medical alert situation. |
| 6.4.30 | Sensus assumes all new meter installations will be exchanged “like-for-like” (same form and class as existing meter), unless otherwise directed by CITY. |
6.4.31 Sensus assumes all meters are readily accessible by field technician and standard 2-wheel drive work vehicle and are no more than 6 feet above ground level.

6.4.32 Sensus’ proposal does not include meter-base repair services. CITY will repair when required, notification on services requiring repair can come in the form of a UIR.

6.4.33 Sensus assumes that commercial accounts will be released and available for installation on a consistent basis throughout the project. Sensus reserves the right to open future routes early to maintain sufficient available work orders for commercial installation crews deployed.

6.4.34 Sensus’ proposal does not include the installation of A-base adapters or K-base (bolt-in) meter bases. Pricing is available upon request if not provided in Exhibit C – Pricing.

6.4.35 Sensus’ proposal does include replacement of a subset of meters (roughly 125) requiring collection of more than two (2) reads, such as Time of Use (TOU) meters and bi-directional net meters. Pricing is available upon request if not provided in Exhibit C – Pricing.

6.4.36 Sensus’ proposal does not include testing of new or removed meters. Pricing is available upon request if not provided in Exhibit C – Pricing.

Scope of Work, Water Meter (Retrofit/Replacement)

6.4.37 Sensus assumes water meter replacements will include complete exchange of existing meter with new meter, encoder register, and module.

6.4.38 Sensus assumes water meter retrofits will include replacement of the existing meter register with new encoder register and module.

6.4.39 Unit rates for water meter exchanges and retrofits assumes field programming of the FlexNet radios can be successfully achieved in 4 minutes or less, on average.

6.4.40 Sensus assumes that all installation material, including but not limited to meters, registers, modules, nuts, bolts, gaskets, washers, flange packs, couplers, spool pieces, wires, wire connections, gel caps, lids, and meter boxes will be purchased and/or otherwise provided by CITY to UPA and will be present at the time of need.

6.4.41 Sensus assumes that all non-commercial water meters are located outside in pits, reasonably clean of dirt and debris, with meter connection points exposed and less than 24" below ground level, with unlocked access and will not require appointments (for retrofits if the meter pit debris is below the register). In the event that the Utility’s pits are not found in the cleaned condition described, Sensus can provide a pit cleaning service at the per meter price adder provided and will document in the work order with before and after photos.

6.4.42 Sensus’ installation pricing for all water meter services assumes that water meters are not located in a confined space as defined by OSHA. Meters located in confined space requiring an additional safety resource will be charged at the Confined Space Adder provided.

6.4.43 Sensus assumes that commercial accounts (1.5-12") will be released and available for installation on a consistent basis throughout the project. Sensus reserves the right to open future routes early to maintain sufficient available work orders for commercial installation crews deployed.

6.4.44 Sensus assumes modules will be mounted through existing lid (with mounting hole) or replacement lid provided by the Utility.

6.4.45 Sensus assumes existing and new pit lids do not exceed 50 pounds in weight. Locations with oversized pit lids may be returned to the Utility for replacement or performed by Sensus subcontractor UPA on a T&M basis.

6.4.46 Sensus assumes replacement registers will have Sensus TouchCoupler sensors so that they may be connected to the FlexNet modules without field splicing. Pricing for field splicing is available upon request if not provided in Exhibit C – Pricing.

6.4.47 Sensus’ pricing assumes that water meter retrofits will not require disruption of water service.

6.4.48 Sensus’ pricing assumes that water meter retrofits will not require removal of top plates or impeller shafts.

6.4.49 Sensus will dispose of lead seals or other hazardous waste in CITY-provided bins.

6.4.50 Sensus will attend valve training from CITY prior to turning valves, and CITY will inform Sensus of any tools used in turning valves. Sensus and UPA will not be financially responsible for the repair of curb stops or valves that are not fully operable or not in good working condition and are damaged when UPA attempts to operate them in the normal course of installation. If a meter service is found with the curb stop or shut-off valve in the “OFF” position without a physical lock, UPA will return the account (RTU) to the Utility for completion per the RTU process described above.

6.4.51 Sensus and UPA assume we will not be held responsible for the repair of service line and equipment damage that can be reasonably attributed to pre-existing conditions such as excessive corrosion, plumbing irregularities, and code violations.

6.4.52 Sensus’ proposal does not include provision of or replacement of expansion connectors, meter couplings, setters, flanges, curb stops, valves, strainers, or backflow devices. Pricing is available upon request if not provided in Exhibit C – Pricing.
| 6.4.53  | Sensus assumes that water meters are on setters or equipped with standard meter connections that can be reused during installation activities. |
| 6.4.54  | Sensus assumes that water meter exchanges are like for like, same lay and length, and no major plumbing is required. Accounts requiring additional plumbing will be handled on a T&M basis or surveyed and quoted on a case-by-case basis. |
| 6.4.55  | Sensus’ installation unit rates do not include additional labor or groundwork needed to access meters (including but not limited to the cutting, removal and replacement of asphalt, concrete, or large tree roots). Pricing is available upon request if not provided in Exhibit C – Pricing. |
| 6.4.56  | Sensus’ installation unit rates do not include repair or replacement of meter boxes or meter vaults. Pricing is available upon request if not provided in Exhibit C – Pricing. |
| 6.4.57  | Sensus’ proposal does not include testing of new or removed meters. Pricing is available upon request if not provided in Exhibit C – Pricing. |

### Scope of Work, Gas Meters (Retrofit/Exchange)

| 6.4.58  | Sensus assumes that all installation material including, but not limited to, gas meters, meter modules, gaskets, screws, indexes, couplings, valves, piping, etc. will be purchased and/or otherwise provided by CITY to UPA and will be present at the time of need. |
| 6.4.59  | Sensus assumes that gas meter retrofits will not require disruption of gas service. |
| 6.4.60  | Sensus assumes that retrofits will not be limited by blackout schedule. |
| 6.4.61  | Sensus assumes existing meter indexes will be reused. |
| 6.4.62  | Retrofit pricing does not include meters with pressure or temperature compensated indexes. Pricing is available upon request if not provided in Exhibit C – Pricing. |
| 6.4.63  | Pricing for meter retrofit services does not include painting of meters or meter sets. |
| 6.4.64  | Pricing does not include broken-screw repairs. Sensus assumes that a retrofit will be considered complete with a minimum of three total screws intact, including the top two screws. Pricing for broken-screw repair is available upon request if not provided in Exhibit C – Pricing. |
| 6.4.65  | Pricing does not include gas retrofits that require an adapter plate (e.g., Sprague 1A). Pricing is available upon request if not provided in Exhibit C – Pricing. |
| 6.4.66  | Sensus assumes the Utility will provide keys/tools for the removal and replacement of locking devices as needed. |
| 6.4.67  | Pricing does not include costs for Sensus to perform leak survey work following the meter retrofit, whether during the same visit or a subsequent visit. Pricing is available upon request if not provided in Exhibit C – Pricing. |
| 6.4.68  | Unit rates for gas meter exchanges and retrofits assumes field programming of the selected AMI technology radio can be successfully achieved in 4 minutes or less, on average. |

### Contract & Billing Assumptions

| 6.4.69  | Sensus assumes there are no contractual requirements pertaining to Disadvantaged Business Enterprises (DBE, MBE, WBE or otherwise) or local area business requirements. |
| 6.4.70  | Sensus assumes there is no requirement to use unionized labor for this project. |
| 6.4.71  | Pricing does not include the provision of performance and/or payment bonds. Bonds can be provided at a cost of 2.75% of the total contract value. |
| 6.4.72  | Sensus’ proposal excludes any contractual language assessing liquidated damage penalties or provisions without review and acceptance by Sensus and our subcontractor installer UPA. |
| 6.4.73  | Pricing is based on a fuel price of $4.00 per gallon. In the event that fuel costs exceed $4.00 per gallon during the project, Sensus will assess a fuel surcharge based on existing fuel prices. |
| 6.4.74  | Pricing does not include any local or state sales, use or gross receipts taxes on Sensus’ installation services. Any taxes on Sensus’ services will be applied to each regular invoice. |
| 6.4.75  | Sensus will invoice approximately every 30 days for the services and resources provided during that month with net 30 pay terms. |
| 6.4.76  | Sensus assumes no retainage will be withheld from payments. |
| 6.4.77  | All prices are stated in U.S. dollars. |
| 6.4.78  | Prices are firm through 12/31/22. Beginning 1/1/23, and each subsequent year, pricing is subject to an annual 3% increase in all unit and T&M rates. |
### 7. Installation Procedures

A general description of services to be provided by Sensus’ subcontractor installation technicians at each field installation site during the Period of Performance:

#### 7.1 General Installation Procedure – Water Meter Retrofit

<table>
<thead>
<tr>
<th>ID</th>
<th>Work Requirement for Water Meter Retrofit</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1.1</td>
<td>Park</td>
<td>Safely Park Work Vehicle. Safety cones will be placed in front and rear of parked vehicle. Technician will wear high visibility shirt and/or vest.</td>
</tr>
<tr>
<td>7.1.2</td>
<td>Location and Verification</td>
<td>The installation technician will locate the water meter and verify the premise. Submeter GPS Coordinates provided. Location comments to be provided.</td>
</tr>
<tr>
<td>7.1.3</td>
<td>Notify Customer</td>
<td>The installation technician will attempt to notify customer prior to performing installation work.</td>
</tr>
<tr>
<td>7.1.4</td>
<td>Pre-installation Inspection</td>
<td>The installation technician will inspect the water meter pit for any abnormal conditions, such as leaks, tamper, unsafe conditions, or installations which will require work at the T&amp;M rate to complete the installation not previously authorized (such as removal of excess shrubs). If abnormal conditions exist, the installation technician will escalate the issue to the respective UPA field supervisor, and then notify Utility if judgement cannot be made to continue. UPA Field Supervisor or installer will remain near for 30 minutes for onsite inspection/determination by Utility. If no determination made within 30 minutes, the location will be Returned to Utility (RTU).</td>
</tr>
<tr>
<td>7.1.5</td>
<td>Pre-installation Photograph</td>
<td>The installation technician will take pre-installation photos as follows: (1) overview of pit, (2) pit with lid open, and (3) register read photograph.</td>
</tr>
<tr>
<td>7.1.6</td>
<td>Installation</td>
<td>The installation technician will perform the retrofit of the water meter register and the meter box and pit lid and the installation of the Sensus End Point in accordance with the SOW and the manufacturers’ suggested installation specification.</td>
</tr>
<tr>
<td>7.1.7</td>
<td>Endpoint Commissioning</td>
<td>The installation technician will complete endpoint commissioning of the new SmartPoint endpoint using the Command Link Handheld.</td>
</tr>
<tr>
<td>7.1.8</td>
<td>Post installation Photographs</td>
<td>The installation technician will take a post installation photographs; (1) register after flow test, (2) pit after work complete, and (3) surrounding area after work complete</td>
</tr>
<tr>
<td>7.1.9</td>
<td>Work Order Data Capture</td>
<td>The installation technician will capture and validate work order data using UPA’s work order management system.</td>
</tr>
<tr>
<td>7.1.10</td>
<td>Clean Work Area</td>
<td>The installation technician will clean the work area and remove any debris associated with the SOW so that the work area is left in the as found condition or better.</td>
</tr>
<tr>
<td>7.1.11</td>
<td>Post Installation Notification</td>
<td>The installation technician will leave a door hanger on the front door that notifies the customer that the installation was complete or prompts the customer to call a toll-free number to schedule an installation appointment at a later point in time if the installation could not be completed.</td>
</tr>
</tbody>
</table>

#### 7.2 General Installation Procedure – Water Meter Exchange

<table>
<thead>
<tr>
<th>ID</th>
<th>Work Requirement for Water Meter Exchange</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2.1</td>
<td>Park</td>
<td>Safely Park Work Vehicle. Safety cones will be placed in front and rear of parked vehicle. Technician will wear high visibility shirt and/or vest.</td>
</tr>
</tbody>
</table>
7.2.2 Location and Verification  
The installation technician will locate the water meter and verify the premise. Submeter GPS Coordinates provided. Location comments to be provided.

7.2.3 Notify Customer  
The installation technician will attempt to notify customer prior to performing installation work.

7.2.4 Pre-installation Inspection  
The installation technician will inspect the water meter pit for any abnormal conditions, such as leaks, tamper, unsafe conditions, or installations which will require work at the T&M rate to complete the installation not previously authorized (such as removal of excess shrubs). If abnormal conditions exist, the installation technician will escalate the issue to the respective UPA field supervisor, and then notify Utility if judgement cannot be made to continue. UPA Field Supervisor or installer will remain near for 30 minutes for onsite inspection/determination by Utility. If no determination made within 30 minutes, the location will be Returned to Utility (RTU).

If during inspection, the water valve is “Found Off”, technician will note if the valve is physically locked in the “Off Position”.
- If the Valve IS physically locked in the “Off Position”
  - Installation will proceed as normal without flushing the meter post installation.
- If the Valve IS NOT physically locked in the “Off Position”
  - Installation will be halted, and the account will be Returned to Utility (RTU).
  - Technician can secure the valve in the “Off Position” using a plastic zip tie, and then proceed as normal without flushing the meter post installation.

7.2.5 Turn Water Off  
The installation technician will turn the street-side water valve to the off position.

7.2.6 Pre-installation Photographs  
The installation technician will take pre-installation photos as follows: (1) overview of pit, (2) pit with lid open, and (3) register read photograph.

7.2.7 Installation  
The installation technician will perform the exchange of the water meter and the meter pit lid and the installation of the Sensus End Point in accordance with the SOW and the manufacturers’ suggested installation specification.

7.2.8 Turn Water On  
The installation technician will turn the street-side water valve back to the on position.

7.2.9 Endpoint Commissioning  
The installation technician will complete endpoint commissioning of the new Sensus End Point using the Manufacturer provided Handheld.

7.2.10 Flow Water  
The installation technician will flow water (approximately 1 gallon) from the nearest spigot (if available) to clear the applicable water line of air or debris that may have entered the line inadvertently during the exchange or installation process.

7.2.11 Post installation Photograph  
The installation technician will take a post installation photograph and, where necessary, exception photos at each installation.

7.2.12 Work Order Data Capture  
The installation technician will capture and validate work order data using UPA’s WOMS.

7.2.13 Clean Work Area  
The installation technician will clean the work area and remove any debris associated with the SOW so that the work area is left in the as found condition or better.
7.2.14 Post Installation Notification

The installation technician will leave a door hanger on the front door that notifies the customer that the installation was complete or prompts the customer to call a toll-free number to schedule an installation appointment at a later point in time if the installation could not be completed.

7.3 General Installation Procedure – Electric Meter

<table>
<thead>
<tr>
<th>ID</th>
<th>Work Requirement For Electric Meter Exchange</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.3.1</td>
<td>No Batching of Installations</td>
<td>Installation technicians shall not adopt the practice at locations where there are multiple meters of removing all meters at one time. Each installation must be completed in its entirety prior to moving to the next meter.</td>
</tr>
<tr>
<td>7.3.2</td>
<td>Park</td>
<td>Safely Park Work Vehicle.</td>
</tr>
<tr>
<td>7.3.3</td>
<td>Location and Verification</td>
<td>The installation technician will locate the electric meter and verify the premise.</td>
</tr>
<tr>
<td>7.3.4</td>
<td>Notify Customer</td>
<td>The installation technician will attempt to notify customer prior to performing installation work.</td>
</tr>
<tr>
<td>7.3.5</td>
<td>No Batching of Installations</td>
<td>Installation technicians shall not adopt the practice at locations where there are multiple meters of removing all meters at one time. Each installation must be completed in its entirety prior to moving to the next meter.</td>
</tr>
<tr>
<td>7.3.6</td>
<td>Photo of Site as Found</td>
<td>Take picture of meter and surrounding area.</td>
</tr>
<tr>
<td>7.3.7</td>
<td>Verify Meter Seal Color</td>
<td>Clean debris from index and cover.</td>
</tr>
<tr>
<td>7.3.8</td>
<td>Pre-install</td>
<td>Note any issues/concerns. Take Pre-install photo of existing meter face.</td>
</tr>
<tr>
<td>7.3.9</td>
<td>PPE</td>
<td>Don PPE.</td>
</tr>
<tr>
<td>7.3.10</td>
<td>Examine Work Area</td>
<td>Note any signs of danger, theft, or irregularity. Take picture if necessary.</td>
</tr>
<tr>
<td>7.3.11</td>
<td>Install</td>
<td>Remove Meter Seal and Meter Ring if applicable.</td>
</tr>
<tr>
<td>7.3.12</td>
<td>Examine Inside of Meter Box</td>
<td>Note any signs of excessive heating, loose connections, bent or wide gapped lugs, corrosion, danger, theft, or irregularity. Take picture if necessary.</td>
</tr>
<tr>
<td>7.3.13</td>
<td>Examine Spades on existing Meter</td>
<td>Note any signs of excessive heating, corrosion, discoloration, danger, theft, or irregularity. Take picture if necessary.</td>
</tr>
<tr>
<td>7.3.14</td>
<td>Voltage Check</td>
<td>Take a voltage reading (if accessible), first reading across both phases and then each phase to ground individually.</td>
</tr>
<tr>
<td>7.3.15</td>
<td>Install New Meter</td>
<td>If the meter can, block and contents appear to be in good condition, the tech will approach the meter can with the new meter. The tech will test the meter for operability including display and check for voltage on load side. If the meter is operable, the tech will install the meter cover or meter ring and a new tamper seal using the proper utility selected color.</td>
</tr>
<tr>
<td>7.3.16</td>
<td>Programming</td>
<td>No meter programming is expected to be necessary.</td>
</tr>
<tr>
<td>7.3.17</td>
<td>Photo of New Meter</td>
<td>Take picture of meter face of new meter.</td>
</tr>
<tr>
<td>7.3.18</td>
<td>Photo of Site as Left</td>
<td>Take photo of new meter and surrounding area as left.</td>
</tr>
<tr>
<td>7.3.19</td>
<td>Work Order Data Capture</td>
<td>The installation technician will capture and validate work order data using the UPA's WOMS.</td>
</tr>
<tr>
<td>7.3.20</td>
<td>Clean Work Area</td>
<td>The installation technician will clean the work area and remove any debris associated with the SOW so that the work area is left in the as found condition or better.</td>
</tr>
<tr>
<td>7.3.21</td>
<td>Post Installation Notification</td>
<td>The installation technician will leave a door hanger on the front door that notifies the customer that the installation was complete or prompts the customer to call a toll-free number to schedule an installation appointment at a later point in time if the installation could not be completed.</td>
</tr>
<tr>
<td>7.3.22</td>
<td>Handheld Return</td>
<td>Return the handheld to the UPA office/staging area at the end of each day.</td>
</tr>
</tbody>
</table>
### 7.4 General Installation Procedure – Gas Meter Retrofit

<table>
<thead>
<tr>
<th>ID</th>
<th>Work Requirement For Gas Meter Retrofit</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.4.1</td>
<td>Park</td>
<td>Safely Park Work Vehicle.</td>
</tr>
<tr>
<td>7.4.2</td>
<td>Location and Verification</td>
<td>The installation technician will locate the gas meter and verify the premise and meter number</td>
</tr>
<tr>
<td>7.4.3</td>
<td>Notify Customer</td>
<td>The installation technician will attempt to notify customer prior to performing installation work.</td>
</tr>
<tr>
<td>7.4.4</td>
<td>Pre-installation Inspection</td>
<td>The installation technician will inspect the meter loop for any abnormal operating conditions, such as leaks, tamper or unsafe conditions. If abnormal operating conditions exist, the installation technician will escalate the issue to the respective Field Supervisor. The respective Field Supervisor will notify CITY.</td>
</tr>
<tr>
<td>7.4.5</td>
<td>Atmospheric Corrosion Survey</td>
<td>The installation technician will perform an atmospheric corrosion survey and record the results.</td>
</tr>
<tr>
<td>7.4.6</td>
<td>Pre-installation Photograph</td>
<td>The installation technician will take a pre-installation photograph.</td>
</tr>
<tr>
<td>7.4.7</td>
<td>Installation</td>
<td>The installation technician will perform the installation of the Module in accordance with the SOW and the manufacturer’s suggested installation specification.</td>
</tr>
<tr>
<td>7.4.8</td>
<td>Programming</td>
<td>The installation technician will program the new Module.</td>
</tr>
<tr>
<td>7.4.9</td>
<td>Post installation Photograph</td>
<td>The installation technician will take a post installation photograph and, where necessary, exception photos at each installation.</td>
</tr>
<tr>
<td>7.4.10</td>
<td>Work Order Data Capture</td>
<td>The installation technician will capture and validate work order data using the UPA’s DAS WOMS.</td>
</tr>
<tr>
<td>7.4.11</td>
<td>Clean Work Area</td>
<td>The installation technician will clean the work area and remove any debris associated with the SOW so that the work area is left in the as found condition or better.</td>
</tr>
<tr>
<td>7.4.12</td>
<td>Post Installation Notification</td>
<td>The installation technician will leave a door hanger on the front door notifying the customer that the installation was complete or prompts the customer to call a toll-free number to schedule an installation appointment at a later point in time if the installation could not be completed.</td>
</tr>
</tbody>
</table>

### 7.5 General Installation Procedure – Gas Meter Exchange

<table>
<thead>
<tr>
<th>ID</th>
<th>Work Requirement For Gas Meter Exchange</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.5.1</td>
<td>Park</td>
<td>Safely Park Work Vehicle.</td>
</tr>
<tr>
<td>7.5.2</td>
<td>Location and Verification</td>
<td>The installation technician will locate the gas meter and verify the premise and meter number</td>
</tr>
<tr>
<td>7.5.3</td>
<td>Notify Customer</td>
<td>The installation technician will attempt to notify customer prior to performing installation work.</td>
</tr>
<tr>
<td>7.5.4</td>
<td>Pre-installation Inspection</td>
<td>The installation technician will inspect the meter loop for any abnormal operating conditions, such as leaks, tamper or unsafe conditions. If abnormal operating conditions exist, the installation technician will escalate the issue to the respective Field Supervisor. The respective Field Supervisor will notify CITY.</td>
</tr>
<tr>
<td>7.5.5</td>
<td>Atmospheric Corrosion Survey</td>
<td>The installation technician will perform an atmospheric corrosion survey and record the results.</td>
</tr>
<tr>
<td>7.2.6</td>
<td>Pre-installation Photograph</td>
<td>The installation technician will take a pre-installation photograph.</td>
</tr>
<tr>
<td>7.5.7</td>
<td>Bypass the Meter</td>
<td>The installation technician will bypass the gas meter if possible.</td>
</tr>
<tr>
<td>7.2.8</td>
<td>Turn Gas Off</td>
<td>If the installation technician cannot bypass the gas meter, the installation technician will turn the utility-side gas valve to the off position.</td>
</tr>
<tr>
<td>7.2.9</td>
<td>Installation</td>
<td>The installation technician will perform the exchange of the gas meter and the regulator (if applicable) and the installation of the Module (if it was not pre-installed on the gas meter) in</td>
</tr>
</tbody>
</table>
accordance with the SOW and the manufacturer’s suggested installation specification.

7.2.10 Turn Gas On
If the installation technician could not bypass the gas meter, the installation technician will turn the utility-side gas valve back to the on position.

7.5.11 Soap Test
The installation technician will perform a soap test to ensure the gas meter is sealed.

7.5.12 Programming
The installation technician will program the new Module.

7.5.13 Post installation Photograph
The installation technician will take a post installation photograph and, where necessary, exception photos at each installation.

7.5.14 Work Order Data Capture
The installation technician will capture and validate work order data using the UPA’s DAS WOMS.

7.5.15 Clean Work Area
The installation technician will clean the work area and remove any debris associated with the SOW so that the work area is left in the as found condition or better.

7.5.16 Post Installation Notification
The installation technician will leave a door hanger on the front door notifying the customer that the installation was complete or prompts the customer to call a toll-free number to schedule an installation appointment at a later point in time if the installation could not be completed.

7.6 General Warehouse Procedure
Sensus’ installation pricing assumes that Sensus and subcontractor UPA will provide a facility for storage of the Meters and associated materials throughout the project, as well as parking and a small office space with high-speed internet for Sensus’ subcontractor installer’s crew. Sensus’ subcontractor installation technicians will report to the UPA facility each morning to load their trucks and will return to the same facility at the end of each day to return unused materials.

8. Exception Handling

8.1. Exceptions Due to Errant CIS/AMS Data or Data that Can Not be Verified
Exception events that result from errant CIS data will be handled in the following manner:

<table>
<thead>
<tr>
<th>ID</th>
<th>Exception Description</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.1.1</td>
<td>Cannot locate or gain access to meter</td>
<td>CITY to dispatch crew or provide assistance via phone call to help UPA locate or gain access to meter, UPA to install a new meter following access or locate of meter or UIR if not located.</td>
</tr>
<tr>
<td>8.1.2</td>
<td>Incorrect meter on-site</td>
<td>UPA to record as-found meter information including discrepancy and proceed with a like for like installation</td>
</tr>
<tr>
<td>8.1.3</td>
<td>Can’t read meter or serial number</td>
<td>UPA to record exception and proceed with installation. These meters will be tagged and segregated from other used meters.</td>
</tr>
<tr>
<td>8.1.4</td>
<td>Reading out-of-range (high/low failure)</td>
<td>UPA to record as-found meter information and proceed with installation.</td>
</tr>
<tr>
<td>8.1.5</td>
<td>Crossed meters – incorrect address</td>
<td>UPA to notify field Utility for resolution or UIR.</td>
</tr>
<tr>
<td>8.1.6</td>
<td>Found Complete</td>
<td>UPA to RTU for Found Complete.</td>
</tr>
</tbody>
</table>

8.2. Exceptions Due to Abnormal Operating Conditions
Exception events that result from abnormal operating conditions will be handled in the following manner:

<table>
<thead>
<tr>
<th>ID</th>
<th>Exception Description</th>
<th>Resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.2.1</td>
<td>Unsafe condition</td>
<td>UPA to record exception, escalate to CITY, and remain on site if it is safe to do so until UPA is relieved by CITY employee. UPA will wait up to 30 minutes for relief by Utility.</td>
</tr>
</tbody>
</table>
After 30-minutes the Hourly T&M Rate for out of Scope Work outlined in the Schedule of Values will apply. If Sensus is not contracted to resolve condition, UPA to UIR work order.

<table>
<thead>
<tr>
<th>ID</th>
<th>Work Required</th>
<th>After 30-minutes the Hourly T&amp;M Rate for out of Scope Work outlined in the Schedule of Values will apply. If Sensus is not contracted to resolve condition, UPA to UIR work order.</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.2.2</td>
<td>Obstructed meter</td>
<td>UPA to record exception. If obstruction is temporary, UPA to leave door hanger prompting customer to schedule and installation appointment after the obstruction is cleared. If permanent, UPA to UIR work order.</td>
</tr>
<tr>
<td>8.2.4</td>
<td>Diversion/Tampering</td>
<td>UPA will photograph and record exception, leave site and escalate to CITY and RTU the work order.</td>
</tr>
<tr>
<td>8.2.5</td>
<td>Opt out Program (if applicable)</td>
<td>UPA to record exception, refer customer to CITY for further information and RTU work order.</td>
</tr>
<tr>
<td>8.2.6</td>
<td>Customer Refusal</td>
<td>UPA to record exception and UIR work order.</td>
</tr>
<tr>
<td>8.2.7</td>
<td>Found Complete</td>
<td>UPA to record exception and RTU work order.</td>
</tr>
<tr>
<td>8.2.8</td>
<td>Water Meter Accounts with Valve “Off” and unlocked</td>
<td>UPA to record exception and UIR work order, unless alternate approach is mutually agreed to. (i.e., UPA installing temporary seal and documenting). UPA would then record exception and perform normal installation without leak check and flushing</td>
</tr>
<tr>
<td>8.2.9</td>
<td>Water Meter Accounts with Valve “Off” and locked</td>
<td>UPA to record exception and perform normal installation without leak check and flushing.</td>
</tr>
</tbody>
</table>

9. Schedule/Milestones

The list below consists of tentative schedule milestone dates identified for Utility AMI Meter Exchange Project:

<table>
<thead>
<tr>
<th>ID</th>
<th>Contracting Phase</th>
<th>Pre-Deployment Activities</th>
<th>Full Deployment</th>
</tr>
</thead>
<tbody>
<tr>
<td>9.1</td>
<td>SOW Development, Contract Execution</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.2</td>
<td>Initial IT Setup, Project Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.3</td>
<td>Develop/approve call center script, postcards, door hangers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.4</td>
<td>CIS Integration/file exchange process tested &amp; complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.5</td>
<td>Proof of Concept Installation Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.6</td>
<td>UPA Project Manager Arrives On-Site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.7</td>
<td>Warehouse Facility Secured, Inventory System Set Up</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.8</td>
<td>Receive Initial Meter Shipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.9</td>
<td>Vehicle Fleet Received and Prepared for Deployment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.10</td>
<td>Meter Installations Begin (Ramp Up Period)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.11</td>
<td>Steady State Meter Installations Continue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.12</td>
<td>Ramp Down/Clean Up Meter Installation Period</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.13</td>
<td>Meter Installations Complete</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.14</td>
<td>Close Warehouse Facility, Demobilize</td>
<td>3/1/2025</td>
<td>3/30/2025</td>
</tr>
</tbody>
</table>
1. AMI Requirements

Enumerated is a list of AMI requirements pursuant to the AMI system. These requirements are to be superseded by any requirements defined in Design workshops conducted by Sensus in the Planning Phase & Test Scripts 1-20 in this Exhibit.

<table>
<thead>
<tr>
<th>ID</th>
<th>Category</th>
<th>Requirement</th>
<th>Proposer Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>System Performance and Reliability</td>
<td>Meet all applicable Federal, State, and local regulatory requirements (including, but not limited to, Federal Communications Commission (FCC Title 47 C.F.R, Part 15 - Radio Frequency Devices), and applicable standards by the American National Standards Institute (ANSI)).</td>
<td>Current Base</td>
</tr>
<tr>
<td>3</td>
<td>System Performance and Reliability</td>
<td>Provide mechanisms to minimize or eliminate potential interfere with current Utility, SCADA, Public Safety or any other current communications system.</td>
<td>Current Base</td>
</tr>
<tr>
<td>4</td>
<td>System Performance and Reliability</td>
<td>Uniquely identify all endpoints and communication devices on the system.</td>
<td>Current Base</td>
</tr>
<tr>
<td>5</td>
<td>System Performance and Reliability</td>
<td>Provide network redundancy of n-2, such that any two network components (collectors, repeaters, etc.) can be lost while maintaining communication across all endpoints.</td>
<td>Current Base</td>
</tr>
<tr>
<td>6</td>
<td>System Performance and Reliability</td>
<td>Utilize secure communications with all authorized systems and devices, including access ports, wireless communications (such as Bluetooth), field servicing tools, and communications to any network infrastructure devices.</td>
<td>Current Base</td>
</tr>
<tr>
<td>7</td>
<td>System Performance and Reliability</td>
<td>Support the following backhaul communications on network infrastructure components: cellular; and fiber.</td>
<td>Current Base</td>
</tr>
<tr>
<td>8</td>
<td>System Performance and Reliability</td>
<td>Support multi-channel data transmission.</td>
<td>Current Base</td>
</tr>
<tr>
<td>9</td>
<td>System Performance and Reliability</td>
<td>Automatically select from redundant communications paths if available.</td>
<td>Current Base</td>
</tr>
<tr>
<td>10</td>
<td>System Performance and Reliability</td>
<td>Perform data flow control after a communication or power outage to prevent resources from being overloaded.</td>
<td>Current Base</td>
</tr>
<tr>
<td>11</td>
<td>Configuration</td>
<td>Display and Log configuration parameters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>12</td>
<td>Configuration</td>
<td>Display and Log communications network check results on all installed interfaces.</td>
<td>Current Base</td>
</tr>
<tr>
<td>13</td>
<td>System Diagnostics</td>
<td>Detect, log, and report program or memory failure.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>15</td>
<td>System</td>
<td>Detect, log and report communications link failure.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>System</td>
<td>Log the communication performance and report it regularly.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>System</td>
<td>Make diagnostic log information available either on-demand or by regular reporting.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>System</td>
<td>Support a remotely or locally initiated test for communications connection status. Local diagnostic</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td>will include the capability to perform &quot;ping&quot; and obtain network interface and link information,</td>
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<tr>
<td></td>
<td></td>
<td>network association status, and signal level status.</td>
<td></td>
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<tr>
<td>19</td>
<td>System</td>
<td>Provide managed services to Palo Alto from a vendor-operated remote Network Operations Center, for</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td>a hosted solution. Managed services will include, at a minimum, alerting to Palo Alto of network</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>health issues and remote troubleshooting services for network components maintenance/repair.</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>System</td>
<td>Remotely detect network communications problems, including loss of redundant communications</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td>pathways, diminishing signal strength, or poor performance.</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>System</td>
<td>Provide mechanisms for remotely correcting system/component problems, which, at a minimum, shall</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td>include the ability to remotely recycle (or restart) a component.</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>System</td>
<td>Log the results of all remote testing and diagnostics activities and any automatic actions taken</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td>based on those results.</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>System</td>
<td>Provide on-demand reports that contain key diagnostics and statistics from endpoints, devices, and</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Diagnostics</td>
<td>field communication network elements, including event/transaction status reports, trouble reports,</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td>and additions/removals.</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Other</td>
<td>Support DNP3 communications protocol for interfacing other process automation systems components.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Other</td>
<td>Support Modbus communications protocol for interfacing other process automation systems components.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Other</td>
<td>Be capable of communicating with load control devices.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Other</td>
<td>Support a platform to provide connectivity (status) to distribution automation devices, such as</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td>reclosures, capacitors, breakers, transformers, fault indicators, line load sensors, relays &amp; power</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>measurement devices, etc.</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Other</td>
<td>Provide a platform to provide connectivity (status and control) to public streetlights and rentable</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td>private lighting.</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Other</td>
<td>Be capable of transmitting data from water monitoring devices, such as for pressure, temperature, and</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td>quality.</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Other</td>
<td>Be capable of transmitting data from leak detection devices.</td>
<td>Current Base</td>
</tr>
<tr>
<td></td>
<td>Applications</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>General</td>
<td>Provide both production and test environments for the AMI Head-end System.</td>
<td>Current Base</td>
</tr>
<tr>
<td>32</td>
<td>General</td>
<td>Provide context-sensitive system documentation for online user help.</td>
<td>Current Base</td>
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<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>33</td>
<td>Systems Integration</td>
<td>Support real-time communication and protocols for integration to other enterprise IT systems.</td>
<td>Current Base</td>
</tr>
<tr>
<td>34</td>
<td>Systems Integration</td>
<td>Support common information model structures, commercial enterprise application infrastructure interfaces, and service oriented integration patterns for IT systems integration the utility's CIS and other enterprise IT systems.</td>
<td>Current Base</td>
</tr>
<tr>
<td>35</td>
<td>Systems Integration</td>
<td>Support scheduled batch loading of meter interval and register reads to other enterprise IT systems.</td>
<td>Current Base</td>
</tr>
<tr>
<td>36</td>
<td>Systems Integration</td>
<td>Support scheduled batch loading of meter events to other enterprise IT systems.</td>
<td>Current Base</td>
</tr>
<tr>
<td>37</td>
<td>General</td>
<td>Be capable of performing on-demand read requests to retrieve events, usage and register data for both electric meters and water endpoints.</td>
<td>Current Base</td>
</tr>
<tr>
<td>38</td>
<td>Systems Integration</td>
<td>Be able to initiate an on-demand read request through a real-time interface from another authorized system (i.e., MDMS, CIS, OMS).</td>
<td>Current Base</td>
</tr>
<tr>
<td>39</td>
<td>Systems Integration</td>
<td>Be capable of delivering the results of all received alarms, outages and remote testing and diagnostic results to other systems in near-real time (within 30 seconds of receipt to the AMI Head-end).</td>
<td>Current Base</td>
</tr>
<tr>
<td>40</td>
<td>Functionality</td>
<td>Be capable of securing and delivering interval data and logs from endpoints and communications network components at a configurable frequency, but at least 4 times per day.</td>
<td>Current Base</td>
</tr>
<tr>
<td>41</td>
<td>Functionality</td>
<td>Support electric interval data collection for measured product down to 15 minutes for commercial customers and down to 1 hour for residential customers. Data Collection for some commercial customers will be every 5 minutes.</td>
<td>Current Base</td>
</tr>
<tr>
<td>42</td>
<td>Functionality</td>
<td>Support water interval data collection for measured product down to 15 minutes for commercial customers and down to 1 hour for residential customers.</td>
<td>Current Base</td>
</tr>
<tr>
<td>43</td>
<td>Functionality</td>
<td>Support gas interval data collection for measured product down to 15 minutes for commercial customers and down to 1 hour for residential customers.</td>
<td>Current Base</td>
</tr>
<tr>
<td>44</td>
<td>Functionality</td>
<td>Be able to store 90 days of interval data in the AMI Head-end System.</td>
<td>Current Base</td>
</tr>
<tr>
<td>45</td>
<td>Functionality</td>
<td>Be able distinguish between a missing interval and zero consumption and provide reporting capability for missing data or gaps.</td>
<td>Current Base</td>
</tr>
<tr>
<td>46</td>
<td>Functionality</td>
<td>Track devices with missing data due to failed or incomplete communications and provide an automatic retry process to ensure several efforts are made to capture missing interval data for endpoints.</td>
<td>Current Base</td>
</tr>
<tr>
<td>47</td>
<td>Functionality</td>
<td>Log all messages sent to and received from all AMI components with the message date/time, event/message type identifier, and source/target(s) identifier.</td>
<td>Current Base</td>
</tr>
<tr>
<td>48</td>
<td>Functionality</td>
<td>Log each instance when an event message has been sent to an AMI component, but no acknowledgement is received within the configured time frame.</td>
<td>Current Base</td>
</tr>
<tr>
<td>49</td>
<td>Functionality</td>
<td>Process Daylight Savings time change.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>50</td>
<td>Functionality</td>
<td>Have the capability to assign internal user-specific screen presentation criteria (i.e. personalized home dashboard) based on user sign-in (role-based presentation).</td>
<td>Current Base</td>
</tr>
<tr>
<td>51</td>
<td>Functionality</td>
<td>Support user capability to export report and query data in CSV, SQL, Excel, XML, TXT, or other flat-file formats.</td>
<td>Current Base</td>
</tr>
<tr>
<td>52</td>
<td>Functionality</td>
<td>Provide the capability to support a variety of number of dials that contain up to 9 digits on register read.</td>
<td>Current Base</td>
</tr>
<tr>
<td>53</td>
<td>Functionality</td>
<td>Provide the capability to support 12-digit length serial number for meter or endpoint.</td>
<td>Current Base</td>
</tr>
<tr>
<td>54</td>
<td>Functionality</td>
<td>Support basic outage management tools, including visual map showing location of endpoints with color-coded status.</td>
<td>Current Base</td>
</tr>
<tr>
<td>55</td>
<td>Events/Alarms</td>
<td>Detect and report all meter, endpoint and system alarms in near-real time (up to 30 seconds) to the AMI Head-end.</td>
<td>Current Base</td>
</tr>
<tr>
<td>56</td>
<td>Events/Alarms</td>
<td>Transport events with the next regularly scheduled readings.</td>
<td>Current Base</td>
</tr>
<tr>
<td>57</td>
<td>Events/Alarms</td>
<td>The AMI Head-end system shall automatically send all events and alarms received to the MDMS.</td>
<td>Current Base</td>
</tr>
<tr>
<td>58</td>
<td>Events/Alarms</td>
<td>Provide mechanism to automatically communicate a certain event and/or alarm to designated recipients via email and SMS text msg.</td>
<td>Current Base</td>
</tr>
<tr>
<td>59</td>
<td>Events/Alarms</td>
<td>Detect and report removal of endpoint (cut wire).</td>
<td>Current Base</td>
</tr>
<tr>
<td>60</td>
<td>Events/Alarms</td>
<td>Detect and report meter tilt/tamper.</td>
<td>Current Base</td>
</tr>
<tr>
<td>61</td>
<td>Events/Alarms</td>
<td>Detect and report stopped/dead/non-registering meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>62</td>
<td>Events/Alarms</td>
<td>Detect and report power quality excursions for a capable electric meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>63</td>
<td>Events/Alarms</td>
<td>Detect and report demand threshold reached for an electric meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>64</td>
<td>Events/Alarms</td>
<td>Detect and report load side voltage with service switch in OPEN state for an electric meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>65</td>
<td>Events/Alarms</td>
<td>For &quot;Last Gasp&quot; messages, configure a delay in transmission of message to an Outage Management System (OMS) or other external system.</td>
<td>Current Base</td>
</tr>
<tr>
<td>66</td>
<td>Events/Alarms</td>
<td>Detect and report loss of power on a single phase or all phases for an electric meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>67</td>
<td>Events/Alarms</td>
<td>Detect and report max amps for an electric meter has been reached.</td>
<td>Current Base</td>
</tr>
<tr>
<td>68</td>
<td>Events/Alarms</td>
<td>Detect and report min amps for an electric meter has been reached.</td>
<td>Current Base</td>
</tr>
<tr>
<td>69</td>
<td>Events/Alarms</td>
<td>Detect and report reverse power flow for non-Net electric meters or not programmed for kWh received.</td>
<td>Current Base</td>
</tr>
<tr>
<td>70</td>
<td>Events/Alarms</td>
<td>Detect and report restoration of power (&quot;power on&quot;) for an electric meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>71</td>
<td>Events/Alarms</td>
<td>Detect and log pulse over flow check for a meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>72</td>
<td>Events/Alarms</td>
<td>Detect and log test mode check for a meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>73</td>
<td>Events/Alarms</td>
<td>Perform and log on meter diagnostic check for a meter.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>75</td>
<td>Events/Alarms</td>
<td>Detect and log stopped meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>76</td>
<td>Events/Alarms</td>
<td>Detect and log access by any field device (e.g., optical port, Bluetooth connection, etc.).</td>
<td>Current Base</td>
</tr>
<tr>
<td>77</td>
<td>Events/Alarms</td>
<td>Detect and report as an alarm on a near real time basis a hot meter base or socket.</td>
<td>Current Base</td>
</tr>
<tr>
<td>79</td>
<td>Security</td>
<td>Not provide direct or indirect access to SCADA systems.</td>
<td>Current Base</td>
</tr>
<tr>
<td>80</td>
<td>Security</td>
<td>Receive and process data requests from other systems (e.g., MDMS, CIS, or OMS).</td>
<td>Current Base</td>
</tr>
<tr>
<td>81</td>
<td>Security</td>
<td>Not store personally-identifiable customer information.</td>
<td>Current Base</td>
</tr>
<tr>
<td>82</td>
<td>Security</td>
<td>Log invalid login attempts; retain 12 months of authentication logs success and failure.</td>
<td>Current Base</td>
</tr>
<tr>
<td>83</td>
<td>Security</td>
<td>Support a lockout for a configurable number (minimum 3) of failed login/access attempts. This applies to the AMI Head-end application, meter and endpoint configuration products, all field tool applications, meters and endpoints.</td>
<td>Current Base</td>
</tr>
<tr>
<td>84</td>
<td>Security</td>
<td>Support Advanced Encryption Standard (AES) for 256 bit encryption end-to-end.</td>
<td>Current Base</td>
</tr>
<tr>
<td>85</td>
<td>Security</td>
<td>Support rolling encryption keys on a configurable basis.</td>
<td>Current Base</td>
</tr>
<tr>
<td>86</td>
<td>Security</td>
<td>Support ANSI C12.19/C12.18/C12.22 cryptographic solutions including clear text, plain text and cipher text communication.</td>
<td>Current Base</td>
</tr>
<tr>
<td>87</td>
<td>Security</td>
<td>Support functions which allow for secure device authentication, registration, and revocation of registration.</td>
<td>Current Base</td>
</tr>
<tr>
<td>88</td>
<td>Security</td>
<td>Supply mechanisms which audit and store all security related events including all messages, access, and modification events within the system for 90 days.</td>
<td>Current Base</td>
</tr>
<tr>
<td>89</td>
<td>Security</td>
<td>Supply a security audit store which includes the date and time of the event, type of event, subject identity, and the outcome (success or failure) of the event.</td>
<td>Current Base</td>
</tr>
<tr>
<td>90</td>
<td>Security</td>
<td>Supply access control mechanisms (i.e., Identification &amp; Authentication mechanisms) which prevent unauthorized access of information and resource.</td>
<td>Current Base</td>
</tr>
<tr>
<td>91</td>
<td>Security</td>
<td>Log unauthorized access attempts.</td>
<td>Current Base</td>
</tr>
<tr>
<td>92</td>
<td>Security</td>
<td>Support 2-factor authentication for system access.</td>
<td>Current Base</td>
</tr>
<tr>
<td>93</td>
<td>Security</td>
<td>Restrict access to reconfiguration commands based upon user role.</td>
<td>Current Base</td>
</tr>
<tr>
<td>94</td>
<td>Security</td>
<td>Reject messages/requests that are received from unauthorized systems or devices.</td>
<td>Current Base</td>
</tr>
<tr>
<td>95</td>
<td>Security</td>
<td>Provide a configurable 'choke' to restrict the maximum number of disconnect operations allowed at once or on a daily basis including those disconnect requests transmitted via MDMS.</td>
<td>Current Base</td>
</tr>
<tr>
<td>96</td>
<td>Configuration</td>
<td>Be capable to change configuration settings of the endpoint shall be available via remote action without removing device.</td>
<td>Current Base</td>
</tr>
<tr>
<td>97</td>
<td>Configuration</td>
<td>Have full capability for reprogramming endpoint configurations via an over the air process.</td>
<td>Current Base</td>
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<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>98</td>
<td>Configuration</td>
<td>Have capability to automatically perform a last read of interval and register data, before a configuration update is performed.</td>
<td>Current Base</td>
</tr>
<tr>
<td>99</td>
<td>System Performance and Reliability</td>
<td>Be capable of securing a 98.5% success rate of reads transmitted within 72 hours of read timestamp, processed at the AMI Head-end and available for billing.</td>
<td>Current Base</td>
</tr>
<tr>
<td>100</td>
<td>System Performance and Reliability</td>
<td>The AMI Head-end shall be capable of receiving and processing incoming meter data on a continuous basis.</td>
<td>Current Base</td>
</tr>
<tr>
<td>101</td>
<td>System Performance and Reliability</td>
<td>Be able to report high priority messages in one minute 90 percent of the time.</td>
<td>Current Base</td>
</tr>
<tr>
<td>102</td>
<td>System Performance and Reliability</td>
<td>Be able to report medium priority messages in five minutes 90 percent of the time.</td>
<td>Current Base</td>
</tr>
<tr>
<td>103</td>
<td>System Performance and Reliability</td>
<td>Be able to report low priority messages in fifteen minutes 90 percent of the time.</td>
<td>Current Base</td>
</tr>
<tr>
<td>104</td>
<td>System Performance and Reliability</td>
<td>Transmit lower priority events to the AMI Head-end during the next available transmission cycle.</td>
<td>Current Base</td>
</tr>
<tr>
<td>105</td>
<td>System Performance and Reliability</td>
<td>Transmit and log the following information for each event: Event Timestamp, Event Type, AMI RF endpoint, and/or meter ID.</td>
<td>Current Base</td>
</tr>
<tr>
<td>106</td>
<td>System Performance and Reliability</td>
<td>Support user-defined prioritization of events to allow critical traffic to have priority.</td>
<td>Current Base</td>
</tr>
<tr>
<td>107</td>
<td>System Performance and Reliability</td>
<td>Automatically retry events when a message is not acknowledged.</td>
<td>Current Base</td>
</tr>
<tr>
<td>108</td>
<td>System Performance and Reliability</td>
<td>Record metrology data while communicating and during communication failures.</td>
<td>Current Base</td>
</tr>
<tr>
<td>109</td>
<td>System Performance and Reliability</td>
<td>Support remote configuration of all user-controllable endpoint parameters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>110</td>
<td>System Performance and Reliability</td>
<td>Support remote configuration of multiple endpoints in a batched mode, via user-defined batching.</td>
<td>Current Base</td>
</tr>
<tr>
<td>111</td>
<td>System Performance and Reliability</td>
<td>Log all configuration commands and results for a minimum of 90 days.</td>
<td>Current Base</td>
</tr>
<tr>
<td>112</td>
<td>System Diagnostics</td>
<td>Exporting meter data upon request and provide capabilities to export log data.</td>
<td>Current Base</td>
</tr>
<tr>
<td>113</td>
<td>System Diagnostics</td>
<td>Send non-usage messages and alarms to the AMI Head-end that contain date/time stamp from internal meter clock, message code/type, and meter identifier.</td>
<td>Current Base</td>
</tr>
<tr>
<td>114</td>
<td>System Diagnostics</td>
<td>Support configurable alert levels and notifications based on the severity of a problem detected and the number of endpoints affected.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
</tr>
<tr>
<td>-----</td>
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</tr>
<tr>
<td>116</td>
<td>Software/Firmware</td>
<td>Provide release notes prior to updates.</td>
<td>Current Base</td>
</tr>
<tr>
<td>117</td>
<td>Software/Firmware</td>
<td>Allow for software releases to be able to be scheduled at Utility's discretion.</td>
<td>Current Base</td>
</tr>
<tr>
<td>118</td>
<td>Software/Firmware</td>
<td>Have a rollback plan in place and be communicated to the Utility prior to any upgrades to the Software.</td>
<td>Current Base</td>
</tr>
<tr>
<td>119</td>
<td>Software/Firmware</td>
<td>Retain all AMI Meter configuration and program settings, statuses, customer information, and event logs over a full Software/firmware upgrade.</td>
<td>Current Base</td>
</tr>
<tr>
<td>120</td>
<td>Software/Firmware</td>
<td>Contain fail safe logic to preserve the current state of the service switch and load control/distributed generation features during full Software/firmware upgrades.</td>
<td>Current Base</td>
</tr>
<tr>
<td>121</td>
<td>Software/Firmware</td>
<td>Accept and install firmware upgrades remotely (over-the-air) via the AMI system in a secure manner.</td>
<td>Current Base</td>
</tr>
<tr>
<td>122</td>
<td>Software/Firmware</td>
<td>Shall provide a secure capability to perform meter program and firmware updates in the field without removing devices.</td>
<td>Current Base</td>
</tr>
<tr>
<td>123</td>
<td>Software/Firmware</td>
<td>Allow for selective updating of meter program parameters such as events/alarms TOU schedules, DST tables of meters remotely (over-the-air) via the AMI system.</td>
<td>Current Base</td>
</tr>
<tr>
<td>124</td>
<td>Software/Firmware</td>
<td>Continue normal operation while downloading Software/firmware upgrades until instructed to switch to the new version.</td>
<td>Current Base</td>
</tr>
<tr>
<td>125</td>
<td>Software/Firmware</td>
<td>Log firmware download and upgrade attempts, failures, successes, reversions, etc. with timestamp.</td>
<td>Current Base</td>
</tr>
<tr>
<td>126</td>
<td>Software/Firmware</td>
<td>Report firmware upgrade status (successful or unsuccessful) to the AMI Head-end.</td>
<td>Current Base</td>
</tr>
<tr>
<td>127</td>
<td>Software/Firmware</td>
<td>Allow for firmware releases to be able to be scheduled at Utility's discretion.</td>
<td>Current Base</td>
</tr>
<tr>
<td>130</td>
<td>Security</td>
<td>Provide Network Layer IP filtering solution to allow access only from the City's IP address to the Vendor environment (especially hosted for the City).</td>
<td>Current Base</td>
</tr>
<tr>
<td>131</td>
<td>Security</td>
<td>Securely transfer/process data between the City and the Vendor's environment through SITE-TO-SITE VPN communication, enhanced with Multi-Factor Authentication (MFA).</td>
<td>Current Base</td>
</tr>
<tr>
<td>132</td>
<td>Security</td>
<td>Securely encrypt City’s data during the operational process, hosted at rest, and the backup stage, at the Vendor's environment (including Vendor's contracting organization’s environment)</td>
<td>Current Base</td>
</tr>
<tr>
<td>134</td>
<td>Security</td>
<td>Offer 99.99% up-time in the Service Level Agreement (SLA).</td>
<td>Current Base</td>
</tr>
<tr>
<td>135</td>
<td>Security</td>
<td>For systems hosted using third-party cloud services, such as AWS, offer a secured, logically separated IT environment in cloud consistent with the AWS_Security_Compute_Services_Whitepaper document (<a href="https://d1.awsstatic.com/whitepapers/Security/Security_Compute_Services_Whitepaper.pdf">https://d1.awsstatic.com/whitepapers/Security/Security_Compute_Services_Whitepaper.pdf</a>).</td>
<td>Current Base</td>
</tr>
<tr>
<td>136</td>
<td>Security</td>
<td>Allow for a minimum of 3 (three) authorized personnel from the City to have superuser/super admin access to the Vendor's, and cloud-hosted environment with MFA authentication.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>137</td>
<td>Security</td>
<td>Offer authentication and authorization from the “City’s environment to the Vendor’s environment” and “Vendor’s environment to the cloud-hosted environment” enhanced with SSO and MFA.</td>
<td>Current Base</td>
</tr>
<tr>
<td>138</td>
<td>Security</td>
<td>Offer IP filtering for all the applications and database access to the Vendor’s environment and to the cloud environment.</td>
<td>Current Base</td>
</tr>
<tr>
<td>139</td>
<td>General</td>
<td>Be supplied with a scannable manufacturer serial number barcode label, including the electric meter number affixed to the meter faceplate.</td>
<td>Current Base</td>
</tr>
<tr>
<td>140</td>
<td>General</td>
<td>Provide electronic vendor meter inventory file with meter deliveries</td>
<td>Current Base</td>
</tr>
<tr>
<td>141</td>
<td>Functionality</td>
<td>Support configurable display registers with at least 6 (digits) plus 2 decimals</td>
<td>Current Base</td>
</tr>
<tr>
<td>142</td>
<td>Functionality</td>
<td>Support bi-directional (net) electric flow metering.</td>
<td>Current Base</td>
</tr>
<tr>
<td>143</td>
<td>Functionality</td>
<td>Have sensors to detect hot socket/overvoltage and temperature.</td>
<td>Current Base</td>
</tr>
<tr>
<td>144</td>
<td>Functionality</td>
<td>Perform a diagnostic self-test upon start up and in the event of errors or warnings report the error on the meter display and provide notification back to the AMI Head-end.</td>
<td>Current Base</td>
</tr>
<tr>
<td>145</td>
<td>Functionality</td>
<td>Be able to accept and process a remote demand reset command from the AMI Head-end system &gt;99% of the time.</td>
<td>Current Base</td>
</tr>
<tr>
<td>146</td>
<td>Functionality</td>
<td>Send acknowledgement to AMI Head-end of demand reset function has been performed, along with time stamp of reset.</td>
<td>Current Base</td>
</tr>
<tr>
<td>147</td>
<td>Functionality</td>
<td>Be configurable to record 5-minute, 15-minute, 30-minute and 60-minute demand register readings based either on a clock time interval or a rolling basis.</td>
<td>Current Base</td>
</tr>
<tr>
<td>148</td>
<td>Functionality</td>
<td>Provide a time stamp with the peak demand recorded for the period set in the metrology of the meter, for demand-enabled meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>149</td>
<td>Functionality</td>
<td>Allow for auto-demand reset at a predefined time/interval period (e.g. tied to billing date), for demand-enabled meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>153</td>
<td>Functionality</td>
<td>Be available with an optional service disconnect switch capable of interrupting up to 200 amps, for residential meters (Form 2S class 320 meters excepted).</td>
<td>Current Base</td>
</tr>
<tr>
<td>154</td>
<td>Functionality</td>
<td>Log a date/time stamped event when an operation occurs, with a message to communicate success or failure, for meters with service disconnect switches.</td>
<td>Current Base</td>
</tr>
<tr>
<td>155</td>
<td>Functionality</td>
<td>Be capable of operating at its maximum rated load without overflowing the interval data counter, no matter the interval length selected.</td>
<td>Current Base</td>
</tr>
<tr>
<td>156</td>
<td>Functionality</td>
<td>Be able to support remote configuration of the kWh read interval.</td>
<td>Current Base</td>
</tr>
<tr>
<td>157</td>
<td>Functionality</td>
<td>Be able to support remote configuration of the kW and Voltage read interval.</td>
<td>Current Base</td>
</tr>
<tr>
<td>158</td>
<td>Functionality</td>
<td>Be able to support net metering functionality.</td>
<td>Current Base</td>
</tr>
<tr>
<td>159</td>
<td>Functionality</td>
<td>Be available to be retrofit with a KYZ pulse output board without limiting AMI functionality, for three-phase meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
</tr>
<tr>
<td>-----</td>
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<td>-------------------</td>
</tr>
<tr>
<td>160</td>
<td>Functionality</td>
<td>Be able to provide load profile register/interval data for the following units of measure in configurable 5, 15, 30 &amp; 60 minute intervals with time stamp: kWh delivered, kWh received, kW, kVARh delivered, kVARh received, time-of-use, and kVAh.</td>
<td>Current Base</td>
</tr>
<tr>
<td>161</td>
<td>Functionality</td>
<td>Provide voltage per phase.</td>
<td>Current Base</td>
</tr>
<tr>
<td>162</td>
<td>Functionality</td>
<td>Provide amperage per phase.</td>
<td>Current Base</td>
</tr>
<tr>
<td>163</td>
<td>Functionality</td>
<td>Be capable of identifying service type/form factor.</td>
<td>Current Base</td>
</tr>
<tr>
<td>164</td>
<td>Functionality</td>
<td>Provide a measurement of VAR or VA for billing interval, for three-phase meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>165</td>
<td>Functionality</td>
<td>Provide a phase angle measurement both positive (leading angle) and negative (lagging angle), for three-phase meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>166</td>
<td>Functionality</td>
<td>Provide an instantaneous amperage reading on demand, and maximum amperage for interval readings.</td>
<td>Current Base</td>
</tr>
<tr>
<td>167</td>
<td>Functionality</td>
<td>Provide an instantaneous voltage reading on demand, and max/min voltage reading for interval readings.</td>
<td>Current Base</td>
</tr>
<tr>
<td>168</td>
<td>Functionality</td>
<td>Provide an event denoting the date/time field access was performed or attempted.</td>
<td>Current Base</td>
</tr>
<tr>
<td>169</td>
<td>Functionality</td>
<td>Maintain a multi-year schedule for Daylight Savings Time changes.</td>
<td>Current Base</td>
</tr>
<tr>
<td>170</td>
<td>Functionality</td>
<td>Have storage capacity for 45 days of 15-minute interval electric meter reads and events data for purposes of disaster recovery.</td>
<td>Current Base</td>
</tr>
<tr>
<td>171</td>
<td>Functionality</td>
<td>Provide the capability to create and maintain Time of Use schedules (at least 10) for the purpose of enabling and updating TOU schedules in electric meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>172</td>
<td>Functionality</td>
<td>TOU schedules must support at least 4 separate daily time bands, i.e.; (On Peak, Off Peak, Mid Peak, Shoulder Peaks)</td>
<td>Current Base</td>
</tr>
<tr>
<td>173</td>
<td>Functionality</td>
<td>TOU schedules must support at least Off Peak 24 Holidays.</td>
<td>Current Base</td>
</tr>
<tr>
<td>174</td>
<td>Functionality</td>
<td>Be capable of implementing over the air updates of TOU schedules to electric meters belonging to specific program groups.</td>
<td>Current Base</td>
</tr>
<tr>
<td>175</td>
<td>Functionality</td>
<td>Be capable of retrieving and storing TOU registers.</td>
<td>Current Base</td>
</tr>
<tr>
<td>176</td>
<td>Functionality</td>
<td>Be capable of exporting TOU register readings along with interval data and other register readings.</td>
<td>Current Base</td>
</tr>
<tr>
<td>177</td>
<td>Functionality</td>
<td>Provide a field tool and related software for diagnostic purposes and to provide the capabilities to download register and interval data from the meters/endpoints as well as update the meter programs and firmware.</td>
<td>Current Base</td>
</tr>
<tr>
<td>178</td>
<td>Other Applications</td>
<td>Be available with an optional Zigbee radio for Personal Area Network (PAN) or Home Area Network (HAN), for residential meters.</td>
<td>Current Base</td>
</tr>
<tr>
<td>181</td>
<td>General</td>
<td>Be supplied with a scannable bar code label affixed to the endpoint.</td>
<td>Current Base</td>
</tr>
<tr>
<td>182</td>
<td>Functionality</td>
<td>Support local data exchange of all AMI meter and communications data and logs.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>183</td>
<td>Functionality</td>
<td>Provide security / authentication for local AMI meter data exchange to ensure that data exchanges can only be executed by authorized Utility users or users authorized by the Utility with designated field tools.</td>
<td>Current Base</td>
</tr>
<tr>
<td>184</td>
<td>Functionality</td>
<td>Synchronize internal clock time for all field communications components with a recognized external time source at least once per day.</td>
<td>Current Base</td>
</tr>
<tr>
<td>185</td>
<td>Functionality</td>
<td>Prevent Time Synchronization during an interval boundary.</td>
<td>Current Base</td>
</tr>
<tr>
<td>186</td>
<td>Functionality</td>
<td>Have storage capacity for 45 days of hourly interval water meter reads and events data for purposes of disaster recovery.</td>
<td>Current Base</td>
</tr>
<tr>
<td>187</td>
<td>Functionality</td>
<td>Have storage capacity for 45 days of hourly interval gas meter reads and events data for purposes of disaster recovery.</td>
<td>Current Base</td>
</tr>
<tr>
<td>188</td>
<td>Functionality</td>
<td>Keep time even if there is no communication with the AMI system.</td>
<td>Current Base</td>
</tr>
<tr>
<td>189</td>
<td>Functionality</td>
<td>Provide a field tool and related software for diagnostic purposes and to provide the capabilities to download register and interval data from the meters/endpoints as well as update the meter programs and firmware.</td>
<td>Current Base</td>
</tr>
<tr>
<td>190</td>
<td>General</td>
<td>Be compliant to the dimensions outlined in specifications.</td>
<td>Current Base</td>
</tr>
<tr>
<td>191</td>
<td>General</td>
<td>Be concrete-gray in color.</td>
<td>Current Base</td>
</tr>
<tr>
<td>192</td>
<td>General</td>
<td>Be a reinforced polymer material.</td>
<td>Current Base</td>
</tr>
<tr>
<td>193</td>
<td>Functionality</td>
<td>Be able to transmit hourly interval reads to an AMI endpoint.</td>
<td>Current Base</td>
</tr>
<tr>
<td>194</td>
<td>Functionality</td>
<td>Have Radio Frequency (RF)-Transparency.</td>
<td>Current Base</td>
</tr>
<tr>
<td>195</td>
<td>Functionality</td>
<td>Be resistant to chemicals commonly found in soil or in the operating environment, in accordance with ASTM D-543.</td>
<td>Current Base</td>
</tr>
<tr>
<td>196</td>
<td>Functionality</td>
<td>Be resistant to any climatic conditions, tested in accordance with ASTM-756, procedure E.</td>
<td>Current Base</td>
</tr>
<tr>
<td>197</td>
<td>Functionality</td>
<td>Withstand a vertical test load of at least 1.5-times the designed load rating, over a 10&quot;x10&quot;x1&quot; thick steel plate centered on the cover area and backed with a 10&quot;x10&quot;x1/2&quot; rubber plate, for all lids with a designed load rating of up to and including 15 kip; the test loading shall not cause any failure to the lid.</td>
<td>Current Base</td>
</tr>
<tr>
<td>200</td>
<td>Functionality</td>
<td>Not have expected performance inhibited by prolonged periods of sunlight exposure or UV radiation and will retain at least 75% of stress and deflection values as a control.</td>
<td>Current Base</td>
</tr>
<tr>
<td>201</td>
<td>Functionality</td>
<td>Not have expected performance inhibited by inundation of water and will retain at least 75% of stress and deflection values as a control.</td>
<td>Current Base</td>
</tr>
<tr>
<td>202</td>
<td>Functionality</td>
<td>Be non-flammable or exhibit a burning rate of no more than 8 mm per minute for every 3mm of thickness of the lid.</td>
<td>Current Base</td>
</tr>
<tr>
<td>203</td>
<td>Functionality</td>
<td>Deflect no more than 13 mm under the design load specified.</td>
<td>Current Base</td>
</tr>
<tr>
<td>ID</td>
<td>Category</td>
<td>Requirement</td>
<td>Proposer Response</td>
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</tr>
<tr>
<td>204</td>
<td>Functionality</td>
<td>Withstand a 70 ft-lb. impact without puncturing, splitting, or exhibiting mechanical failure of any kind.</td>
<td>Current Base</td>
</tr>
<tr>
<td>205</td>
<td>Functionality</td>
<td>Have a static coefficient of friction of no less than 0.50, as tested in accordance with ASTM 1028-06 Section 8 to mitigate slipping hazard.</td>
<td>Current Base</td>
</tr>
<tr>
<td>206</td>
<td>Electric</td>
<td>Provide the capability to perform an electric meter remote connect/disconnect.</td>
<td>Current Base</td>
</tr>
<tr>
<td>207</td>
<td>Electric</td>
<td>Provide the capability to perform an electric meter remote connect/disconnect to be initiated at a specified time.</td>
<td>Current Base</td>
</tr>
<tr>
<td>208</td>
<td>Electric</td>
<td>Provide the capability to perform an electric remote connect/disconnect for meters in batch mode.</td>
<td>Current Base</td>
</tr>
<tr>
<td>209</td>
<td>Water</td>
<td>Provide the capability to perform a water meter remote connect/disconnect.</td>
<td>Current Base</td>
</tr>
<tr>
<td>211</td>
<td>Water</td>
<td>Provide the capability to perform a water meter remote connect/disconnect for meters in batch mode.</td>
<td>Current Base</td>
</tr>
<tr>
<td>212</td>
<td>Gas</td>
<td>Provide the capability to perform a gas meter remote disconnect.</td>
<td>Current Base</td>
</tr>
<tr>
<td>214</td>
<td>Gas</td>
<td>Provide the capability to perform a gas meter remote disconnect for meters in batch mode.</td>
<td>Current Base</td>
</tr>
<tr>
<td>215</td>
<td>Gas</td>
<td>Provide the capability to automatically disconnect a gas meter during a major leak.</td>
<td>Current Base</td>
</tr>
<tr>
<td>216</td>
<td>Functionality</td>
<td>Provide meter disconnect switch state (i.e. closed, open) and last read after remote connect/disconnect command is executed.</td>
<td>Current Base</td>
</tr>
<tr>
<td>217</td>
<td>Functionality</td>
<td>Be able to retry on a configurable basis failed remote connect/ disconnect operations.</td>
<td>Current Base</td>
</tr>
<tr>
<td>218</td>
<td>Functionality</td>
<td>Identify and report failed remote connect/disconnect operations.</td>
<td>Current Base</td>
</tr>
<tr>
<td>219</td>
<td>Functionality</td>
<td>Support the ability to identify emergency and critical needs customers to prevent remote meter disconnect.</td>
<td>Current Base</td>
</tr>
<tr>
<td>220</td>
<td>Systems Integration</td>
<td>Allow for remote connect/disconnects to be initiated based on commands by an authorized application other than the AMI Head-end (e.g., OMS, MDMS, CIS)</td>
<td>Current Base</td>
</tr>
</tbody>
</table>

2. SYSTEM ACCEPTANCE CRITERIA

The System Acceptance Testing Criteria herein will be used for CITY OF PALO ALTO to accept Planning, Alpha Proof of Concept, Beta Proof of Concept, and Full Deployment Phases, as outlined in Exhibit D. Successful completion for each these phases by Sensus will occur upon meeting the herein and obtaining the CITY OF PALO ALTO’s explicit written acceptance. Sensus is not authorized to proceed with a subsequent phase until the CITY OF PALO ALTO accepts the previous phase’s work or the CITY OF PALO ALTO authorizes Sensus in writing that they may proceed with a subsequent phase, prior to acceptance of the previous phase.

2.1 PLANNING (PROJECT INITIATION & DESIGN)

For the avoidance of doubt, Planning System Acceptance shall be synonymous with the successful completion this phase. To be deemed Accepted, CITY OF PALO ALTO will have confirmed the completion and of responsibilities and approved of the quality of deliverables provided by Sensus under the Planning (Project Initiation & Design) phase in Exhibit D.

2.2 ALPHA PROOF OF CONCEPT
For the avoidance of doubt, Alpha Proof of Concept System Acceptance shall be synonymous with the successful completion this phase. To be deemed Accepted, the following criteria must be met by the responsible party:

- Sensus configures RNI to AMI Requirements, as defined in Design documentation to be developed during the Planning phase
- CITY OF PALO ALTO to verify all Alpha meters and Alpha endpoints are registered in the RNI
- CITY OF PALO ALTO to verify meter and endpoint reads are accurately transmitting to RNI and displayed appropriately with the desired resolution
- CITY OF PALO ALTO to verify that at least one round of billing reads from all Alpha meters and endpoints are populated in RNI, and the read rate meets contracted performance guarantee criterion per Exhibit F
- CITY OF PALO ALTO to verify alerts/alarms are registering in RNI as designed.
- CITY OF PALO ALTO to verify lifecycle status of Alpha test meters (i.e., new meter install, meter removal, meter in inventory, etc.)
- Sensus has successfully integrated the RNI with the MDMS for all meter event data, reads, and initiation of remote commands
- CITY OF PALO ALTO has access to a functional WOMS for use in Beta Phase:
  - CITY OF PALO ALTO to verify that WOMS and CIS integration has been completed for mass meter uploads
    - Including Inventory file loading, meter removal and meter installation functionality.
- CITY OF PALO ALTO will have confirmed the completion of responsibilities and receipt of deliverables provided by Sensus under the Alpha Proof of Concept phase in Exhibit D

2.3 Beta Proof of Concept

For the avoidance of doubt, Beta Proof of Concept System Acceptance shall be synonymous with the successful completion this phase. To be deemed Accepted, the following criteria must be met by the responsible party:

- CITY OF PALO ALTO to verify successful execution and passing of all required test scripts 1-12, outlined in this Exhibit. Testing can start as soon as mutually agreed between both parties, and as long as the minimum number of meters are met as maybe defined in a specific test script.
- CITY OF PALO ALTO to verify that Sensus has completed all integration to upstream or 3rd party systems, including implementation, testing, and ensuring interfaces are operational
- CITY OF PALO ALTO will have confirmed the completion of responsibilities and receipt of deliverables provided by Sensus under the Beta Proof of Concept phase in Exhibit D

2.4 Full Deployment

For the avoidance of doubt, Full Deployment System Acceptance shall be synonymous with the successful completion of this phase. After Sensus has installed and commissioned at least 98.5% of the AMI electric meters, 98.5% of the AMI Water Modules, and 98.5% of the AMI Gas Modules, Sensus will confirm in writing that the installed population is ready for acceptance testing. CITY will in turn confirm in writing that Sensus can proceed with acceptance testing.

To be deemed Accepted, the following criteria must be met by the responsible party:

- Sensus to provide all completed installation work order data to CITY OF PALO ALTO’s CIS
- CITY OF PALO ALTO to verify that billing reads from at least 98.5% of available meters and endpoints within a 72 hour period, striving to meet 100% in collaboration between parties, are populated in RNI and are provided within the MDMS, and that the read rate meets Sensus’ contracted performance guarantee criterion, per Exhibit F
• CITY OF PALO ALTO will have confirmed the completion of responsibilities and receipt of deliverables provided by Sensus under all other phases in Exhibit D

3. TEST SCRIPTS
This list of acceptance tests is not exhaustive and will be augmented, pending design workshop(s) to be conducted between parties; tests identified in these workshop(s) and enumerated below will validate the functional requirements included in the requirements traceability matrix as part of the Acceptance Testing Phase. Tests identified outside of design workshop(s) can be added if mutually agreed upon by both parties.
GENERAL INFORMATION

Introduction

The intent of the AMI project for CITY is to provide an opportunity for the utility to utilize Sensus FlexNet network for water, gas and power over the air meter information. The purpose of this document is to outline the process and procedures to be used to Acceptance Test the Sensus FlexNet system.

Acceptance testing will be conducted at the end of each project phase: Alpha Proof of Concept Phase, Beta Proof of Concept Phase and Full Deployment Phase.

SENSUS FLEXNET SYSTEM TEST PLAN

Purpose

This document describes Sensus plan for testing CITY’s FlexNet AMI System to assure the deployed AMI network is appropriately designed, is successfully installed and configured to receive data from FlexNet SmartPoint modules, and is functioning as intended and in compliance with design requirement. This FlexNet System Test Plan describes the System Acceptance Testing for the FlexNet System. The schedule (timing) for the execution of these tests will be determined by the AMI project team.

Alpha POC Testing will commence when a “to be determined” subset of the total meters and basestation installations and the integration of the RNI to the MDMS has occurred.

Beta POC Testing will commence after an additional “to be determined” subset of the total meters and the remaining basestation installations has occurred.

Full Deployment Testing will commence after the installation of at least 98.5% of the total meter population.

CITY OF PALO ALTO and Sensus will be responsible for general FlexNet System Test support as provided below:

Sensus General System Test Responsibilities

1. Sensus will test, validate and certify the system RF design and AMI network installation, including all necessary tests of network equipment hardware, software and firmware to meet the project Service Level Agreement (SLA) specified in the FlexNet agreement.

2. Sensus will configure and provide certifications that all FlexNet AMI Basestations are properly installed and functioning according to Sensus specifications and the SAT criteria outlined in Systems Acceptance Testing section below.

3. Upon Sensus validation of the FlexNet AMI network, Sensus shall provide the necessary resource (PM, AEM Technical Support) services to assist CITY OF PALO ALTO with Systems Acceptance Testing (SAT) of the FlexNet AMI network.

4. Sensus shall be responsible for connecting and testing the back haul communications (provided by Sensus or CITY OF PALO ALTO) between the FlexNet AMI network Basestations and the Sensus RNI Head-end data collection system.

CITY OF PALO ALTO General System Test Responsibilities
1. CITY OF PALO ALTO shall perform all necessary testing of, and be responsible for the Internet connection and client computer hardware and software within the CITY OF PALO ALTO network used to access the FlexNet Regional Network Interface (RNI).

2. Upon Sensus verification of the FlexNet AMI network, CITY OF PALO ALTO (with Sensus support) will perform their own independent Systems Acceptance Testing (SAT) of the FlexNet AMI network.

3. Upon CITY OF PALO ALTO Systems Acceptance Testing (SAT) 100% success (or waiver of) specific test scripts, CITY OF PALO ALTO will approve of Sensus Systems Acceptance Testing (SAT) completion below.

**Systems Acceptance Test**

During each project phase, the project team shall deploy the Test Equipment and shall deploy a mutually agreed number of meters ("Test Meters"), all installed in mutually agreed locations within Customer’s Service Territory.

All Test Meters shall be Available Meters and shall be a subset of the total meter population such that the tests can be completed within a reasonable time and with the allocated resources.

Within fifteen (15) days of the notice of phase prerequisites, the testing team shall begin the Acceptance Test on the Test Meters. For purposes of clarity, the tests in this section shall only be conducted on Test Meters, and Test Meters shall only include installed Available Meters. CITY and Sensus will work diligently in good faith to undertake reasonable efforts to complete the Acceptance Test no later than forty-five (45) days after commencement of testing. The Acceptance Test for each phase shall consist only of the following subtests:

**Required Test Scripts – Necessary for moving to next phase of project.**

- EA-1: Communication: Registration Test: (e/w/g)
- EA-2: On-Demand Read - Measurement (Remote Read Accuracy & Timing) (e/w/g)
- EA-3: Communication: 72 hr Register Read Success (e/w/g)
- EA-4: Interval Read Success test (e/w/g)
- EA-5: Events and Alarms (e/w/g)
  - EA-4a: Events and Alarms (e)
  - EA-4b: Events and Alarms (w)
  - EA-4c: Events and Alarms (g)
- EA-6: Lifecycle Status (e/w/g)
- EA-7: Last Gasp Performance (e)
- EA-8: Restoration Performance (e)
- EA-9: Operational Data Collection Accuracy (e/w/g)
  - EA-8a: Operational Data Collection Accuracy (e)
  - EA-8b: Water/Gas Meter Operational Data Collection Accuracy (w/g)
- EA-10: Disconnect (if applicable) (e)
- EA-11: Reconnect (if applicable) (e)
- EA-12: Net Metering: Daily Net Metering Read Success (e)

**Optional Test Scripts – Not required for moving to next phase of project.**

- EA-14: Integrate HAN with Smartenit Cloud services and Phone App with voice control
- EA-15: Validate DR Events and Energy Management Savings, Load control devices
- EA-16: Sonix IQ Remote Disconnect
Upon satisfactory completion of each of the above tests, the AMI System will be deemed to have passed the Acceptance Test. Each test is described in detail below.

### Sub-Test Cases

#### Test Script EA-1: Communication: Meter Registration

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overview:</strong></td>
<td>This test will determine whether installed meters register in the RNI (HES) upon installation and activation.</td>
</tr>
<tr>
<td><strong>Function:</strong></td>
<td>All properly installed meters and endpoints will register themselves in the RNI within 24 hours of physical installation.</td>
</tr>
<tr>
<td><strong>Goal in Context:</strong></td>
<td>This test will ensure that all meter types will register themselves in the RNI when properly installed in the field.</td>
</tr>
<tr>
<td><strong>Preconditions:</strong></td>
<td>Phased Meter Deployment must be complete, water and gas endpoints must be properly programmed at installation.</td>
</tr>
</tbody>
</table>

### Results for EA-1

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Installation reports confirm all electric, water and gas meters are in the Head End System.</td>
<td>Installation reports confirm all electric, water and gas meters are not registered in the Head End System.</td>
</tr>
</tbody>
</table>

**Calculation of Success Criteria:**

Using available Device Management reports within the RNI, validate that all meters installed in a previous 24 hr installation period are registered in the Head End System.

**Post Condition Result:**

#### Test Script EA-2: On-Demand Read - Measurement (Remote Read Accuracy)

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overview:</strong></td>
<td>This test will compare the time stamp at the meter with the time received in the RNI software to confirm accuracy of time stamps being used during validation, and therefore for billing purposes. This test will also confirm the programmed resolution is displayed appropriately in the RNI &amp; the round trip turn around time is within specs.</td>
</tr>
<tr>
<td><strong>Function:</strong></td>
<td>The meter provides accurate time stamped reads that match the time data acquired from the meter LCD.</td>
</tr>
</tbody>
</table>
### Goal in Context:
The time on a manually read meter is compared to the time in a reading taken via an on-demand read and timed.

### Preconditions:
- The installation test meter(s) can be installed at a residence, commercial or labsetting.
- The manual read and the on-demand read must be obtained simultaneously.
- Test endpoints for water and gas should be in MOM communication mode.

### Results for EA-2

#### Post Condition Success:
The data acquired through a manual read of the LCD register differs from the data presented by an on-demand read taken at the same time by equal or less than +/-0.1%. The programmed resolution in the RNI matches what is read manually and in the CMEP file. Also confirm that On Demand Read happens in less than 180 seconds for water and gas, and 30 seconds for electric.

#### Post Condition Failure:
The data acquired through a manual read of the LCD register differs from the data presented by an on-demand read taken at the same time by greater than +/-0.1%. The programmed resolution does not match between the RNI and the manual read and in the CMEP file. Also confirm that On Demand Read happens in less than 180 seconds for water and gas, and 30 seconds for electric.

**Calculation of Success Criteria:** The read shown on the LCD display will match the on-demand read in the RNI within .1% & round trip time for water and gas is less than 180 seconds and round trip time for electric is 30 seconds or less.

#### Post Condition Result:

---

### Test Script EA-3: Communication: 72 hr Register Read Success

#### Test Performed On (AMI):

| Overview: | This test will determine the success rate for register readings obtained from the AMI System. |
| Function: | At a minimum, the system must allow for 98.5% of register readings to be captured over a 72 hr period and exported in the daily export file as defined in EA-1. |
| Goal in Context: | This test will determine the success rate for register readings obtained from the AMI System. |
| Preconditions: | Phased Meter Deployment must be complete. |

#### Results for EA-3

#### Post Condition Success:
Average Daily Register Read Success is equal to or greater than 98.5% |

#### Post Condition Failure:
Average Daily Register Read Success is less than 98.5%.
**Calculation of Success Criteria:**

Average Daily Register Read Success = (the summation of the Daily Register Read Success for each of the thirty 72 hour periods) / 30 days

Able to read curb meters.

Daily Register Read Success = 100 x ((number of Available Registers read during a seventy two hour period + Unavailable Registers that reported a power failure or tamper alarm in the seventy hour period) / (Available Registers population + Unavailable Registers that reported a power fail or tamper alarm in the seventy two hour period)).

“Available Registers” mean registers that satisfy the requirements for AvailableMeters.

“Unavailable Registers” mean registers that satisfy the requirements for UnavailableMeters.

Note: A register that has reported a power failure or tamper during the seventy-two hour period shall be counted as successfully read since the register has properly communicated and does not have a network hardware coverage issue.

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**Post Condition Result:**

---

**Test Script EA-4: Communication: 72 Hour Interval ReadSuccess**

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview:</td>
<td>This test will determine proper performance of the Flexnet system by examining the read interval success (RIS) rate of a test population of electric, water and gas meters.</td>
</tr>
<tr>
<td>Function:</td>
<td>At a minimum, the system must provide at least 98.5% average hourly Read Interval Success (RIS) for at least 98.5% of Available Meters in the test within a 72-hour billing window.</td>
</tr>
<tr>
<td>Goal in Context:</td>
<td>This test will confirm the expected performance of the FlexNet network overall, as well as the performance of the individual FlexNet water, gas and electric modules and meters.</td>
</tr>
<tr>
<td>Preconditions:</td>
<td>The FlexNet Base Stations must be installed and certified by Sensus, and the test population of FlexNet modules must be deployed and must meet the criteria established by Sensus for Available Meter.</td>
</tr>
</tbody>
</table>

**Results for EA-4**

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Read Interval Success is equal to or greater than 98.5% for at least 98.5% of meters tested.</td>
<td>Average Read Interval Success is equal to or greater than 98.5% for at least 98.5% of meters tested.</td>
</tr>
</tbody>
</table>
Calculation of Success Criteria:

Verification will be provided by examining the appropriate report in the FlexNet RNI for each meter in the test. The number of meters providing greater than 98.5% average of Read Intervals will be divided by the number of all meters in the test. This resulting value will be multiplied by 100 to determine the percentage of test meters that meet or exceed the Read Interval Success Criteria.

Post Condition Result:

Test Script EA-5a: Events and Alarms - Electric

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview:</td>
<td>Ensure event and alarms are collected and stored by the RNI, &amp; those alarms can reset and flagged as ‘inactive’ in the RNI.</td>
</tr>
<tr>
<td>Function:</td>
<td>Purpose is to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center to deliver alarms in a desired fashion.</td>
</tr>
</tbody>
</table>
| Precondition: | • Verify up to six meters (that adhere to the definition of available meters) are energized by performing an on-demand read.  
• Remove up to two meters for at least one hundred and twenty (120) seconds (exceeding the tamper threshold and the outage thresholds) then return meters to their sockets. Verify that tamper events (with date and time stamp) and outage events (with date and time stamp) are returned to the RNI upon occurrence. (Electric) |

Results for EA-5: Events and Alarms

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This test passes as soon as the test methodology is performed and validated for up to six selected meters in the test area that the above alarms were received &amp; those alarms can reset and flagged as ‘inactive’ in history of the device in the RNI.</td>
<td></td>
</tr>
</tbody>
</table>

Verification will be provided by examining the appropriate reports in the FlexNet Regional Network Interface (RNI) to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center.

Test Script EA-5b: Events and Alarms - Water
<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

| Overview: | Ensure event and alarms are collected and stored by the RNI, & those alarms can reset and flagged as ‘inactive’ in the RNI. |

| Function: | Purpose is to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center to deliver alarms in a desired fashion. |

| Precondition: | • Water SmartPoint alarms shall be tested, including Meter Read Failure, Battery Life, Reverse Flow, Leak and High Flow. Test shall confirm that water SmartPoint alarms are received and displayed in the RNI. (*Water*)  
• Available, iPerl or Ally smart water meter alarms shall be tested, including leak, reverse flow, and empty pipe alarms. Test shall confirm that iPerl or Ally smart water meter alarms are received and displayed in the RNI. (*Water*) |

---

**Results for EA-5: Events and Alarms**

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This test passes as soon as the test methodology is performed and validated for up to six selected meters in the test area that the above alarms were received &amp; those alarms can reset and flagged as ‘inactive’ in history of the device in the RNI.</td>
<td></td>
</tr>
</tbody>
</table>

Verification will be provided by examining the appropriate reports in the FlexNet Regional Network Interface (RNI) to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center.

---

**Test Script EA-5c: Events and Alarms - Gas**

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

| Overview: | Ensure event and alarms are collected and stored by the RNI, & those alarms can reset and flagged as ‘inactive’ in the RNI. |

| Function: | Purpose is to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center to deliver alarms in a desired fashion. |

| Precondition: | • Available Gas alarms shall be tested, including Tilt, magnetic tamper, and reverse flow alarms. Test shall confirm that gas meter alarms are received and displayed in the RNI. (*Gas*) |
### Results for EA-5 Events and Alarms

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>This test passes as soon as the test methodology is performed and validated for up to six selected meters in the test area that the above alarms were received &amp; those alarms can reset and flagged as ‘inactive’ in history of the device in the RNI.</td>
<td></td>
</tr>
</tbody>
</table>

Verification will be provided by examining the appropriate reports in the FlexNet Regional Network Interface (RNI) to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center.

### Test Script EA-6: Lifecycle Status

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview:</td>
<td>This test will determine if the Lifecycle integration to the RNI from CIS has been properly configured and working when a state change is sent to the RNI.</td>
</tr>
<tr>
<td>Function:</td>
<td>The RNI will categorize meters are in Inventory, Installed, tested and retired in the system. Active meters can be removed from the RNI when told by CIS.</td>
</tr>
<tr>
<td>Goal in Context:</td>
<td>This test will determine the ability to systematically maintain the RNI and keep it in sync with CIS and the MDM.</td>
</tr>
<tr>
<td>Preconditions:</td>
<td>Phased Meter Deployment must be complete. The Lifecycle integration must be developed and deployed.</td>
</tr>
</tbody>
</table>

### Results for EA-6

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lifecycle State changes are accurately reflected in the RNI.</td>
<td>Lifecycle State changes are not reflected properly in the RNI.</td>
</tr>
</tbody>
</table>

**Calculation of Success Criteria:**

N/A

**Post Condition Result:**

### Test Script EA-7: Last Gasp Performance

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>
Overview: This test will determine the communication success rate of last gasp messages within the network and the latency of these messages being sent to the RNI. This test will be performed by evaluating planned outages throughout the Customer service territory of different severities. Alternatively, the test can be completed in a meter shop or test/sandbox environment due to the sensitive nature of planned outages.

Function: The RNI should be able to identify power failure at the electricity endpoints.

Goal in Context: This test will determine the success rate for “last gasp” messages obtained under a single FlexNet Base Station with a maximum of 20 meters experiencing the same event. The below listed success rate is based on a 300 second latency after a programmable delay of 120 seconds (or selected OTT available in increments of 8 seconds) to filter out momentary outages:

| Number of Available Meters affected by Power Failures (“Outage Event”) Under a Single FlexNet Base Station |
| Expected Success Rate |
| Test Side by Side with Selected OMS Solution |
| 90% |

Preconditions:
- Electricity Deployment must be complete or the test can be completed in a meter shop or test/sandbox environment.
- The Electricity Test Meters must be configured to transmit alarm messages in the priority channel only. No other devices shall be utilizing this channel or communications.
- If the test is run using one to 20 meters, the test will be run 5 times.

Results for EA-7

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Outage Event Detection is equal or greater than: 90% if 1-20 meters experience an Outage Event</td>
<td>Average Outage Event Detection is less than: 90% if 1-20 meters experience an Outage Event</td>
</tr>
</tbody>
</table>

Calculation of Success Criteria:

Average Outage Event Detection = \((\text{the summation of the Outage Event Detection for each time the test is run}) / (\text{number of times the test is run})\)

Outage Event Detection = \((\text{number of Confirmed Outage Meters that report an outage event to the RNI within 420 seconds after the occurrence of an outage event}) / (\text{total number of Confirmed Outage Meters})\)).

“Confirmed Outage Meters” means Electricity Test Meters that have been proven by the Customer to have experienced a power failure during the testing period.

Post Condition Result:
### Test Script EA-8: Restoration Performance

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

| **Overview:** | This test will determine the communication success rate of restoration events within the network. This test will measure the restoration performance of meters that previously experienced an outage event. This test will be performed by evaluating planned restoration events throughout the Customer service territory. Alternatively, the test can be completed in a meter shop or test/sandbox environment due to the sensitive nature of planned outages. |

| **Function:** | This system should be able to identify restoration events to the RNI. |

| **Goal in Context:** | This test will determine the success rate for power restoration messages obtained under a single FlexNet Base Station with a maximum of 20 meters. The below listed success rate is based on a 300 second latency after a programmable delay of 120 (or selected OTT available in increments of 8 seconds) seconds to filter out momentary restorations: Number of meters that experience a power restoration ("Restoration Event") under a single FlexNet Base Station Expected Success Rate | 90% |

| **Preconditions:** | • Electricity Deployment must be complete or the test can be completed in a meter shop or test/sandbox environment.  
• The Electricity Test Meters must be configured to transmit alarm messages in the priority channel only. No other devices shall be utilizing this channel or communications (including, without limitation, no boost mode communication for water or gas SmartPoint Modules).  
• If the test is run using one to twenty meters, the test will be run 5 times. |

### Results for EA-8: Restoration Performance

<table>
<thead>
<tr>
<th><strong>Post Condition Success:</strong></th>
<th><strong>Post Condition Failure:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Outage Event Restoration is equal or greater than: 90% if 1-20 meters experience a Restoration Event</td>
<td>Average Outage Event Restoration is less than: 90% if 1-20 meters experience a Restoration Event</td>
</tr>
</tbody>
</table>

**Calculation of Success Criteria:**

Average Outage Event Restoration = ((the summation of the Outage Event Restoration for each time the test is run) / (number of times the test is run))

Outage Event Restoration = 100 x ((number of Confirmed Power Restoration Meters that report power restoration to the RNI within 420 seconds) / (total number of Confirmed Power Restoration Meters)).

“Confirmed Power Restoration Meters” means Electricity Test Meters that have been proven by the Customer to have their power restored during the testing period.
### Test Script EA-9a: Operational Data Collection Accuracy - Electric

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview:</td>
<td>This test serves to document the ability of the network to collect accurate operational data from AMI electricity meters.</td>
</tr>
<tr>
<td>Function:</td>
<td>The AMI network should collect operational data from Available AMI electricity meters on a regular basis. This information should be accurate and collected on a regular basis to assist the Customer in managing various aspects of their distribution network.</td>
</tr>
<tr>
<td>Goal in Context:</td>
<td>Test the ability of the AMI network to collect accurate voltage information, voltage alarms, and tamper alarms from AMI electricity meters</td>
</tr>
</tbody>
</table>
| Preconditions: | - The installation of Four (4) AMI electricity meters (“Operational Test Meter”) configured with required alarms enabled at residence or in labsetting.  
  - Customer will apply voltage to the meter of 110%, 100% and 90% of standard operating voltages.  
  - Customer will induce an excursion event that exceeds the configured voltage alarm setting (“Voltage Test”)  
  - Customer will induce a tamper event (meter removal from socket) |

### Results for EA-9a

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
</table>
| - Instantaneous voltage readings are equal or less than +/-5% of actual field measurement (using calibrated equipment)  
  - Voltage Alarm received by the Operational Test Meter during the Voltage Test  
  - Tamper Alarm received by AMI system during induced tamper event | - Instantaneous voltage readings are greater than +/-5% of actual field measurement (using calibrated equipment)  
  - Voltage Alarm not received by the Operational Test Meter during the Voltage Test  
  - Tamper Alarm not received by AMI system during induced tamper event |

**Calculation of Success Criteria:** Not Applicable.
**Test Script EA-9b: Water/Gas Operational Data Collection Accuracy – Water & Gas**

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

**Overview:**
This test serves to document the ability of the network to collect accurate operational data from AMI battery-powered modules. The AMI network should collect operational data from available AMI Water and Gas modules on a regular basis to assist customer in managing various aspects of their distribution network.

**Function:**
Purpose is to confirm that the Regional Network Interface (RNI) database is receiving and storing meter data, and also by confirming that the CMEP reports are being generated with data in the appropriate directory within the Sensus Data Center to deliver alarms in a desired fashion.

**Precondition:**
- The installation of twenty (20) AMI Water and Gas meters ("Operational Test Meters") at residence or in lab setting.
- This test should be started and completed within thirty (30) days after the Water Deployment is complete.

**Results for EA-9b: Water/Gas Operational Data Collection Accuracy**

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
</table>
| - Meter Reads are stored within the RNI for the test period.  
- Meter Reads are populated on CMEP reports for distribution. | - Meter reads are not available in the RNI during the test period.  
- Meter Reads are not populated on CMEP reports. |

**Test Script EA-10- Disconnect (if applicable)**

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

**Overview:**
The Disconnect test is used to determine if Sensus’ disconnect meters operate as designed. This test shall be performed on ten (10) meters that have disconnects that are Available Meters.

**Function:**
The AMI system can disconnect meters remotely.

**Goal in Context:**
Customer shall request a disconnect operation from each Disconnect Meter at times mutually agreed by the Parties. The remote Disconnect Meters shall return the position status (open or closed) in addition to actually operating the switch.
Preconditions:

- The installation of ten AMI electricity meters at residence or in labsetting ("Disconnect Meters").
- This test is applicable only if the Customer has ordered meters with disconnect/reconnect switches. Switch will only close without meter level intervention if unconditional reconnect is issued.
- Execute a remote disconnect command for the ten Disconnect Meters via the RNI/FlexWare Software. Validate that disconnect switch has opened and that load side is de-energized. Validate that each Disconnect Meter indicates that the disconnect switch is in the open state. Validate that a message is sent to the RNI indicating successful execution of the remote disconnect for each Disconnect Meter.
- Validate that the RNI/FlexWare Software has incremented the switch cycle count by one through this test cycle for nine (or more) Disconnect Meters.
- Customer confirms that the power is off at nine (or more) Disconnect Meters (in the field or on the bench)

Results for EA-10

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The RNI/FlexWare Software has incremented the switch cycle count by one for nine (or more) Disconnect Meters, and it is confirmed that the power is off at nine (or more) Disconnect Meters.</td>
<td>The post-condition success criteria are not satisfied.</td>
</tr>
</tbody>
</table>

Calculation of Success Criteria: Not Applicable.

Post Condition Result:

Test Script EA-11: Reconnect (if applicable)

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview: The Reconnect test is used to determine if Sensus’ disconnect meters operate as designed. This test shall be performed on the same ten (10) Disconnect Meters defined in the above Disconnect test. For purposes of this test, they shall be referred to as “Reconnect Meters”.</td>
<td></td>
</tr>
</tbody>
</table>

Function: The AMI system can reconnect meters remotely.

Goal in Context: Customer shall request a reconnect operation to each Reconnect Meter at times mutually agreed by the Parties. The remote Reconnect Meters shall return the position status (open or closed) in addition to actually operating the switch.
Preconditions:

- The installation of Disconnect Meters and completion of the above Disconnect test.
- This test is applicable only if the Customer has ordered meters with disconnect/reconnect switches. Switch will only close without meter level intervention if unconditional reconnect is issued.
- Prior to commencing the test, Customer shall confirm that no load is applied on the meter while is a disconnected state.
- Execute a remote reconnect command for up to Ten (10) meters via the RNI/FlexWare Software. Validate that the disconnect switch has closed and that the load side is reenergized. Validate that each Reconnect Meter indicates that the disconnect switch is in the closed state. Validate that a message is sent to the RNI indicating successful execution of the remote reconnect for each Reconnect Meter.
- Validate that the RNI/FlexWare Software has incremented the switch cycle count by one through this test cycle for nine (or more) Reconnect Meters.
- Customer confirms that the power is on at nine (or more) Reconnect Meters (in the field or on the bench).
- If requested by Customer, this test can be run a second time with the load sensing feature of the meter enabled and load applied while the meter is in a disconnected state. During this test, success is achieved if the reconnect request does not reconnect the meter while load is applied.

Results for EA-11

<table>
<thead>
<tr>
<th>Post Condition Success</th>
<th>Post Condition Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>The RNI/FlexWare Software has incremented the switch cycle count by one for nine (or more) Reconnect Meters, and it is confirmed that the power is on at nine (or more) Reconnect Meters.</td>
<td>The post-condition success criteria are not satisfied.</td>
</tr>
</tbody>
</table>

Calculation of Success Criteria: Not Applicable.

Post Condition Result:

Test Script EA-12: Net Metering: Daily Net Metering Read Success

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview: This test will determine the success rate for register readings obtained from the AMI System for net metering.</td>
<td></td>
</tr>
<tr>
<td>Function: At a minimum, the system must allow for 98.5% of interval forward and reverse reads to be captured over a twenty-four (24) hour period. Also, register reads will be captured 98.5% over 30 days.</td>
<td></td>
</tr>
<tr>
<td>Goal in Context: This test will determine the success rate for register readings obtained from the AMI System for net metering.</td>
<td></td>
</tr>
</tbody>
</table>
### Preconditions:
Electricity Deployment of a meter programmed for net metering must be complete.

### Results for EA-12

<table>
<thead>
<tr>
<th>Post Condition Success</th>
<th>Post Condition Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Daily Interval and Register Read Success is equal to or greater than 98.5% for Net Metering Forward and Reverse Reads.</td>
<td>Average Daily Interval and Register Read Success is less than 98.5% for Net Metering Forward and Reverse Reads.</td>
</tr>
</tbody>
</table>

### Calculation of Success Criteria:

Average Daily Interval Read Success = \((\text{the summation of the Daily IntervalRead Success for each of the interval reads over the last 3 day periods) / \text{number of intervals over the last 3 days})\)

Average Daily Register Read Success = \((\text{the summation of the Daily RegisterRead Success for each of the thirty 24 hour periods) / 30 \text{ days})\)

Daily Register Read Success = \(100 \times (\text{number of Available Registers read during a twentyfour hour period + Unavailable Registers that reported a power failure or tamper alarm in the twenty four hour period}) / (\text{Available Registers population + Unavailable Registers that reported a power fail or tamper alarm in the twenty four hour period})\).

“Available Registers” mean registers that satisfy the requirements for AvailableMeters.

“Unavailable Registers” mean registers that satisfy the requirements for UnavailableMeters.

Note: A register that has reported a power failure or tamper during the twenty-four-hour period shall be counted as successfully read since the register has properly communicated and does not have a network hardware coverage issue.

### Post Condition Result:

Optional Test Scripts – These test scripts 13-20 are not required to move to the next stage of the project, this is optional functionality that Sensus will work with CITY to support testing. CITY will be responsible for purchasing or acquiring all 3rd party equipment associated with these tests.

### Test Script EA-13: Add Smart Energy (SE) Home Area Network (HAN) devices to Meter – In Home Display (IHD), Load Control (LC), Gateway (GW), Level 2 Electric Vehicle Station Equipment (EVSE). Validate can remove devices.

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

**Overview:**
This test will validate that Zigbee Smart Energy (SE) devices can be added to meter successfully and devices can be removed from meter. Must use a Zigbee qualified device, and qualified devices listed in RNI Database HANDeviceType table.
| Function: | • Validate SE devices in RNI Database HANDeviceType Table, if not add qualified device  
• Validate import of HAN Devices into HAN inventory  
• Validate SE Zigbee Devices join meter and show joined in RNI DM  
• Validate can remove joined devices from meter in RNI DM |
|---|---|
| Goal in Context: | • HAN Devices import successful in RNI DM System Intelligence  
• Imported HAN devices show up in RNI DM Dashboard  
• HAN Devices show as joined in RNI DM under meter ‘About this Device’ screen under HAN Devices  
• When removed device in Meter ‘About this Device’ screen under HAN select X next to HAN device will be removed and no longer displayed under meter ‘About this Device’ screen under HAN Devices |
| Preconditions: | - Deployment of a Zigbee meter programmed for 7 TOU pricing and metering tiers, Sensus engineering to provide DT96 (Device Type) meter configuration files to test 7 Tier and 8 switch points per day to manage two duck curve peaks |

**Results for EA-13**

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
</table>
| • Added HAN devices show up in RNI DM Dashboard  
• Removed HAN devices show up in RNI DM Dashboard  
• Added HAN devices show up in RNI DM System Intelligence logs  
• Removed HAN Devices show up in RNI DM System Intelligence logs  
• HAN Devices joined to meters show up in meter ‘about this device’ screen | • HAN Devices do not show up in dashboard when imported  
• HAN Devices do not show joined in RNI DM when commissioned to meter  
• HAN Devices do not show removed in RNI DM when removed. |

**Calculation of Success Criteria:**

Can join and remove up to 20 SE HAN devices to Zigbee enable DT96 meters and can properly remove HAN devices. Verify the RNI DM Dashboard show imported HAN devices in inventory and “joined” in the HAN section in Meter about this device screen.

**Post Condition Result:**

---

**Test Script EA-14: Validate DR Events and Energy Management Savings**

| Test Performed On (AMI): | Date: |
### Overview:
- Send DR event from RNI DM to meter HAN devices for each device class, UEG, and DR event group
- Send DR events to location where smart meter with Zigbee not deployed using FlexNet LCM device – supports direct LC to base stations – such as an irrigation application

### Function:
- Validate DR events 10 minutes to 24 hours, with different duty cycles (0 to 99) that don’t exceed minimum ON/OFF times (10 minutes) to protect DR load equipment
- Validate emergency DR events to prevent brown out or Black out (no start randomization and duration randomization to slowly add load back to grid to prevent transients) sent 10 minutes prior to start time received by 95% of devices
- Validate single and re-occurring standard DR events with start randomization and all DR events on equal length for all DR subscribers – stop randomization follows start randomization to meet PUC requirements equal length events for all consumers

### Goal in Context:
- 95% DR success rate on DR events from meter to SE DR devices by analyzing DR logs in AMI/DM System Intelligence logs
- DR Pass though Smartenit GW to 3.0/HA devices

### Preconditions:
- Deployment of RNI, AMI. Electric Meters with Zigbee and HAN devices joined with meters
- Customer required to purchase Sensus qualified HAN LCs, gateway, and EVSE from Smartenit
- RNI release deployed must me 4.8.1 or later to support Smartenit qualified devices
- Customer required to purchase FlexNet LCM devices and joined to RNI DM

### Results for EA-14

#### Post Condition Success:
- Confirm RNI Device Manager (DM) shows event in “scheduled events” tab in the DM.
- Confirm RNI Device Manager System Intelligence “Event History” tab shows Initiated Events Complete Status shows 95% or better DR success
- DR event complete and devices go back to normal operation mode.
- In Meter ‘about this device’ screen Scheduled DR events show up at the bottom of the screen

#### Post Condition Failure:
- RNI device manager does not show event in System Intelligence “Event History” tab in the DM.
- RNI device manager does not show event in “scheduled events” tab in the DM.
- DR events do not occur correctly per DR events - correct device class, duration, randomization, etc.
- DR events do not occur equal to or greater than 95% of the time
- In Meter ‘about this device’ screen Scheduled DR events do not show up at the bottom of the screen
Calculation of Success Criteria:
- DR Events occur on correct devices based on devices class, UEG, and device group for correct duration 95 or greater percent of the time

Post Condition Result:

Test Script EA-15: Validate 7 TOU Pricing and Metering to control price driven EV charging and display on HAN

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

**Overview:**
- Demonstrate and Display 7 TOU pricing and metering on HAN In Home Display
- Setup meter to support 7 TOU Pricing and metering tiers per day to maximize successful controlling of duck curves two peak per day.
- Setup level 2 28A home EV charging to validate grid load and efficiency by using meter TOU pricing to control charging.

**Function:**
- Demonstrate and Display TOU tiers in the RNI and have them match the IHD
- Demonstrate EV charging can be communicated when prices are least expensive

**Goal in Context:**
- Shift load to off peak times to eliminate over voltage when excess energy production is available – wind and solar peak at Home using TOU pricing
- Maximize revenue of grid/AMI solution by managing load using TOU pricing

**Preconditions:**
- Deployment of RNI, AMI. Electric Meters with Zigbee and HAN devices joined with meters
- Customer required to purchase Sensus qualified HAN LCs, gateway, EVSE from Smartenit and In Home Display from Rainforest Automation
- RNI release deployed must be 4.8.1 or later to support Smartenit qualified devices

**Results for EA-15**

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate in home display price tiers match the price tiers displayed in the RNI</td>
<td>If in-home display price tiers don’t match the price tiers on the meters</td>
</tr>
</tbody>
</table>

**Calculation of Success Criteria:**
- HAN IHD correctly displays 7 tier TOU pricing
- Shift load to over production periods to address overvoltage
- Shift load to off peak times to reduce peak
### Test Script EA-16: Sonix IQ Remote Disconnect

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

**Overview:**
This test serves to document the ability of the System to initiate a remote disconnection of a single meter

**Function:**
The System must allow for a utility user to login to the System (RNI or SA) and issue a command to close the valve on a field installed valve equipped Sonix IQ meter

**Goal in Context:**
Test the ability of the System to facilitate a remote disconnect, as well as measure temperature and pressure.

**Preconditions:**
Remote Sonix IQ meter with valve state open

#### Results for EA-6

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote valve closes and System returns accurate status completed to the operator. In addition, the RNI will display pressure and temperature.</td>
<td>Success criteria not met</td>
</tr>
</tbody>
</table>

**Calculation of Success Criteria:**
N/A

**Post Condition Result:**

---

### Test Script EA-17: Ally Remote Disconnect

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
</table>

**Overview:**
This test serves to document the ability of the System to initiate a remote disconnection of a single meter

**Function:**
The System must allow for a utility user to login to the System (RNI) and issue a command to close the valve on a field installed valve equipped Ally meter

**Goal in Context:**
Test the ability of the System to facilitate a remote disconnect, trickle flow, as well as measure temperature and pressure.
### Preconditions:
- Remote Ally meter with valve state open

### Results for EA-17

<table>
<thead>
<tr>
<th>Post Condition Success</th>
<th>Post Condition Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remote valve closes and System returns accurate status completed to the operator (disconnect or trickle flow) In addition, the RNI will display pressure and temperature.</td>
<td>Success criteria not met</td>
</tr>
</tbody>
</table>

### Calculation of Success Criteria:
N/A

### Post Condition Result:

---

### Test Script EA-18: Base Station Redundancy Test Script

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Overview:
This test will determine the inbound route redundancy of the AMI Network.

### Function:
The AMI network should have more than one inbound route for the majority of meters within the network. This test will validate the inbound routes of a selected group of meters.

### Goal in Context:
Turn off the Backhaul to a single M400 site, reads and messages should still be heard by the RNI for at least 95% of the meters, reading to an alternate Base Station.

### Preconditions:
- All base stations have been installed and certified.
- Beta test meter installations are completed and have been installed for at least 30 days to establish routes and performance metrics.

### Results for EA-18

<table>
<thead>
<tr>
<th>Post Condition Success</th>
<th>Post Condition Failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least 95% of tested meters will display successful communication through 2 or more base stations, following backhaul being disconnected.</td>
<td>At least 95% of tested meters will display successful communication through 2 or more base stations, following backhaul being disconnected.</td>
</tr>
</tbody>
</table>
**Calculation of Success Criteria:** 100 meters will be selected at random, these meters will be evaluated in the Network Metrics Application in the RNI. At least 95% of those meters will display successful communication through 2 or more base stations following the backhaul being disconnected.

**Post Condition Result:**

---

**Test Script EA-19 : Mass Meter re-programming Over the Air (Electric)**

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Overview:**
This test will prove out the ability to change meter programming attributes Over the Air (OTA).

**Function:**
The Head End System will have the ability to change programmed attributes of endpoints, and meters with over-the-air commands, reducing the need to roll a truck to a premise to make changes.

**Goal in Context:**
This test will show that a group of meters can be reprogrammed over the air.

**Preconditions:**
- All base stations have been installed and certified.
- Beta test meter installations are completed.

---

**Results for EA-19**

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test meters will be grouped and a programming change will be scheduled within the RNI (HES). After 3 attempts, &gt;98.5% of meters in the group will have accepted and reported back the change.</td>
<td>Test meters will be grouped and a programming change will be scheduled within the RNI (HES). After 3 attempts, &lt;98.5% of meters in the group will have accepted and reported back the change.</td>
</tr>
</tbody>
</table>

**Calculation of Success Criteria:** RNI System Intelligence reports will show meters that have succeeded and failed reprogramming efforts.

---

**Post Condition Result:**
### Test Script EA-20: Firmware Update for Base Stations

<table>
<thead>
<tr>
<th>Test Performed On (AMI):</th>
<th>Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overview:</strong></td>
<td>This test will validate the ability to update firmware on a FlexNet Base station.</td>
</tr>
<tr>
<td><strong>Function:</strong></td>
<td>A SaaS AMI Network will allow Sensus remote access to all certified Base stations. This test will show that a base station can be upgraded remotely without the need of a site visit or involvement from the utility-owner.</td>
</tr>
<tr>
<td><strong>Goal in Context:</strong></td>
<td>Scheduled firmware upgrades for security, performance or functionality can be performed to maintain the AMI network.</td>
</tr>
</tbody>
</table>
| **Preconditions:** | • At least one base station has been installed and certified.  
• A newer firmware version is available for use. |

### Results for EA-20

<table>
<thead>
<tr>
<th>Post Condition Success:</th>
<th>Post Condition Failure:</th>
</tr>
</thead>
<tbody>
<tr>
<td>For a test base station, the previous firmware version has been successfully upgraded remotely by Sensus.</td>
<td>For a test base station, the previous firmware version is unable to be successfully upgraded remotely by Sensus.</td>
</tr>
</tbody>
</table>

### Post Condition Result:

(i) **Completion of Acceptance Test**

Each of the above tests shall be successfully completed or waived for the Acceptance Test to be satisfied. Upon successful completion of each of the above described tests, or waiver thereof, Customer shall promptly issue written notice to Sensus. Such notice shall state that Sensus has successfully completed the Acceptance Test and the notice shall state the date on which the Acceptance Test was completed.

If the tests are successfully passed, but such notice is not provided to Sensus within five business days after proof of successful completion is presented to CITY, then the Acceptance Test shall be deemed successfully completed.

If Sensus does not successfully complete any one of the above tests, Customer shall promptly (within five business days) issue written notice to Sensus, describing the reason for Sensus’ failure. Sensus shall have a reasonable time to cure such defects. Sensus shall provide notice to Customer when the defects are cured and the Parties shall re-perform the failed tests.
Exhibit F-1/FlexNet System Performance Warranty

1. Agreement Terms. Sensus warrants the performance of the FlexNet System to the Customer as set forth below. This warranty and all products and services sold or otherwise provided by Sensus directly to the Customer are pursuant to the terms of the Agreement.

2. Performance Warranty. The Performance Warranty is as follows:

A. Warranty. Sensus warrants to Customer that the FlexNet System deployed for a particular Customer meets the performance test standards set forth below in section 3 ("Performance Test Standards") from the Effective Date until the Warranty End Date. If the Customer’s FlexNet System does not meet such Performance Test Standards, then as Sensus’ sole obligation and Customer’s sole remedy, Sensus shall take steps that Sensus deems necessary, in Sensus’ sole discretion, to cause the FlexNet System to satisfy the Performance Test Standards. Such steps may include Sensus’ delivery to the Customer (without charge to the Customer) the hardware for additional RF Field Equipment, provided that all RF Field Equipment shall be located and installed as directed by Sensus. Customer shall have title to all equipment provided pursuant to this subsection (A). Notwithstanding anything to the contrary, Customer shall pay for any Recurrent RF Field Equipment Fees and any Ongoing Fees for all equipment provided pursuant to this subsection (A).

B. Limitations. The Performance Warranty shall only apply: (i) to the Meter Data; (ii) from the Effective Date until the Warranty End Date; (iii) if Sensus has completed a propagation study for the applicable Customer based on the Performance Test Standards, such propagation study has been approved in writing (including without limitation, by email) by Sensus, and such propagation study has been agreed to in writing (including without limitation, by email) by the Customer ("Certified Propagation Study") (for clarity, the Certified Propagation Study consists of all documents of the propagation study, including without limitation, the server map and the document describing the Required RF Field Equipment locations and antennae details); (iv) if the Customer is not in breach of the Spectrum Lease terms of this Agreement; (v) if all the Required RF Field Equipment identified in the Certified Propagation Study is installed; (vi) if the Required RF Field Equipment is installed as described in the Certified Propagation Study, including without limitation, in the locations and at the heights identified in the Certified Propagation Study; and (vii) the Required RF Field Equipment is operating and has been maintained to Sensus’ specifications (collectively, the “Requirements”). If any Requirement is not satisfied, then: the Performance Warranty is void; Sensus has no obligation to remedy the FlexNet System performance; Sensus has no obligation to provide RF Field Equipment hardware at no cost; and Customer is responsible for purchasing such RF Field Equipment, even if it is necessary to meet the specifications set forth in the Performance Test Standards. Furthermore, if new and/or different RF Field Equipment locations are required as a result of not meeting any Requirements, Customer agrees to: pay Sensus for the completion of any additional propagation studies; pay Sensus for the additional RF Field Equipment hardware; perform the necessary site preparation; and pay for any Recurrent RF Field Equipment Fees and any Ongoing Fees for all equipment purchased pursuant to this subsection (B). Any equipment required pursuant to this subsection (B) is added to the definition of Required RF Field Equipment.

3. Performance Test Standards.

i. Generally. The parties shall mutually agree on specific reading routes (each a Route). Each Route will be separately tested with the intent to provide incremental acceptance of distinctly defined geographical areas and populations of meters. Each Route shall contain a statistical sample of Test Units ("Route Units"). Route Units only include the Test Units installed in the applicable Route. For Customers with any combination of water, gas, and electricity Endpoints, the water Endpoints, gas Endpoints, and electricity Endpoints will each be tested separately according to the procedure below. For clarity, a single Route will not have a combination of water, gas, and electricity meters, but it will consist of only water, gas, or electricity Test Units.

(b) Before beginning the Performance Test Standards, all Route Units must be installed. Customer shall send written notice to Sensus once the Test Equipment and all Route Units are installed ("Route Deployment"). Such notice shall indicate the date on which the Route Deployment was completed ("Route Deployment Date").

(c) Within thirty (30) days after the Route Deployment Date, the parties shall begin the Performance Test Standards on the Route. Customer, Customer, and Sensus shall work in good faith to complete the Performance Test Standards no later than thirty (30) days after commencement of testing.

ii. Route Read Success Test.

(a) The Route Read Success Test will measure the percentage of Route Units that deliver valid billable meter reads during the Billing Window. The Route Read Success Test only measures reads sent from the Route Units; it does not include on demand reads. The commencement date of the Billing Window shall be agreed by Customer and Sensus.

\[
\text{Route Read Success} = \frac{100 \times \left(\frac{\# \text{ of Route Units that deliver a valid billable meter read during the Billing Window}}{\text{total # of Route Units in the applicable Route}}\right)}{}
\]

(b) If Route Read Success is equal or greater than the Success Percentage during one Billing Window, the Performance Test Standards for that Route has passed. Customer shall promptly issue written notice to Sensus that either (a) Sensus has not successfully completed the Performance Test Standards for the applicable Route; or (b) Sensus has successfully completed the Performance Test Standards for the applicable Route and such notice shall specify the applicable Route and shall state the date on which the Route Read Success Test was successfully completed. If Customer does not issue such notice within five days of completion of the test, then the test is automatically deemed successfully passed. Sensus has no obligation to continue optimizing the system and meeting performance specifications upon successful completion of the Performance Test Standards for each Route. This process shall continue until all Routes have successfully completed the Performance Test Standards. If Sensus does not sufficiently complete the Performance Test Standards for the applicable Route, then upon receipt of notice, Sensus shall fulfill its obligations in Section 2 above, and the applicable Route shall be retested within a reasonable time.
Upon completion of the Performance Test Standards for all Routes, Customer shall promptly issue written notice to Sensus that either (a) Sensus has not successfully completed the Performance Test Standards for the FlexNet System; or (b) Sensus has successfully completed the Performance Test Standards for the FlexNet System and such notice shall state the date on which the Performance Test Standards was successfully completed. If Customer does not issue such notice within five days of completion of the tests, then the Performance Test Standards for the FlexNet System is automatically deemed successfully passed. If Sensus does not successfully complete the Performance Test Standards, then upon receipt of notice, Sensus shall fulfill its obligations in Section 2 above, and the FlexNet System shall be retested within a reasonable time.

4. THE WARRANTY SET FORTH IN SECTION 2 OF THIS PERFORMANCE WARRANTY IS THE ONLY WARRANTY RELATED TO THE PERFORMANCE OF THE FLEXNET SYSTEM. SENSUS EXPRESSLY DISCLAIMS ANY AND ALL OTHER REPRESENTATIONS, WARRANTIES AND/OR CONDITIONS, EXPRESSED, IMPLIED, STATUTORY OR OTHERWISE, REGARDING ANY MATTER IN CONNECTION WITH THIS PERFORMANCE WARRANTY, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT AND TITLE.

5. SENSUS ASSUMES NO LIABILITY FOR COSTS OR EXPENSES ASSOCIATED WITH LOST REVENUE OR WITH THE REMOVAL OR INSTALLATION OF EQUIPMENT. THE FOREGOING REMEDIES ARE CUSTOMER’S SOLE AND EXCLUSIVE REMEDIES FOR THE PERFORMANCE OF THE FLEXNET SYSTEM.

6. Definitions. Any terms used in this Performance Warranty as defined terms, and which are not defined herein, shall have the meanings given to those terms in the Agreement.

A. “Billing Window” for an Available Meter means the seventy-two (72) hour period commencing one day prior to the relevant billing day for such Available Meter and ending two days after such billing day.

B. Endpoints mean both (a) Sensus FlexNet meters (with a SmartPoint Module installed); and (b) Sensus SmartPoint Modules which have been installed on a third-party meter.

C. Meter Data means the specific metering information, including without limitation, locations and antenna heights, provided to Sensus by Customer in writing prior to the earlier of the; (i) Effective Date; and (ii) the date set forth on the propagation study (collectively, the “Data Date”). The parties recognize and agree that the RF Field Equipment site design and build is based on the specific Meter Data provided to Sensus. For clarity, the Meter Data only contains the information specifically provided to Sensus by the Customer in writing prior to the Data Date. By way of example only (and not as an exhaustive list), the Meter Data includes the latitudes and longitudes of each meter, the location of each module either inside or outside (outside is assumed), and, for meters in pits, whether the radio is installed through or under the lid (the assumption is through the lids). New or different metering locations and/or antenna heights provided after the Data Date are not included as part of the Meter Data.

D. Recurrent RF Field Equipment Fees means any and all costs, fees, and expenses required to; (i) warrant the RF Field Equipment; and (ii) install and keep the RF Field Equipment located in the field, including without limitation, site procurement and preparation fees, fees related to building poles or towers, tower lease fees, costs of electricity supply, and any local, state, or federal government taxes or charges.

E. The “Required RF Field Equipment” means the equipment, installed in the locations and at the heights described in the Certified Propagation Study

F. Success Percentage means, of the covered meters in the propagation study, 98.5%.

G. Test Equipment means the number of RF Field Equipment and production RNIs set forth in the Certified Propagation Study. The Test Equipment specifically does not include test RNIs or backup RNIs; it only includes production RNIs.

H. Test Units means Endpoints that are both; (i) Available Meters throughout the entire test period; and (ii) are covered meters, as depicted on the Certified Propagation Study.

I. Warranty End Date means the earlier of; (i) the third anniversary of the Effective Date; (ii) successful completion of the applicable Performance Test Standards; or (iii) the termination or expiration of this Agreement between Customer and Sensus.
1. Terms of Sale. Sensus USA Inc. (“Sensus”) warrants its products and parts as set forth below. All products covered by this General Limited Warranty shall:
   a) be new, unless otherwise agreed in advance by City;
   b) have good marketable title;
   c) unless specified to the contrary on the face hereof, will be free from defects in material and workmanship and will be free of all liens and encumbrances and will conform to any affirmation of facts made on the container or label.

2. Electricity Meters and Electricity SmartPoint™ Modules. Sensus warrants the Sensus electricity meters and Sensus electricity SmartPoint Modules to be in compliance with their respective specifications under normal use and service, and to be free from material defects in materials and workmanship for a warranty period of twelve (12) months from the date of the installation or eighteen (18) months from the date of shipment, whichever occurs first. The warranty period for new spare parts and components sold by Sensus is twelve (12) months from the date of shipment. The warranty period for repaired or refurbished parts repaired by Sensus is ninety (90) days from the date of shipment, unless repaired pursuant to a warranty, in which case the repair is warranted for the time remaining of the original warranty period.

   a. Except for the Sonix meters, Sensus warrants the Sensus gas products to be in compliance with their respective specifications under normal use and service, and to be free from material defects in materials and workmanship for a warranty period of twelve (12) months from the date of the installation or eighteen (18) months from the date of shipment, whichever occurs first. Sensus warrants the Sensus Sonix meters to be free from material defects in materials and workmanship for a warranty period of fifteen (15) years from the date of shipment. Sensus warrants the batteries in the Sensus Sonix meters to be free from material defects in materials and workmanship for a warranty period of ten (10) years from the date of shipment. The warranty period for new spare parts and components sold by Sensus is twelve (12) months from the date of shipment. The warranty period for repaired or refurbished parts repaired by Sensus is ninety (90) days from the date of shipment, unless repaired pursuant to a warranty, in which case the repair is warranted for the time remaining of the original warranty period.

4. Water Meters and Water SmartPoint Modules. Sensus warrants the Sensus water meters and Sensus water SmartPoint Modules as set forth in the “G500” warranty.

5. VantagePoint® Lighting Control Module. Sensus warrants the Sensus VantagePoint® Lighting Control Module to be in compliance with their respective specifications under normal use and service, and to be free from material defects in materials and workmanship for a warranty period of ten (10) years from the date of shipment. The warranty period for new spare parts and components sold by Sensus is twelve (12) months from the date of shipment. The warranty period for repaired or refurbished parts repaired by Sensus is ninety (90) days from the date of shipment, unless repaired pursuant to a warranty, in which case the repair is warranted for the time remaining of the original warranty period.

6. DA Devices and HAN Devices. Sensus warrants the Sensus DA Devices and Sensus HAN Devices to be in compliance with their respective specifications under normal use and service, and to be free from material defects in materials and workmanship for a warranty period of twelve (12) months from the date of shipment. The warranty period for new spare parts and components sold by Sensus is twelve (12) months from the date of shipment. The warranty period for repaired or refurbished parts repaired by Sensus is ninety (90) days from the date of shipment, unless repaired pursuant to a warranty, in which case the repair is warranted for the time remaining of the original warranty period.

7. RF Field Equipment. Sensus warrants the Sensus RF Field Equipment to be in compliance with their respective specifications under normal use and service, and to be free from material defects in materials and workmanship for a warranty period of twelve (12) months from the date of shipment.


9. Third Party Goods. Notwithstanding anything to the contrary herein, Sensus does not warrant any goods manufactured or software supplied by third parties. For example, if Customer elects to buy meters from a third party, the Sensus SmartPoint Modules installed in such third party meters shall, subject to Section 11, below, be
shall be a matter directly between Customer and such third party meter supplier.

10. Services. Sensus warrants that its services shall, at the time of performance, materially conform to the contract requirements, and shall be performed in a professional and workmanlike manner, free from material defects in workmanship. Services shall be performed within the rules and regulations of the Occupational Safety and Health Act of 1970 (as amended).

11. Remedy.

a. If any Field Device or RF Field Equipment fails during the applicable warranty period (a “Failed Good”), Sensus’ obligation, and Customer’s exclusive remedy, is, at Sensus’ option, to either (i) repair or replace the Failed Good, provided the Customer (a) returns the product to the location designated by Sensus within the warranty period; and (b) prepays the freight costs both to and from such location; or (ii) deliver replacement components to the Customer, provided the Customer installs, at its cost, such components in or on the Failed Good (as instructed by Sensus). In all cases, Customer shall be responsible for returning the Failed Good to Sensus, and Sensus shall provide the City a prepaid freight manifest or UPS account to cover all costs associated with the return of the Failed Good, and Sensus shall be responsible for shipping the repaired or replaced good back to Customer’s warehouse. If Sensus determines that the returned good is not defective, Customer shall pay for all expenses incurred by Sensus in repairing or replacing the returned good.

b. Customer’s remedy under the warranty for services shall be, at Sensus’ sole cost and expense, to correct or re-perform any defective or non-conforming services to assure compliance with the contract requirements.

c. THIS SECTION 11 SETS FORTH CUSTOMER’S SOLE REMEDY WITH RESPECT TO A FAILED GOOD OR ANY DEFECTIVE OR NON-CONFORMING SERVICE.

12. Warranty Exceptions. This General Limited Warranty does not include costs for removal or installation of products, or costs for replacement labor or materials, which are the responsibility of the Customer. The warranties in this General Limited Warranty do not apply to, and Sensus has no liability for, goods that have been: installed improperly or in non-recommended installations (by parties other than Sensus or its installation subcontractor); installed to a socket that is not functional, or is not in safe operating condition, or is damaged, or is in need of repair; tampered with; modified or repaired with parts or assemblies not certified in writing by Sensus, including without limitation, communication parts and assemblies; improperly modified or repaired (including as a result of modifications required by Sensus); converted; altered; damaged; read by equipment not approved by Sensus; for water meters, used with substances other than water, used with non-potable water, or used with water that contains dirt, debris, deposits, or other impurities; subjected to misuse, improper storage, improper care, improper maintenance, or improper periodic testing (collectively, “Exceptions.”). If Sensus identifies any Exceptions during examination, troubleshooting or performing any type of support on behalf of Customer, then Customer shall pay for and/or reimburse Sensus for all expenses incurred by Sensus in repairing or replacing any Equipment that satisfies any of the Exceptions defined above. The above warranties do not apply in the event of Force Majeure, as defined in the Terms of Sale.

13. Definitions. Any terms used in this General Limited Warranty as defined terms, and which are not defined herein, shall have the meanings given to those terms in the Terms of Sale.

a. “Agreement” means this General Limited Warranty, Customer’s purchase order (except any Additional Terms), Sensus’ Acknowledgement Form (if any).

b. “DA Devices” means RTMs and RTUs.

c. “Echo Transceiver” (formerly “FlexNet Network Portal” and “FNP”) identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them by radio frequency to the relevant FlexNet Base Station.

d. “End User” means any end user of electricity/water/gas that pays Customer for the consumption of electricity/water/gas, as applicable.

e. “Equipment” means the Field Devices, RF Field Equipment, Server Hardware, and any other goods sold hereunder.

f. “FlexNet Base Station” (formerly “Tower Gateway Base Station” and “TGB”) identifies the Sensus manufactured device consisting of one transceiver, to be located on a tower that receives readings from the SmartPoint Modules (either directly or via an Echo Transceiver) by radio frequency and passes those readings to the RNI by TCP/IP backhaul communication.
g. “Field Devices” means the meters, SmartPoint Modules, DA Devices and HAN Devices.

h. “Force Majeure” shall have the meaning set forth in the Terms of Sale.

i. “HAN Devices” means the PCTs, IHDs and LCMs.

j. “IHDs” means the in-home displays.

k. “In/Out Costs” means any costs and expenses incurred by Customer in transporting goods between its warehouse and its End User’s premises and any costs and expenses incurred by Customer in installing, uninstalling and removing goods.

l. “LCMs” means the load control modules.

m. “PCTs” means the programmable controllable thermostats.

n. “Remote Transceiver” (formerly “FlexNet Remote Portal” and “FRP”) identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them directly to the RNI by TCP/IP backhaul communication.

o. “RNI” identifies the regional network interfaces consisting of hardware and software used to gather, store, and report data collected by the FlexNet Base Stations from the SmartPoint Modules.


q. “RTMs” means the telemetric remote telemetry modules.

r. “RTUs” means telemetric MicroRTU (T866).

s. “Server Hardware” means the RNI hardware and the FlexServer hardware.

t. “SmartPoint™ Modules” identifies the Sensus transmission devices installed on devices such as meters, distribution automation equipment and demand/response devices located at Customer’s End Users’ premises that take the readings of the meters and transmit those readings by radio frequency to the relevant FlexNet Base Station, Remote Transceiver or Echo Transceiver.
Exhibit F-2
Sensus Limited Warranty

G-500 R23

1. General Product Coverage. Unless otherwise provided herein, Sensus USA Inc. ("Sensus") warrants its products and parts to be free from defects in material and workmanship for one (1) year from the date of Sensus shipment and as set forth below.

   All products covered by this Sensus Limited Warranty shall:
   a) be new, unless otherwise agreed in advance by City;
   b) have good marketable title; and
   c) unless specified to the contrary on the face hereof, will be free from defects in material and workmanship and will be free of all items and encumbrances and will convey to any assignee of facts made on the container or label.

2. SR II and accurSTREAM™ 5/8", 3/4", 1" Meters are warranted to perform to new meter accuracy level set forth in the SR II and accurSTREAM Data Sheets available at sensus.com for five (5) years from the date of Sensus shipment or until the registration shown below, whichever occurs first. Sensus further warrants that the SR II and accurSTREAM meters will perform to all AWWA Required Meter Accuracy Standards for fifteen (15) years from the date of Sensus shipment or until the registration shown below, whichever occurs first.

<table>
<thead>
<tr>
<th>New Meter Accuracy</th>
<th>Repair Meter Accuracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>5/8&quot; SR II Meter and accurSTREAM Meter</td>
<td>500,000 gallons</td>
</tr>
<tr>
<td>3/4&quot; SR II Meter and accurSTREAM Meter</td>
<td>750,000 gallons</td>
</tr>
<tr>
<td>1&quot; SR II Meter and accurSTREAM Meter</td>
<td>1,000,000 gallons</td>
</tr>
</tbody>
</table>

3. ally® Meters that register water flow are warranted to perform to the accuracy level set forth in the ally Data Sheet available at sensus.com for fifteen (15) years from the Date of Installation, but no longer than sixteen (16) years from date of manufacture, not including the meter's sensors, valves, and gear motor, which are warranted according to different terms described below. As used herein, "Date of Installation" means the date after which the ally Meters have been out of empty pipe for seven (7) consecutive days, as those days are measured by the ally Meter and stored in the meter's nonvolatile memory.

4. IFPEL® Meters that register water flow are warranted to perform to the accuracy level set forth in the IFPEL Data Sheet available at sensus.com for twenty (20) years from the date of Sensus shipment. The IFPEL System Component warranty does not include the internal housing.

5. SR II maincases are warranted to be free from defects in material and workmanship for twenty-five (25) years from the date of Sensus shipment. accurSTREAM maincases will be free from defects in material and workmanship for fifteen (15) years from the date of Sensus shipment.

6. Sensus OMNI® Meters and Propeller Meters are warranted to perform to as set forth in OMNI and Propeller data sheets for one (1) year from the date of Sensus shipment.

7. Sensus accuMAG™ and Hydroverse™ Meters are warranted to be free from defects in material and workmanship, under normal use and service, for eighteen (18) months from the date of Sensus shipment or 12 months from startup, whichever occurs first.

8. Sensus Registers are warranted to be free from defects in material and workmanship from the date of Sensus shipment for the periods stated below or until the applicable registration for AWWA Required Meter Accuracy Standards, as set forth above, are surpassed, whichever occurs first:
   - 5/8" thru 2" SR II, accurSTREAM Standard Registers: 25 years
   - 5/8" thru 2" SR II, accurSTREAM Encoder Registers: 10 years
   - All HSFU, IMP Contactors, R.E.R. Elec, R.F.CI: 1 year
   - Standard and Encoder Registers for Propeller Meters: 1 year
   - OMNI and OMNI+ Registers with Battery: 10 years

9. Sensus Electric and Gas Meters are warranted pursuant to the General Limited Warranty.

10. Batteries, IPEL System Components, AMR and FlexNet® Communication Network AMR Interface Devices are warranted to be free from defects in material and workmanship from the date of Sensus shipment for the periods stated below:
   - Electronic TouchPad: 10 years
   - ACC.PAK® Remote Monitoring Instruments: 1 year
   - Gas SmartPoint® Modules and Batteries: 20 years1
   - 6500 series Hand-Held Device: 2 years
   - Vehicle Gateway Base Station (VGB) and other AMR Equipment: 1 year
   - EasyLink Reader: 1 year
   - CPTF100: 20 Years2
   - FlexNet Base Station (including the R100NA and M400 products): 1 year
   - RM4160: 1 Year
   - IFPEL System Battery and IPEL System Components: 26 years3
   - Sensus® Electronic Registers: 26 years4
   - Sensus® Smart Gateway Sensor Interface: 1 year5
   - SmartPoint® 510M/320M/512M/512M/12M Modules and Batteries: 26 years5

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1 Sensus will repair or replace non-performing Gas SmartPoint® Modules (configured to the specific setting of six transmissions per day under normal system operation of up to one demand read per month and up five firmware downloads during the life of the product) and batteries.

2 Sensus will repair or replace non-performing CPTF100 modules (configured at factory setting of four transmissions per day under normal system operation of up to one demand read per month and up five firmware downloads during the life of the product) and batteries.

3 Sensus will repair or replace non-performing:
   - IPEL System Batteries, and/or the IPEL System foot traffic, the flow sensing and data processing assemblies, and the register (IPEL System Components) with hourly reads.
   - SmartPoint® 510M/320M/512M/12M/PLS Modules (configured to the factory setting of six transmissions per day under normal system operation of up to one demand read to each SmartPoint Module per month and up to five firmware downloads during the life of the product) and batteries, unless the SmartPoint® 510M/320M/12M Module is ever paired with an ally Meter, which event immediately amends the warranty terms to those described in Section 11.

4 at no cost for the first fifteen (15) years from the date of Sensus shipment, and for the remaining five (5) years at a prorated percentage, applied towards the published list price in effect for the year the product is accepted by Sensus under warranty conditions according to the following schedule:

<table>
<thead>
<tr>
<th>Year</th>
<th>Replacement Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>11</td>
<td>30%</td>
</tr>
<tr>
<td>12</td>
<td>35%</td>
</tr>
<tr>
<td>13</td>
<td>40%</td>
</tr>
<tr>
<td>14</td>
<td>45%</td>
</tr>
<tr>
<td>15</td>
<td>50%</td>
</tr>
</tbody>
</table>

5 Sensus® Smart Gateway Sensor Interface warranty valid only for analog Meter Sample Rates of four times per hour with a Standard Tramped Rate of hourly or greater for the analog channel(s).

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6 Sensus will repair or replace non-performing Sensus Electronic Registers with hourly reads for the first ten (10) years from the date of Sensus shipment, and for the remaining ten (10) years, at a prorated percentage, applied towards the published list price in effect for the year the product is accepted by Sensus under warranty conditions according to the following schedule:

<table>
<thead>
<tr>
<th>Year</th>
<th>Replacement Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>11</td>
<td>30%</td>
</tr>
<tr>
<td>12</td>
<td>35%</td>
</tr>
<tr>
<td>13</td>
<td>40%</td>
</tr>
<tr>
<td>14</td>
<td>45%</td>
</tr>
<tr>
<td>15</td>
<td>50%</td>
</tr>
</tbody>
</table>

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637 Davis Drive
Mornville, NC 27560
1-800-638-3748

sensus
a xylem brand

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11. All Meter Batteries and Components, including SmartPoint 510M/520M Modules are warranted to be free from defects in material and workmanship from the Date of Installation, as defined in Section 3, for the period stated below:

<table>
<thead>
<tr>
<th>Component</th>
<th>Warranty Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Batteries</td>
<td>15 years*</td>
</tr>
<tr>
<td>Sensors</td>
<td>5 years</td>
</tr>
<tr>
<td>Valve &amp; Gear Motor</td>
<td>5 years*</td>
</tr>
<tr>
<td>SmartPoint 510M/520M Modules and Batteries</td>
<td>15 years*</td>
</tr>
</tbody>
</table>

12. PCL and all Connectors and Cables are warranted to be free from defects in materials and workmanship, under normal use and service, for ten (10) years from the date of Sensus shipment. No other connectors included with a Sensus product are warranted according to the terms for Third-Party Devices in Section 13.

13. Third-Party Devices are warranted to be free from defects in materials and workmanship, under normal use and service, for one (1) year from the date of Sensus shipment. As used in this Sensus Limited Warranty, “Third Party Devices” means any product, device, or component not made by or licensed to Sensus.

14. Software. Software supplied and/or licensed by Sensus is supported according to the terms of the applicable software license or usage agreement. Sensus warrants that any network and monitoring services shall be performed in a professional and workmanlike manner.

15. Returns. Sensus’ obligation, and Customer’s exclusive remedy, under this Sensus Limited Warranty is, at Sensus’ option, to either (a) repair or replace the product, provided the Customer (b) returns the product to the location designated by Sensus within the warranty period; and (c) pays the freight costs both to and from such location, or (d) deliver replacement components to the Customer, provided the Customer installs, at its cost, such components in or on the product (as instructed by Sensus), provided that if Sensus requests, the Customer (e) returns the product to the location designated by Sensus within the warranty period; and (f) pays the freight costs both to and from such location. Notwithstanding the foregoing, if the product is returned to SENSUS during the warranty period, the Customer shall cover the freight costs both to and from the Customer’s location. In all cases, if Customer does not return the product within the time period designated by Sensus, Sensus will invoice, and Customer will pay within thirty (30) days of the invoice date, for the cost of the replacement product and/or components.

The return of products for warranty claims must follow Sensus’ Returned Materials Authorization (RMA) procedures in Exhibit F-3. Water meter returns must include documentation of the Customer’s test results. Test results must be obtained according to AWWA standards and must specify the meter serial number. The test results will not be valid if the meter is found to contain foreign materials. If Customer chooses not to test a Sensus water meter prior to returning it to Sensus, Sensus will repair or replace the meter, at Sensus’ option, after the meter has been tested by Sensus. Sensus will charge the Customer an inspection fee. All products returned in accordance with the RMA process. For all returns, Sensus reserves the right to request meter reading records by serial number to validate warranty claims.

For products that have become discontinued or obsolete (“Obsolete Product”), Sensus may, at its discretion, replace such Obsolete Product with a different product model (“New Product”), provided that the New Product has substantially similar features as the Obsolete Product. The New Product shall be warranted as set forth in this Sensus Limited Warranty.

THIS SECTION 15 SETS FORTH CUSTOMER’S SOLE REMEDY FOR THE FAILURE OF THE PRODUCTS AND SERVICES TO CONFORM TO THEIR RESPECTIVE WARRANTIES.

If applicable, any SmartPoint 510M/520M Modules ever paired with an ally Meter are warranted with the following limitations:

- When configured to the default installation setting of six transmissions of metering and pressure per day and one update of temperature per day, the SmartPoint is warranted to perform up to five (5) firmware upgrades for the SmartPoint Module and up to one (1) firmware upgrade for the ally Meter.
- 2500 Operational Commands, where “Operational Commands” include on-demand reads (such as consumption, pressure, temperature), an ally valve command, or a configuration command.
- 15 Diagnostic Commands, which includes two-way communications tests and installations.

for the first ten (10) years from Date of Installation at no cost. For the remaining five (5) years, Customer will pay the reduced Replacement Price of the then-current list price in effect at the time the product is accepted for return in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Years</th>
<th>Replacement Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-10</td>
<td>0%</td>
</tr>
<tr>
<td>11</td>
<td>35%</td>
</tr>
<tr>
<td>12</td>
<td>45%</td>
</tr>
<tr>
<td>13</td>
<td>55%</td>
</tr>
<tr>
<td>&gt;15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Note: Notwithstanding the foregoing, valve and gear motor components of ally Meters are not warranted beyond two thousand (2000) Valve State Operations, even if the warranty period provided herein has not yet expired. As used herein, “Valve State Operations” means re-energies or adjustments of the Meter to open, close, or reduce flow.
Return Material Authorization Process

Sensus has a well-documented process to manage the identification and resolution of defects in our products found by customers in the field. The Sensus Quality Management Process attempts to eliminate all field failures. Should the need arise, a Return Material Authorization (RMA) process, detailed in the following section, is used to resolve any failures, defects, or damages to products.

The following defines the RMA processes and requirements specific to Sensus’ North American products including but not limited to water meters, elcetric meters, gas meters, radios, SmartPoints, handhelds, and infrastructure (hereinafter referred to as “meter”). All of these products are applicable to material receipt, evaluation, replenishment, tracking, and reporting of material via the RMA process. This procedure applies to all nonconforming Sensus products or third-party OEM meters returned by customers or their subcontractors as a result of failure, defect, or damage.

Responsibilities

➢ The Sensus RMA Services department is responsible for the evaluation, testing, and analysis report for all products. They are also responsible for tracking, closure, and report consolidation of all RMAs.

➢ RMA Services is responsible for all product flow, test and repair, system data entry, and maintaining FIFO and deemed priority processing.

➢ Sensus Product Engineering defines, and in some cases performs, non-standard RMA testing and analysis. Product Engineering also coordinates corrective action for repetitive product-related failure modes.

➢ The Sensus RMA Services department and the Sensus Quality departments are responsible for monitoring system data and feedback, issuing corrective and preventative action, and tracking to complete these actions. The RMA Services department is also responsible for tracking and ensuring completeness of any special investigations, reports, and customer generated corrective actions.

➢ The customer’s meter shop manager (or responsible person, per contract terms) is responsible for initiating RMA requests (including documenting problems seen on each product) and properly shipping (at the customer’s expense) only material entered in the RMA tool under a system-generated Sensus RMA number.

RMA categories

RMA returns from the field are classified under the following two broad categories:

Routine RMA returns

The materials returned under this category are field removals affected due to typical failures in the field, commonly identified during routine maintenance or ongoing analysis.
Special Investigation RMA returns

The materials returned under this category are products that are identified by the customer and approved by Sensus to be removed from the field for special investigation. Two examples of Special Investigation RMA returns are unique high bill-complaint meters or five incidents of a new issue in a short time period. Special Investigations are initiated first with a call into Sensus Tech Services at 1-800-METER-IT or by emailing TechServices.Support@xyleminc.com.

It is essential to provide the supporting information to Sensus when a customer experiences a communication module failure in the field. The supporting data should consist of failed meter quantity, the failure mode, and specific failure data. Once this information is provided, upon evaluation, and when applicable, Sensus requests that the meters are returned under a Special Investigation RMA return.

RMA process steps

Common process steps for all RMA categories are as follows:

- The material should be clearly tagged with the reason for removal and the removal date. The customer is responsible for creating and printing reject tickets at the customer’s expense.
- The removed material should be handled with care. Physical damage due to handling can void the warranty coverage of a unit.
- The field team or installation subcontractor delivers these meters to the customer’s meter shop.
- The customer’s meter shop groups the respective meters based on category.
- If the failed material is clearly damaged such that performance testing cannot be reasonably conducted, such material shall not be returned to Sensus under the RMA program unless deemed a design defect.
  - Examples of this type of damage include cracked meters, module bases, or covers; fire damage not caused by the meter; water intrusion due to damage caused by external sources; tampered meters; and meters damaged due to improper installation.
- Material received at RMA with visible physical damage is identified as ‘customer-induced damage’.
- There are two ways to enter a return, (1) directly through the Sensus Portal, and (2) by contacting Sensus Customer Service. The meter IDs, serial numbers, and problem types (by meter) need to be available at the time of RMA creation at Sensus. After successful RMA creation, a unique RMA number, alongside shipping information, will be made available.
- Third-party meters that need to be returned require the customer to call our customer service line to have the RMA entered in both the Sensus online tool, as well as in the third party’s web tool.
- Shipments are not accepted in the Sensus RMA department without a unique RMA number. Any material shipped to an address other than what is stated on RMA-generated paperwork is subject to processing delays.
- All failed material must be packaged properly to avoid damage during transport.
Each customer will make a reasonable effort to ship the routine RMA failure material within five to seven days (or per contract terms) of field removal.

The RMA number issued is valid for 30 days from the day of issuance. Material received after 30 days may not be received at the Sensus RMA dock without prior authorization.

**Process Flow:**

- Contact Customer Service at 1-800-METER4 to create RMA
- Create RMA through My Sensus
- RMA Case Created
- Customer downloads packing slip
- Product is shipped back to RMA facility
- RMA Evaluation: Materials deemed replace, repairs, or return
- Replacement / Return shipped back to customer

**Sensus material receipt and replenishment steps**

- Once meters are received by Sensus, they are logged in the web-based RMA system. The receipt date is used as a reference to track and report RMA backlog information.
- If material is damaged during transit, Sensus notifies the customer of the damage.
- Sensus evaluates the returned material and, if needed, repairs or replaces the materials. The target is to have meters triaged and replaced within 50 days of the receipt date.
- Root causes are documented, when applicable.
- Sensus provides monthly RMA status reports to the customer upon request.
- Unless requested to return to the customer, all material dispositioned as “do not replace under warranty” will be properly disposed of 30 days after the test report is issued. Test reports for “do not replace under warranty” products are uploaded into the case for customer review. Material will be shipped back at the customer’s expense.
- Additionally, any meter targeted for the repair line and determined irreparable is replaced. Any meter that is found to be repairable is repaired.

**RMA process for network equipment**

The RMA process for network equipment is the same as the previously described process for meters. Turnaround times are based on priority, and can be mitigated by stocking the recommended network spare parts. If a network component fails during the warranty period, Sensus makes the determination to repair the component or replace it with new equipment.
Return Material Authorization (RMA) process (short version)

The Sensus Quality Management Process attempts to eliminate all field failures. However, a Return Material Authorization process is used to resolve any failures, defects, or damages to products, should the need arise.

The location of material return varies by product, as we have RMA centers located in several locations in North America, including Morrisville, NC, Dubois, PA, and Uniontown, PA, among others. The RMA tool provides the required paperwork to ship materials back to the appropriate location based on the product serial number and product type.

Sensus has a well-documented process to manage the identification and resolution of defects in our products found by customers in the field. We are happy to provide additional details on the Sensus RMA process upon request.
EXHIBIT H  
DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS  

This Exhibit shall apply only to a contract for public works construction, alteration, demolition, repair or maintenance work. CITY will not accept a bid proposal from or enter into this Agreement with SENSUS without proof that SENSUS and its listed subcontractors are registered with the California Department of Industrial Relations (“DIR”) to perform public work, subject to limited exceptions. City requires SENSUS and its listed subcontractors, if any, to comply with all applicable requirements of the California Labor Code including but not limited to Labor Code Sections 1720 through 1861, and all applicable related regulations, including but not limited to Subchapter 3, Title 8 of the California Code of Regulations Section 16000 et seq., as amended from time to time. This Exhibit H applies in addition to the provisions of Section 26 (Prevailing Wages and DIR Registration for Public Works Contracts) of the Agreement.

CITY provides notice to SENSUS of the requirements of California Labor Code Section 1771.1(a), which reads:

“A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or Section 10164 or 20135.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.”

This Project is subject to compliance monitoring and enforcement by DIR. All contractors must be registered with DIR per Labor Code Section 1725.5 in order to submit a bid. All subcontractors must also be registered with DIR. No contractor or subcontractor may be awarded a contract for public work on a public works project unless registered with DIR. Additional information regarding public works and prevailing wage requirements is available on the DIR web site (see e.g. http://www.dir.ca.gov) as amended from time to time.

CITY gives notice to SENSUS and its listed subcontractors that SENSUS is required to post all job site notices prescribed by law or regulation.

SENSUS shall furnish certified payroll records directly to the Labor Commissioner (DIR) in accordance with Subchapter 3, Title 8 of the California Code of Regulations Section 16461 (8 CCR Section 16461).

CITY requires SENSUS and its listed subcontractors to comply with the requirements of Labor Code Section 1776, including but not limited to:

Keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by, respectively, SENSUS and its listed subcontractors, in connection with the Project.
The payroll records shall be verified as true and correct and shall be certified and made available for inspection at all reasonable hours at the principal office of SENSUS and its listed subcontractors, respectively.

At the request of CITY, acting by its Project Manager, SENSUS and its listed subcontractors shall make the certified payroll records available for inspection or furnished upon request to the CITY Project Manager within ten (10) days of receipt of CITY’s request.

☐ CITY requests SENSUS and its listed subcontractors to submit the certified payroll records to CITY’s Project Manager at the end of each week during the Project.

If the certified payroll records are not provided as required within the 10-day period, then SENSUS and its listed subcontractors shall be subject to a penalty of one hundred dollars ($100.00) per calendar day, or portion thereof, for each worker, and CITY shall withhold the sum total of penalties from the progress payment(s) then due and payable to SENSUS.

Inform CITY’s Project Manager of the location of SENSUS’s and its listed subcontractors’ payroll records (street address, city and county) at the commencement of the Project, and also provide notice to CITY’s Project Manager within five (5) business days of any change of location of those payroll records.

Eight (8) hours labor constitutes a legal day’s work. SENSUS shall forfeit as a penalty to CITY, $25.00 for each worker employed in the execution of the Agreement by SENSUS or any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day or forty (40) hours in any one calendar week in violation of the provisions of the Labor Code, and in particular, Sections 1810 through 1815 thereof, except that work performed by employees of SENSUS or any subcontractor in excess of eight (8) hours per day, or forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day, or forty (40) hours per week, at not less than one and one-half (1&1/2) times the basic rate of pay, as provided in Section 1815.

SENSUS shall secure the payment of workers’ compensation to its employees as provided in Labor Code Sections 1860 and 3700 (Labor Code 1861). SENSUS shall sign and file with the CITY a statutorily prescribed statement acknowledging its obligation to secure the payment of workers’ compensation to its employees before beginning work (Labor Code 1861). SENSUS shall post job site notices per regulation (Labor Code 1771.4(a)(2)).

SENSUS shall comply with the statutory requirements regarding employment of apprentices including without limitation Labor Code Section 1777.5. The statutory provisions will be enforced for penalties for failure to pay prevailing wages and for failure to comply with wage and hour laws.

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Professional Services
Rev. Dec 15, 2000
Exhibit I

Claims for Public Contract Code Section 9204 Public Works Projects

The provisions of this Exhibit are provided in compliance with Public Contract Code Section 9204; they provide the exclusive procedures for any claims pursuant to Public Contract Code Section 9204 related to the Services performed under this Agreement.

1. Claim Definition. “Claim” means a separate demand by the Contractor sent by registered mail or certified mail with return receipt requested, for one or more of the following:

   (A) A time extension, including, without limitation, for relief from damages or penalties for delay assessed by the City.
   (B) Payment by the City of money or damages arising from the Services performed by, or on behalf of, the Contractor pursuant to the Agreement and payment for which is not otherwise expressly provided or to which the Contractor is not otherwise entitled.
   (C) Payment of an amount that is disputed by the City.


   (A) Timing. Any Claim must be submitted to City in compliance with the requirements of this Exhibit no later than fourteen (14) days following the event or occurrence giving rise to the Claim. This time requirement is mandatory; failure to submit a Claim within fourteen (14) days will result in its being deemed waived.

   (B) Submission. The Claim must be submitted to City in writing, clearly identified as a “Claim” submitted pursuant to this Exhibit, and must include reasonable documentation substantiating the Claim. The Claim must clearly identify and describe the dispute, including relevant references to applicable portions of the Agreement, and a chronology of relevant events. Any Claim for additional payment must include a complete, itemized breakdown of all labor, materials, taxes, insurance, and subcontract, or other costs. Substantiating documentation such as payroll records, receipts, invoices, or the like, must be submitted in support of each claimed cost. Any Claim for an extension of time or delay costs must be substantiated with a schedule analysis and narrative depicting and explaining claimed time impacts.

   (C) Review. Upon receipt of a Claim in compliance with this Exhibit, the City shall conduct a reasonable review of the Claim and, within a period not to exceed 45 days from receipt, shall provide the Contractor a written statement identifying what portion of the Claim is disputed and what portion is undisputed. Upon receipt of a Claim, the City and Contractor may, by mutual agreement, extend the time period provided in this paragraph 2.

   (D) If City Council Approval Required. If the City needs approval from the City Council to provide the Contractor a written statement identifying the disputed portion and the undisputed portion of the Claim, and the City Council does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a Claim sent by registered mail or certified mail, return receipt requested, the City shall have up to three days following the next duly publicly noticed meeting of the City Council after the 45-day period, or extension, expires to provide the Contractor a written statement identifying the disputed portion and the undisputed portion.

   (E) Payment. Any payment due on an undisputed portion of the Claim shall be processed and made within 60 days after the City issues its written statement. If the City fails to issue a written statement, paragraph 3, below, shall apply.
3. **Disputed Claims**

   (A) **Meet and Confer.** If the Contractor disputes the City’s written response, or if the City fails to respond to a Claim submitted pursuant to this Exhibit within the time prescribed, the Contractor may demand in writing an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand in writing sent by registered mail or certified mail, return receipt requested, the City shall schedule a meet and confer conference within 30 days for settlement of the dispute. Within 10 business days following the conclusion of the meet and confer conference, if the Claim or any portion of the Claim remains in dispute, the City shall provide the Contractor a written statement identifying the portion of the Claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the Claim shall be processed and made within 60 days after the City issues its written statement.

   (B) **Mediation.** Any remaining disputed portion of the Claim, as identified by the Contractor in writing, shall be submitted to nonbinding mediation, with the City and the Contractor sharing the associated costs equally. The City and Contractor shall mutually agree to a mediator within 10 business days after the disputed portion of the Claim has been identified in writing by the Contractor. If the parties cannot agree upon a mediator, each party shall select a mediator and those mediators shall select a qualified neutral third party to mediate the disputed portion of the Claim. Each party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator. If mediation is unsuccessful, the parts of the Claim remaining in dispute shall be subject to any other remedies authorized by the Agreement and laws.

   (i) For purposes of this paragraph 3.B, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

   (ii) Unless otherwise agreed to by the City and the Contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation, if any, under Public Contract Code Section 20104.4 to mediate after litigation has been commenced.

4. **City’s Failure to Respond.** Failure by the City to respond to a Claim from the Contractor within the time periods described in this Exhibit, or to otherwise meet the time requirements of this Exhibit shall result in the Claim being deemed rejected in its entirety. A Claim that is denied by reason of the City’s failure to have responded to a Claim, or its failure to otherwise meet the time requirements of this Exhibit, shall not constitute an adverse finding with regard to the merits of the Claim or the responsibility or qualifications of the Contractor.

5. **Interest.** Amounts not paid in a timely manner as required by this section shall bear interest at seven (7%) percent per annum.

6. **Approved Subcontractor Claims.** If an approved subcontractor or a lower tier subcontractor lacks legal standing to assert a Claim against the City because privity of contract does not exist, the Contractor may present to the City a Claim on behalf of a subcontractor or lower tier subcontractor. A subcontractor may request in writing, either on his or her own behalf or on behalf of a lower tier subcontractor, that the Contractor present a Claim for work which was performed by the subcontractor or by a lower tier subcontractor on behalf of the subcontractor. The subcontractor requesting that the Claim be presented to the City shall furnish reasonable documentation to support the Claim. Within 45 days of receipt of this written request, the Contractor shall notify the subcontractor in writing as to whether the
Contractor presented the claim to the City and, if the Contractor did not present the claim, provide the subcontractor with a statement of the reasons for not having done so.

7. **Waiver of Provisions**: A waiver of the rights granted by Public Contract Code Section 9204 is void and contrary to public policy, provided, however, that (1) upon receipt of a Claim, the parties may mutually agree to waive, in writing, mediation and proceed directly to the commencement of a civil action or binding arbitration, as applicable, and (2) the City may prescribe reasonable change order, claim, and dispute resolution procedures and requirements in addition to the provisions of Public Contract Code Section 9204, so long as the contractual provisions do not conflict with or otherwise impair the timeframes and procedures set forth in this section.
EXHIBIT “J”
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 AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS, AS SPECIFIED BELOW:

<table>
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<tr>
<th>REQUIRED</th>
<th>TYPE OF COVERAGE</th>
<th>REQUIREMENT</th>
<th>MINIMUM LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WORKER’S COMPENSATION</td>
<td>STATUTORY</td>
<td></td>
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<tr>
<td>YES</td>
<td>EMPLOYER’S LIABILITY</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM</td>
<td>BODILY INJURY</td>
<td>$2,000,000</td>
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<tr>
<td></td>
<td>PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY</td>
<td>PROPERTY DAMAGE</td>
<td>$2,000,000</td>
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<tr>
<td></td>
<td>BODILY INJURY &amp; PROPERTY DAMAGE COMBINED</td>
<td></td>
<td>$2,000,000</td>
</tr>
<tr>
<td>YES</td>
<td>AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED</td>
<td>BODILY INJURY</td>
<td>$2,000,000</td>
</tr>
<tr>
<td></td>
<td>- EACH PERSON</td>
<td>EACH PERSON</td>
<td>$2,000,000</td>
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<td>- EACH OCCURRENCE</td>
<td>EACH OCCURRENCE</td>
<td>$2,000,000</td>
</tr>
<tr>
<td></td>
<td>PROPERTY DAMAGE</td>
<td>PROPERTY DAMAGE</td>
<td>$2,000,000</td>
</tr>
<tr>
<td></td>
<td>BODILY INJURY and PROPERTY DAMAGE, COMBINED</td>
<td></td>
<td>$2,000,000</td>
</tr>
<tr>
<td>NO</td>
<td>PROFESSIONAL LIABILITY, INCLUDING ERRORS AND OMISSIONS</td>
<td>ALL DAMAGES</td>
<td>$2,000,000</td>
</tr>
<tr>
<td></td>
<td>MALPRACTICE (WHEN APPLICABLE), AND NEGLECTED PERFORMANCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>POLLUTION LIABILITY</td>
<td>ALL DAMAGES</td>
<td>$5,000,000</td>
</tr>
</tbody>
</table>

YES 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 HEREBIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONTRACTORS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKER'S 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 PROVISION FOR A WRITTEN THIRTY-DAY ADVANCE NOTICE TO CITY OF CHANGE IN COVERAGE OR COVERAGE CANCELLATION.

II. CONTRACTOR MUST SUBMIT CERTIFICATE(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING URL: https://www.planetbids.com/portal/portal.cfm?ComapnyID=25589

REV. 2020
EXHIBIT “J”
INSURANCE REQUIREMENTS

III. ENFORCEMENT 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 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 INSUREDS UNDER THE POLICY SHALL NOT, FOR THAT REASON ALONE, EXTINGUISH ANY RIGHTS OF THE INSURED AGAINST ANOTHER, BUT THIS ENDORSMENT, 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 CONTRACTOR 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 CONTRACTOR SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

Vendors are required to file their evidence of insurance and any other related notices with the City of Palo Alto at the following URL:
https://www.planetbids.com/portal/portal.cfm?CompanyId=25569
OR
http://www.cityofpaloalto.org/gov/depts/asd/planet_bids_how_to.asp

Rev. 2020
Xylem Privacy Statement

Thank you for visiting the Xylem website. Xylem and its operating divisions and subsidiaries (collectively "Xylem", "We", "Us", or "The Company") maintain and operate this and other websites (collectively, the "Xylem Sites" or "Sites") and are committed to safeguarding your privacy.

This Privacy Statement is meant to help you understand what data we collect, how we use it, and what safeguards are in place to protect your data on the Sites. This Privacy Statement also applies to information collected offline through trade shows, seminars, conferences, or through other activities.

SUMMARY OF KEY POINTS

WHAT INFORMATION DOES XYLEM COLLECT?

Xylem collects the following types of information about you when you visit our Sites (collectively, "Personal Data") or through the offline means described above:

- If you visit our sites, we automatically collect your domain name and/or IP address;
- If you communicate with us by email, we collect your email address;
- If you seek employment with us and provide us with information through offline means, we collect information in connection with employment opportunities, through our online recruiting tool.
- Otherwise, Personal Data is only collected on Xylem Sites or via offline means if you voluntarily choose to provide it. Such Personal Data includes your name and/or that of your employer, title, address, telephone number and email address as well as account or transaction information collected as part of our business relationship with you.

HOW THE COMPANY USES YOUR PERSONAL DATA

We collect your Personal Data in order to:

- Conduct our business, including providing you the products or services you requested
- Send you marketing communications about new or updates to our existing products and services
- Comply with our legal obligations
- Maintain and improve our Sites and tailor the user experience
- Protect the security of you and the Sites
- Provide customer service and otherwise administer our business relationship with you

As required by applicable law, we rely on several different legal bases to collect, use, and share your Personal Data:

- **Necessity to Perform Contract with You** - we need to process your Personal Data to provide our products and services, ensure products and services are working as they should, answer questions and requests from you, manage our business relationship with you and provide customer support;
- **Compliance with Legal Obligations** - we need to process your Personal Data to comply with relevant laws, regulatory requirements and to respond to lawful requests, court orders, and legal process;
- **Consent for Direct Marketing Communications** - we rely on your consent to send you direct marketing, which you can unsubscribe from at any time by clicking the unsubscribe link in the relevant communications or contact us as detailed below; and
- **Based on Legitimate Interests** - we process your Personal Data to protect your security and the security of the Sites; to detect and prevent fraud; to protect and defend the rights or property of others, or our own rights and interests; and to maintain and improve the user experience.
We do not use automated decision-making, or perform data profiling, that is, in a way that produces legal effects concerning you or significantly affects you.

You are not required to provide all Personal Data identified in this Privacy Statement to use our Sites or to interact with us offline, but certain functionality will not be available if you do not provide certain Personal Data. If you do not provide certain Personal Data, we may not be able to respond to your requests, perform a transaction with you, or provide you with marketing that we believe you would find valuable.

ARE COOKIES USED ON XYLEM SITES?

In addition to a domain name and/or IP address, Xylem collects information about you automatically when you visit our Sites. The information that is automatically collected does not include your name, address, telephone number, or email address. This information tells us such things as how many users visited our site and the pages they have accessed. By collecting this information, we learn how to best tailor our Sites for our current and future visitors. To collect this information, we use a number of different analytics, media optimization tools, analytics tags and pixel tracking activity through ‘cookie’ technology or with ‘web beacons,’ as explained below:

- **Cookies**
  A cookie is a small text file that is placed on your computer’s hard drive by your web browser when you first visit the Site. Xylem uses cookies to both ensure functioning of the site as well as record user-specific information on what pages you visited as well as record past activities on our site in order to provide better service when visitors return to our site. There are two kinds of cookies that Xylem uses:

  - **Session Cookies** - also called a transient cookie, a session cookie stores information about a user on its temporary memory so that it can remember something about you when you are visiting that site. Session cookies do not collect information from your computer and are erased when you close your Web browser.

  - **Persistent Cookies** - Also called a permanent cookie, or a stored cookie, a persistent cookie collects identifying information about the user including web-surfing behavior and user preferences for a specific website. Persistent cookies are set with an expiration date and stored on your hard drive until it expires or until you delete from your computer.

In some instances, cookies may enhance your online experience by saving your preferences while you are visiting a particular site. Most Internet browsers accept cookies automatically, but usually you can change the settings of your browser to erase cookies or prevent automatic acceptance altogether if you prefer. Please be advised that if you choose to not allow browser cookies, you may not be able to take full advantage of all the website features offered by Xylem.

- **Web Beacons**
  Certain pages on our website(s) contain ‘web beacons’ also known as internet tags, pixel tags and clear GIFs. A web beacon is a small graphic image placed on the web page designed to allow Xylem to monitor incoming traffic and obtain information such as the IP address of the computer that downloaded the page on which the beacon appears as well as the URL of the page, the time the page was viewed, the type of browser used to view the page, and the information in cookies set by the third party. We also use web beacons to recognize a unique cookie on your web browser, which enables us to learn which advertisements brought you to our website(s).

In order to help gather more information about site usage, all Xylem Sites use advertising, analytics, media cookies and tags powered by tools such as Yahoo, Google, Adobe, Omniture, Rubicon and others. Additionally, the Sites also use Google Analytics, a web analytics service provided by Google, Inc. (“Google”), which also uses cookies. The information generated by the cookie about your use of the website
xylem

(including your IP address) is transmitted to and stored by Google on servers in the United States. Google uses this information for the purpose of evaluation activity, compiling website reports and providing other services relating to website activity usage. Google may also transfer this information to third parties where required to do so by law, or where such third parties process the information on Google’s behalf.

The information collected by all cookies and web beacons includes general information about your computer settings, your connection to the Internet, the operating system and platform, IP address, your browsing patterns and timings of browsing on the site and geographical location. It does not contain your name, address, telephone number, or email address.

In order to help gather more information about site usage, xyleminc.com and its affiliated sites use advertising, analytics, media cookies and tags, including:

<table>
<thead>
<tr>
<th>Collection of data through Internet Service provider (IP address, time, location, browser, etc)</th>
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<tbody>
<tr>
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<td>Google AdWords and conversion tracking</td>
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<tr>
<td>BrightEdge</td>
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<td>Lead Forensics</td>
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</tbody>
</table>
To learn more about certain cookies used for interest based advertising by third parties, including through cross-device tracking, and to exercise certain choices regarding such cookies, please visit the Digital Advertising Alliance, Network Advertising Initiative, Digital Advertising Alliance-Canada, European Interactive Digital Advertisers Alliance, or your device settings for if you have the DAA or other mobile app.

Do-Not Track: At this time, our Site is not configured to honor browsers’ “Do Not Track” signals.

**HOW THE COMPANY SHARES YOUR PERSONAL DATA WITH THIRD PARTIES**

- If we are requested to disclose Personal Data by law, court of law, or as requested by a governmental or law enforcement authority, we may do so.
- We may pass your Personal Data or details of your use of the website to other companies within the Xylem group of companies.
- We may share information as necessary to prevent fraud or other illegal activities, such as willful attacks on Xylem’s information technology systems, and as necessary to establish or preserve a legal claim or defense.
- Xylem does not sell to third parties any Personal Data derived from a visitor’s visit to or use of a Xylem Site except as part of the sale of a subsidiary or of all or substantially all of the assets of an operating division, which subsidiary or division collected or uses such information in the ordinary course of business.
- Xylem takes appropriate steps to keep Personal Data confidential and only discloses this information to personnel in a Xylem firm or a third party that needs to have access to the information for legitimate business purposes. We may make your information available to our distributors, sales representatives or other business affiliates so that they may respond to a visitor’s inquiry or provide information about our own or related goods or services that we believe support your business needs.

**LINKS TO THIRD-PARTY WEBSITES**

Occasionally, Xylem Sites may provide links to the web sites of our distributors, sales representatives or other business affiliates. In these situations, we are not responsible for the content or privacy practices they employ and encourage you to read their own privacy disclosures.

**HOW THE COMPANY STORES, TRANSFERS, OR PROCESSES YOUR PERSONAL DATA ACROSS BORDER**

As permitted by applicable law, Xylem may transmit the Personal Data we collect on Xylem Sites to representatives, global affiliates, and service providers in the United States or other countries where we do business that are outside your home country, and have different standards of data protection than your home country. We provide appropriate protections for cross-border transfers as required by law, including information transferred to third parties. With respect to such transfers from the European Economic Area (“EEA”) to the United States and other non-EEA jurisdictions, we may rely on European Union (“EU”) Model Clauses and Binding Corporate Rules and/or the need to process your information in order to provide the requested services (e.g., performance of a contract) to transfer your Personal Data. As permitted by applicable law, you may request details about the suitable safeguards we have in place by contacting us as described below.

**YOUR RIGHTS**
As permitted by applicable law, you may have the right to obtain confirmation of the existence of certain Personal Data relating to you, to verify its content, origin, and accuracy, as well as the right to access, review, port, delete, or to block or withdraw consent to the processing of certain Personal Data (without affecting the lawfulness of processing based on consent before its withdrawal), by contacting us at data subject requests@xyleminc.com. Please note that we may need to retain certain Personal Data as required or permitted by applicable law.

YOUR CHOICES

You have the following choices regarding our use and disclosure of your Personal Data:

- **Marketing Communications.** If you no longer wish to receive any marketing communications, remain on a mailing list to which you previously subscribed or receive any other communication from Xylem, please follow the unsubscribe link in the relevant communications or contact us using the link below.
- **Cookies and Similar Technologies.** Please review your browser or computer settings for certain cookies and see above to exercise certain choices regarding cookies.

HOW THE COMPANY RETAINS YOUR PERSONAL DATA

- Xylem only retains your Personal Data for the minimum amount of time necessary to accomplish the purpose for which it was collected.

HOW THE COMPANY PROTECTS THE SECURITY OF YOUR INFORMATION

Xylem uses industry-standard encryption technologies when transferring and receiving data exchanged with our site. We have appropriate security measures in place in our physical facilities to protect against loss, misuse or alteration of information that we have collected from you at our site. We also employ reasonable technologies to keep the Personal Data you provide on Xylem Sites secure. Xylem maintains a Data Security Incident Response Plan that would provide notification as required by applicable law in the event of an unlawful or unauthorized disclosure of personal data.

CHANGES TO OUR PRIVACY STATEMENT

Xylem may update this Privacy Statement from time to time as our business (e.g. merger/acquisition) and services change, or as required by law. The effective date of our Privacy Statement is posted above, and we encourage you to visit our Sites periodically to stay informed about Xylem's privacy practices. We will post the updated version of the Privacy Statement on our Site, and ask for your consent to the changes if legally required to do so.

HOW YOU CAN CONTACT US

- If you have any questions regarding this Privacy Statement or our privacy practices in general, please contact our Director of Global Trade and Data Privacy Compliance with any concerns or inquiries via phone at +1-914-323-5700 or via email at data.privacy@xyleminc.com.
- You may also have a right to lodge a complaint with a supervisory authority.

Rev 1 January 2, 2020
EXHIBIT “L”

CYBERSECURITY TERMS AND CONDITIONS

In order to assure the privacy and security of the personal information of the City’s customers and people who do business with the City, including, without limitation, vendors, utility customers, library patrons, and other individuals and companies, who are required to share such information with the City, as a condition of receiving services from the City or selling goods and services to the City, including, without limitation, the Software as a Service services provider (the “Consultant”) and its subcontractors, if any, including, without limitation, any Information Technology (“IT”) infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, described below, while it renders and performs the Services and furnishes goods, if any, described in the Statement of Work. Exhibit D. to the extent any scope of work implicates the confidentiality and privacy of the personal information of the City’s customers. The Consultant shall fulfill the data and information security requirements (the “Requirements”) set forth in Part A below.

A “secure IT environment” includes (a) the IT infrastructure, by which the Services are provided to the City, including connection to the City’s IT systems; (b) the Consultant’s operations and maintenance processes needed to support the environment, including disaster recovery and business continuity planning; and (c) the IT infrastructure performance monitoring services to ensure a secure and reliable environment and service availability to the City. “IT infrastructure” refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

In the event that, after the Effective Date, the Consultant reasonably determines that it cannot fulfill the Requirements, the Consultant shall promptly inform the City of its determination and submit, in writing, one or more alternate countermeasure options to the Requirements (the “Alternate Requirements” as set forth in Part B), which may be accepted or rejected in the reasonable satisfaction of the Information Security Manager (the “ISM”).

Part A. Requirements:

The Consultant shall at all times during the term of any contract between the City and the Consultant:

(a) Appoint or designate an employee, preferably an executive officer, as the security liaison to the City with respect to the Services to be performed under this Agreement.
(b) Comply with the City’s Information Privacy Policy;
(c) Have adopted and implemented information security and privacy policies that are documented, are accessible to the City, and conform to ISO 27001 – Information Security Management Systems (ISMS) Standards by end of Q1 2022.
(d) Conduct routine data and information security compliance training of its personnel that is appropriate to their role.
(e) Develop and maintain detailed documentation of the IT infrastructure, including software versions and patch levels.
(f) Develop an independently verifiable process, consistent with industry standards, for performing professional and criminal background checks of its employees that (1) would permit verification of employees’ personal identity and employment status, and (2) would enable the immediate denial of access to the City’s confidential data and information by any of its employees who no longer would require access to that information or who are terminated.
(g) Provide a list of IT infrastructure components in order to verify whether the Consultant has met
or has failed to meet any objective terms and conditions.

(h) Implement access accountability (identification and authentication) architecture and support role-based access control ("RBAC") and segregation of duties ("SoD") mechanisms for all personnel, systems, and Software used to provide the Services. "RBAC" refers to a computer systems security approach to restricting access only to authorized users. "SoD" is an approach that would require more than one individual to complete a security task in order to promote the detection and prevention of fraud and errors.

(i) Assist the City in undertaking annually an assessment to assure that: (1) all elements of the Services' environment design and deployment are known to the City, and (2) it has implemented measures in accordance with industry best practices applicable to secure coding and secure IT architecture.

(j) Provide and maintain secure intersystem communication paths that would ensure the confidentiality, integrity, and availability of the City's information.

(k) Deploy and maintain IT system upgrades, patches, and configurations conforming to current patch and/or release levels by not later than one (1) month after its date of release. Emergency security patches must be installed promptly, in compliance with industry standards such as CVSS V3.1 or applicable industry standard equivalent.

(l) Provide for the timely detection of, response to, and the reporting of security incidents, including on-going incident monitoring with logging.

(m) Notify the City within twenty-four hours of detecting a security incident that results in the unauthorized access to or the misuse of the City's confidential data and information or high risk security event.

(n) Inform the City that any third party service provider(s) meet(s) all of the Requirements.

(o) Perform security self-audits on a regular basis and not less frequently than on a quarterly basis, and provide the required summary reports of those self-audits to the ISM on the annual anniversary date or any other date agreed to by the Parties. The audit report shall contain information reasonably similar to those found in SOC2, Type 2 audit control report, providing a high-level indication of conformity or identifying any discrepancies and summarizing all actions taken to address the issue(s).

(p) Accommodate, as practicable, and upon reasonable prior notice by the City, the City's performance of random site security audits at the Consultant's site(s), including the site(s) of a third-party service provider(s), as applicable. The scope of these audits will extend to the Consultant's and its third-party service provider(s) awareness of security policies and practices, systems configurations, access authentication and authorization, and incident detection and response.

(q) Cooperate with the City to ensure that to the extent required by applicable laws, rules and regulations, and the Confidential Information will be accessible only by the Consultant and any authorized third-party service provider's personnel.

(r) Perform regular, reliable secured backups of all data needed to maximize the availability of the Services. Adequately encrypt the City of Palo Alto's data, during the operational process, hosted at rest, and the backup stage at the Vendors' environment (including Vendor's contracting organization's environment).

(s) Maintain records relating to the Services for a period of three (3) years after the expiration or earlier termination of this Agreement and in a mutually agreeable storage medium. Within thirty (30) days after the effective date of expiration or earlier termination of this Agreement, all of those records relating to the performance of the Services shall be provided to the ISM.

(t) Maintain the Confidential Information in accordance with applicable federal, state, and local data and information privacy laws, rules, and regulations.

(u) Encrypt the Confidential Information before delivering the same by electronic mail to the City and or any authorized recipient.
(v) Provide Network Layer IP filtering services to allow access only from the City of Palo Alto’s IP address to the Vendor environment (primarily hosted for the City of Palo Alto).

(w) Offer a robust disaster recovery and business continuity (DR-BCP) solutions to the City for the systems and services the Vendor provides to the City.

(x) Provide and support Single Sign-on (SSO) and Multifactor Authentication (MFA) solutions for authentication and authorization services from the “City’s environment to the Vendor’s environment,” and Vendor’s environment to the Vendor’s cloud services/hosted environment.” The Vendor shall allow two employees of the City to have superuser and super-admin access to the Vendor’s IT environment, and a cloud-hosted IT environment belongs to the City.

(y) Unless otherwise addressed in the Agreement, shall not hold the City liable for any direct, indirect or punitive damages whatsoever including, without limitation, damages for loss of use, data or profits, arising out of or in any way connected with the City’s IT environment, including, without limitation, IT infrastructure communications.

(2) The Vendor must provide evidence of valid cyber liability insurance policy per the City’s EXHIBIT “J” INSURANCE REQUIREMENTS.

Part B. Alternate Requirements:
CITY OF PALO ALTO
EXTENDED PRODUCER RESPONSIBILITY POLICY

POLICY STATEMENT
The City recognizes that it cannot achieve Zero Waste without Extended Producer Responsibility (EPR) and that many products and packaging received from vendors have substantial negative environmental and economic impacts at the end of their useful lives. EPR, or Product Stewardship, means whoever designs, produces, sells or uses a product takes responsibility, both financial and physical, for minimizing its environmental impact through all stages of the product’s life cycle. The producer, having the greatest ability to minimize impacts, has the most responsibility. This policy requires producers, or their agents (i.e., vendors) doing business with the City of Palo Alto, to practice EPR for certain products and packaging, from design through the end of product life. Therefore, effective April 22, 2010, it shall be the Policy of the City of Palo Alto to require vendors of designated products and packaging to take the following actions with respect to covered packaging and products:

1. PACKAGING: Minimize and reduce packaging and require convenient, responsible, timely vendor take-back of designated packaging at the point of delivery at nominal additional cost to the City of Palo Alto.

2. PRODUCTS: Require convenient, responsible, timely vendor take-back (for reuse, recycling or responsible disposal) of designated products at the point of delivery at nominal additional cost to the City of Palo Alto.

This policy shall be implemented to the extent feasible by the management of City contracts, purchase orders and agreements. Designated packaging and products, once identified for inclusion in the Policy, will be listed in the “Procedures” section below. Packaging and products will be added as practical alternatives and options are identified. Identified packaging and products will typically be those that are toxic, costly to manage, contribute to litter or marine debris, lack a convenient infrastructure to recycle and those that are banned from landfills (e.g., electronics, batteries, mercury-containing devices).

The first packaging being considered for designation is expanded plastic packaging. Expanded plastics include, but are not limited to, foam or cushion blocks, trays, and packing “peanuts”. Expanded plastics also include those made from polystyrene (aka Styrofoam™), polyethylene, polypropylene and polyurethane. Expanded plastics are found in creeks, San Francisco Bay, and the oceans of the world. Small pieces of plastic are building up in the plankton zone in oceans where they are ingested by marine animals. Expanded plastics are lightweight, break into small pieces, are extremely difficult to recycle, are of low value, and local recycling markets do not exist.

APPLICABILITY OF THIS POLICY
This policy shall apply to all City operations. This Policy will also be included in the Environmentally Preferable Purchasing Chapter of the Palo Alto Purchasing Manual and the City’s Policies and Procedures Manual and shall be implemented, to the extent feasible, via contracts, purchase orders and agreements.

PROCEDURES
City staff and lessees will all be responsible for adherence to the Policy. Purchasing staff shall assist in assuring that purchasing documents contain the requirement for EPR. Changes to this Policy must be coordinated through the City Managers Office. Questions and/or clarifications of this Policy should be directed to the Public Works Department.
Exhibit N - Network Performance Assurance Services

Network Performance Assurance Service. Network Performance Assurance Service, as provided by Sensus to Customer under this Agreement, means only the items listed in Section 1 below. If an item is not included in Section 1 below, it is specifically excluded from Managed Services and is subject to additional pricing.

1. Sensus Responsibilities. Sensus shall be responsible for providing the following services to the Customer for so long as Customer is current in its payments for the Network Performance Assurance Service.

   a) Ongoing RF Network Communications Management
      1. Identify, mitigate, and resolve any potential RF interference that may occur
      2. Perform network tuning to maximize RF Field Equipment infrastructure
      3. Network tuning includes reviewing stale meters, read interval success, RF channels, and overall network health, capacity, and performance. Meter configuration and channel configuration changes will be made to ensure optimal performance is being achieved on each channel and frequency

   b) Ongoing Maintenance of the FlexNet Network
      1. Provide ongoing warranty support of RF Field Equipment covered under the Sensus Extended Warranty. For clarity, this includes the components contained within the basestation enclosure, excluding consumable, protective parts such as surge arrestors and fuses. Coaxial cabling, antennas, polyphasers, and vertical assets are also excluded.

2. Customer Responsibilities

   a) Customer shall provide adequate internal IT network infrastructure and confirm that it will not affect Sensus’ ability to meet Service Level Objectives
   b) Customer shall be responsible for Field Devices, which includes maintenance and troubleshooting
   c) Customer shall provide and maintain the RF Field Equipment utilities, such as electric power, lighting, security fencing, drainage, vegetation management, etc. as required at each site
   d) Perform routine field preventative maintenance (physical maintenance and RF analysis) in accordance with RF Field Equipment preventative maintenance instructions, to include but not limited to:
      i. Visit RF Field Equipment once every twelve (12) months
      ii. Store reports of visits and maintenance logs in a ticketing system
      iii. Conduct tests of the voltage standing wave ratio (VSWR) and distance to fault (DTF) of the antenna system
      iv. Inspect antenna system
      v. Inspect exterior and interior of cabinet including GPS system
      vi. Power monitor and measurement
      vii. Software inspection and confirmation
      viii. Complete checklist and reporting package with update of site photos
   e) Monitor the RF Field Equipment, FlexNet communications infrastructure, and backhaul communications hardware, (collectively, the “FlexNet Network”) to identify and resolve anomalies within the FlexNet Network to not impact Sensus’ ability to assure meter reading data delivery
   f) Monitor and respond to system outages, trouble ticket generation, and other alerts regarding the FlexNet Network in a timely manner to not impact Sensus’ ability to assure meter reading data delivery
   g) Provide remote firmware maintenance, which includes Patches, Updates, and Upgrades for FlexNet Network software and firmware
   h) Support standard change management controls in accordance with Customer’s change management practices, policies, and procedures
   i) Provide the support, maintenance, and monitoring of the Customer’s dedicated Local Area Network (“LAN”) and or Wide Area Network (“WAN”). Sensus shall not be responsible for performance and availability of the LAN or WAN networks outside of Sensus’ control

3. Service Level Objectives (“SLO”). All SLOs are measured by the calendar month. Sensus will report on the SLOs as defined below within ten (10) business days of the end of each month.

   a) Network Performance Assurance
      1. Gas & Water Field Devices
(i) For water and gas Field Devices, Sensus will assure the delivery of billing data from Available Meters covered by the FlexNet Network. Customer will be responsible to ensure Field Devices are in a status to ensure data delivery, such as ensuring the endpoints are installed and properly maintained. This will be measured by the number of Available Meters that deliver a register reading with in their seventy-two (72) hour billing window in a calendar month out of the total number of Available Meters. Endpoints that fail to deliver a register read in the billing window due to data quality issues, RF Network Issues, Customer LAN issues, or due to meter level issues are excluded from this metric.

**Service Level Objective Target:** Network Performance Assurance of 98.5% of Available Meters delivering a register reading within their respective seventy-two (72) hour billing window.

(ii) For each month that the Network Performance Assurance fails to meet the SLO Target, Sensus will issue Customer the following Service Level Credits:

<table>
<thead>
<tr>
<th>Network Performance Assurance (Register Read in 72hr window) per calendar month</th>
<th>Service Level Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 98.5% but at least 97%</td>
<td>5% of the monthly NPA Fees in which the service level default occurred (Note: NPA fees are pre-paid monthly and for purposes of SLA Credits are computed on a monthly basis.)</td>
</tr>
<tr>
<td>Less than 97% but at least 95.0%</td>
<td>10% of the monthly NPA Fees in which the service level default occurred</td>
</tr>
<tr>
<td>Less than 95.0%</td>
<td>15% of the monthly NPA Fees in which the service level default occurred</td>
</tr>
</tbody>
</table>

2. **Electric**

(i) For electric Field Devices, Sensus will assure the delivery of the billing data from Available Meters covered by the FlexNet Network. Customer will be responsible to ensure endpoints are in a status to ensure data delivery, such as ensuring the endpoints are installed and properly maintained. This will be measured by the number of Available Meters that deliver a register reading with in their seventy-two (72) hour billing window in a calendar month out of the total number of Available Meters. Endpoints that fail to deliver a register read in the billing window due to data quality issues, RF Network Issues, Customer LAN issues, or due to meter level issues are excluded from this metric.

**Service Level Objective Target:** Network Performance Assurance of 98.5% of Available Meters delivering a register reading within their respective seventy-two (72) hour billing window.

(ii) For each month that the Network Performance Assurance fails to meet the SLO Target, Sensus will issue Customer the following Service Level Credits:
4. **Service Level Credits.** Service Level Credits for any single month shall not exceed 15% of the Managed Services fee associated with the month in which the SLO default occurred. Sensus records and data will be the sole basis for all Service Level Credit calculations and determinations, provided that such records and data must be made available to Customer for review and agreement by Customer. To receive a Service Level Credit, Customer must issue a written request no later than ten (10) days after the Service Level Credit has accrued. Sensus will apply each valid Service Level Credit to the Customer’s invoice within 2 billing cycles after Sensus’ receipt of Customer’s request and confirmation of the failure to meet the applicable Service Level Credit. Service Level Credits will not be payable for failures to meet the SLO Targets caused by any Exceptions. No Service Level Credit will apply if Customer is not current in its undisputed payment obligations under the Agreement. Service Level Credits are exclusive of any applicable taxes charged to Customer or collected by Sensus. Sensus shall not refund an unused Service Level Credits or pay cash to Customer for any unused Service Level Credits. Any unused Service Level Credits at the time the Agreement terminates will be forever forfeited. **THE SERVICE LEVEL CREDITS DESCRIBED IN THIS SECTION ARE THE SOLE AND EXCLUSIVE REMEDY FOR SENSUS’ FAILURE TO MEET THE MANAGED SERVICE SLO TARGETS. IN NO EVENT SHALL THE AGGREGATE AMOUNT OF SERVICE LEVEL CREDITS IN ANY ANNUAL PERIOD EXCEED 20% OF THE ANNUAL MANAGED SERVICES FEE.**

<table>
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<td>Less than 95.0%</td>
<td>15% of the monthly NPA Fees in which the service level default occurred</td>
</tr>
</tbody>
</table>
PERFORMANCE BOND

WHEREAS, the City Council of the City of Palo Alto, State of California (“City”) and __________________________________________ (“Principal”) have entered into an agreement dated ____________, and identified as “Agreement” which is hereby referred to and made a part hereof whereby Principal agrees to install and complete certain designated public improvements pursuant to Exhibit D of the Agreement (the “Services”); and

WHEREAS, Principal is required under the terms of the Agreement to furnish a surety bond for the faithful performance of the Services.

NOW, THEREFORE, Principal and __________________________________________, as Surety, incorporated under the Laws of the State of __________, and duly authorized to transact business as an admitted surety, under the Laws of the State of California, are held and firmly bound unto City in the penal sum of __________ dollars ($ __________), an amount equal to one hundred percent of the compensation payable to Principal for the Services, for the payment whereof Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

The condition of this obligation is such that if the Principal, Principal’s heirs, executors, administrators, successors, or assigns shall promptly and faithfully keep and perform the covenants, conditions, and provisions of the above-mentioned Agreement with respect to the Services and any alteration thereof, with or without notice to the Surety, and if Principal shall satisfy all claims and demands incurred under such Agreement with respect to the Services and shall fully protect, indemnify, defend, and hold harmless City, its officers, agents, and employees from all claims, demands, or liabilities which may arise by reason of Principal’s failure to do so, and shall reimburse and repay City all outlay and expenses which City may incur in making good any default, then this obligation shall be null and void; otherwise, it shall remain in full force and effect.

As part of the obligations secured hereto, and in addition to the face amount specified therefore, there shall be included costs and reasonable expenses and fees, including reasonable attorney’s fees incurred by City in successfully enforcing such obligations, all to be taxed as costs and included in any judgment rendered. Surety shall be liable for any liquidated damages for which the Principal may be liable under its Agreement with the City with respect to the Services, and such liquidated damages shall be part of the obligations secured hereto, and in addition to the face amount specified therefore.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Agreement or to the Services to be performed thereunder or the specifications accompanying the same, shall in any way affect its obligations on this security, and it
does hereby waive notice of any such change, extension of time, alteration, or addition to the terms of the agreement or to the work or to the specifications. Surety hereby waives the provisions of California Civil Code Section 2845 and 2849. The City is the principal beneficiary of this bond and has all rights of a party hereto.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal Surety above named on ______________, 20_____.

Name of Surety

Signature of Surety

By: ____________________________
   Typed or Printed Name

Phone Number: ____________________

Its: ____________________________
   Title

Name of Contractor/Principal

Signature of Contractor/Principal

By: ____________________________
   Typed or Printed Name

Its: ____________________________
   Title
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF ____________________________
COUNTY OF ____________________________

On ____________________________, before me, ______
__________________________________________, a notary public in and for said County, personally appeared ____________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

__________________________________________
(Seal)
PAYMENT BOND

WHEREAS, the City Council of the City of Palo Alto, State of California ("City") and ("Principal"), have entered into an agreement dated , and identified as ("Agreement"), which is hereby referred to and made a part hereof, whereby Principal agrees to install and complete certain designated public improvements pursuant to Exhibit D of the Agreement (the “Services”); and

WHEREAS, under the terms of the Agreement, Principal is required before entering upon the performance of the Services to file a good and sufficient payment surety bond with City to secure the claims to which reference is made in Titles 1 and 3 (commencing with Section 8000) of Part 6 of Division 4 of the Civil Code of the State of California with respect to the Services.

NOW, THEREFORE, Principal and _________________________________ _______________, as Surety, incorporated under the laws of the State of ___________ ____________________, and duly authorized to transact business as an admitted surety, under the Laws of the State of California, are held and firmly bound unto City in the penal sum of _______ dollars ($_____), this amount being not less than one hundred percent of the total amount payable to Principal for the Services, for the payment whereof Principal and Surety bind themselves, their heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

The condition of this obligation is such that with respect to the Services, if Principal, Principal’s subcontractors, heirs, executors, administrators, successors, or assigns shall fail to pay any of the persons, companies, or corporations, referred to in Section 9100 of the California Civil Code, as amended, with respect to any work of labor performed or materials supplied by any such persons, companies, or corporations, which work, labor, or materials are covered by the Agreement and any amendments, changes, change order, additions, alterations, or modifications thereof, or any amounts due under the California Unemployment Insurance Code with respect to such work or labor, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Principal and its subcontractors pursuant to Section 13020 of the Unemployment Insurance Code, as amended, with respect to such work and labor, the Surety will pay for the same, in an amount not exceeding the sum herein above specified, and also, in case suit is brought upon this bond, the Surety will pay reasonable attorney’s fees in an amount to be fixed by the court.

It is hereby expressly stipulated and agreed that this surety bond shall inure to the benefit of any and all persons, companies, and corporations entitled named in Section 9100 of the California Civil Code, as amended, so as to give a right of action to them or their assigns in any suit brought upon this surety bond.

The Surety hereby stipulates and agrees that no amendment, change, change order, addition, alteration, or modification to the terms of the Agreement or the Services to be performed thereunder or the specifications accompanying the same, shall in any way affect its obligations on this surety bond, and it does hereby waive notice of any such amendment, change, change order, addition, alteration, or
modification to the terms of the Agreement or to the Services performed thereunder or to the specifications accompanying the same. Surety hereby waives the provisions of California Civil Code Sections 2845 and 2849.

IN WITNESS WHEREOF, this instrument has been duly executed by the Surety and Principal above named on ______________, 20___.

Name of Surety

Signature of Surety

Phone Number: ____________

By: ________________________ Its: ________________________
Typed or Printed Name Title

Name of Contractor/Principal

Signature of Contractor/Principal

By: ________________________ Its: ________________________
Typed or Printed Name Title
CERTIFICATE OF ACKNOWLEDGMENT
(Civil Code § 1189)

STATE OF ____________________________ )
COUNTY OF ____________________________ )

On ____________________________, before me, _____
______________________________, a notary public in and for said County, personally
appeared ____________________________, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed
to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their
authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted, executed the instrument.

I certify under penalty of perjury under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

______________________________  (Seal)
AMENDMENT NO. 2 TO CONTRACT NO. C17165774A
BETWEEN THE CITY OF PALO ALTO AND
E SOURCE COMPANIES, LLC.

This Amendment No. 2 (this “Amendment”) to Contract No. C17165774A (the “Contract” as defined below) is entered into as of October 4, 2021, by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and E SOURCE COMPANIES, LLC, a Delaware Corporation, located at 1745 38th Street, Boulder, CO 80301 (“CONSULTANT”). CITY and CONSULTANT are referred to collectively as the “Parties” in this Amendment.

R E C I T A L S

A. The Contract (as defined below) was entered into on May 8, 2017 by and between the Parties hereto for the provision of consulting services for Phase 1 of a multi-phase Advanced Metering Infrastructure (AMI) system and associated smart grid technologies and programs to assist in developing a Strategic Technology Roadmap and Implementation Plan, in an amount not to exceed $174,735.

B. The Contract was amended by Amendment No. 1 on September 9, 2019 to extend the term and add services from Phase 2 to assist the CITY in procuring AMI and associated systems and services to implement smart grid systems, in an amount not to exceed $263,953 for Phase 2 services.

C. The Parties now wish to amend the Contract in order to extend the term and add services from Phase 3 for project management, system integration, and change management in an amount not to exceed $1,339,947 for Phase 3 services as specified in EXHIBIT “A” Scope of Services - Phase 3.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the Parties agree:

SECTION 1. Definitions. The following definitions shall apply to this Amendment:

a. Contract. The term “Contract” shall mean Contract No. C17165774A between CONSULTANT and CITY, dated May 8, 2017, as amended by:

Amendment No.1, dated September 9, 2019

b. Other Terms. Capitalized terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Contract.

SECTION 2. Section 2, “TERM” of the Contract is hereby amended to read as follows:
The term of this Agreement shall be from May 9, 2017 through December 31, 2025 unless terminated earlier pursuant to Section 19 of this Agreement.”

SECTION 3. Section 4. “NOT TO EXCEED COMPENSATION” of the Contract is hereby amended to add the following:

“The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit “A” (“Scope of Services – Phase 3”), and reimbursable expenses, shall not exceed One Million One Hundred Sixty-Nine Thousand Two Hundred Eighty Dollars ($1,169,280.00). CONSULTANT agrees to complete all Basic Services, including reimbursable expenses, within this amount. In the event Additional Services are authorized, the total compensation for Basic Services, Additional Services and reimbursable expenses shall not exceed One Million Three Hundred Thirty-Nine Thousand Nine Hundred Forty-Seven Dollars ($1,339,947.00). The applicable rates and schedule of payment are set out at Exhibit “C-1”, entitled “HOURLY RATE SCHEDULE – Phase 3,” which is attached to and made a part of this Agreement. 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.

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 at Exhibit “A”.”

SECTION 3. The following exhibit(s) to the Contract is/are hereby amended or added, as indicated below, to read as set forth in the attachment(s) to this Amendment, which is/are hereby incorporated in full into this Amendment and into the Contract by this reference:

a. Exhibit “A” entitled “SCOPE OF SERVICES – Phase 3”, added.


SECTION 4. Legal Effect. Except as modified by this Amendment, all other provisions of the Contract, including any exhibits thereto, shall remain in full force and effect.

SECTION 5. Incorporation of Recitals. The recitals set forth above are terms of this Amendment and are fully incorporated herein by this reference.

(SIGNATURE BLOCK FOLLOWS ON THE NEXT PAGE.)
SIGNATURES OF THE PARTIES

IN WITNESS WHEREOF, the Parties have by their duly authorized representatives executed this Amendment effective as of the date first above written.

CITY OF PALO ALTO

By: Dale Pennington
Name: Dale Pennington
Title: President

City Manager

APPROVED AS TO FORM:

By: Jim Ketchledge
Name: Jim Ketchledge
Title: Executive Vice President

E SOURCE COMPANIES LLC.

City Attorney or designee

Attachments:
EXHIBIT “A”: SCOPE OF SERVICES – Phase 3
EXHIBIT “B”: SCHEDULE OF PERFORMANCE – Phase 3
EXHIBIT “C”: COMPENSATION – Phase 3
EXHIBIT “C-1”: HOURLY RATE SCHEDULE – Phase 3
EXHIBIT “A”
SCOPE OF SERVICES – Phase 3

Statement of Purpose

This amended Statement of Work (SOW) specifies in detail services for E Source Companies, LLC to begin Phase 3 of the City’s advanced metering infrastructure system and associated smart grid technologies implementation. The consulting services would be provided in an integrated manner to accommodate the workstream tasks essential to ensure a successful technology implementation: project management, organizational alignment, technical solution architecture, and deployment oversight and quality assurance.

Scope of Work

In consultation with and under the direction of City staff, CONSULTANT will complete the following tasks:

Task 1: Project Management

Under this task, an E Source Project Manager (PM) works with the utility project manager to oversee project implementation. The PM shall have experience in using proven process, methodologies, and templates to produce a robust, flexible implementation approach. The PM and overall E Source team assigned to this task shall have experience in helping a combined vendor team execute successfully to the project baselines established in vendor contracts.

The E Source PM will support the City’s PM and jointly manage the project through all phases of the project lifecycle: Initiating, Planning, Executing, Controlling, and Closing. The E Source PM will manage the daily activities of the team, account for all deliverables produced by the team, and work in close partnership with CPAU and the AMI, MDMS, Meter Installation Vendor (MIV), CIS Integrator, and other vendors associated with the project to ensure successful service delivery by all parties.

The E Source PM will be responsible for supporting the activities listed in Table 1.

<table>
<thead>
<tr>
<th>PM ACTIVITY</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope Management</td>
<td>Ensure that the project plans outline all of the work required to complete the project successfully. Scope management consists of initiation, scope planning, scope definition, scope verification, and scope change control.</td>
</tr>
<tr>
<td>Change Management</td>
<td>Ensure that a baseline project plan is established at project initiation, and that a formal change control process is in place to control changes to the baseline project plan throughout the project lifecycle.</td>
</tr>
<tr>
<td>Integration Management</td>
<td>Ensure that the various elements of the project are properly coordinated. Integration management consists of project plan development, project plan execution, and overall change control.</td>
</tr>
<tr>
<td>Cost Management</td>
<td>Ensure that the project is completed within the approved budget. Cost management consists of resource planning, cost estimating, cost budgeting, and cost control.</td>
</tr>
</tbody>
</table>
PM ACTIVITY | DESCRIPTION
--- | ---
**Quality Management** | Ensure that the project will satisfy the needs for which it was undertaken. Quality management consists of quality planning, quality assurance, quality control, and configuration management.

**Reporting Management** | Ensure timely and appropriate generation, collection, distribution, and storage of project information. The project manager also handles reporting and status information management consists of communications planning, information distribution, performance reporting, and administrative closure.

**Time Management** | Ensure the timely completion of the project. Time management consists of activity definition, activity sequencing, activity duration estimating, and schedule development and control.

**Resource Management** | Ensure that qualified resources are available to perform each task defined in this SOW in accordance with the baseline project schedule. As necessary, the project manager ensures that resources have been provided with training to establish particular expertise required to perform tasks within the SOW. The project manager reinforces the importance of establishing and maintaining professional working relationships among the City and vendor team members, as well as monitors these relationships.

**Risk Management** | Identify and analyze project risks and respond to those risks. The E Source approach to risk management has three components—identification, prioritization, and mitigation. Risks are identified at project inception and categorized based on probability and impact. A risk mitigation plan is defined to impacts should the risk occur. The risk mitigation plan is continuously re-evaluated during the project lifetime. Once a risk actually occurs, it is moved to the issue tracking process.

At project initiation, the E Source PM will perform appropriate team formation activities and develop a project master schedule as the team prepares for vendor kickoff. The kickoff meeting is used to introduce the team, review initial project plans, and start preparation for detailed requirements validation and refinement workshops. The team will work together to clarify purpose, align systems, and to bring forth the talent of the overall project team.

E Source will also work with CPAU to develop and execute the project charter that will outline project governance and communicate the high-level project implementation approach and the responsibilities of all project participants. E Source will work with CPAU and the selected vendor(s) to develop a comprehensive Project Execution Plan (PEP). The PEP will provide a set of guiding principles regarding philosophy, judgments, and actions to be taken over the lifecycle of the project.

The E Source PM will manage the project status cycle for the City. The PM will establish a regular cadence in which progress towards the plan, performance status, risk management, items of concern, and open action items are managed regularly and consistently. As shown in Figure 1, the status cycle is initiated with written project status reports completed by vendors and key project organizations—a sample of which is also shown.

E Source will lead the project team in developing the Proof of Concept Implementation Plan that will support CPAU’s Phase I AMI implementation vision. The objective of this task is to develop a comprehensive implementation plan that defines the logical sequence for the deployment strategy, project schedule, business process change requirements, support requirements, and business case justification. Implementation responsibilities will also be defined. The draft implementation plan will be reviewed with the AMI project team and finalized.
**TASK 1 DELIVERABLES**

− Project Charter
− Project Execution Plan (PEP)
− Proof of Concept Implementation Plan
− Project kickoff meeting
− Project workspace (SharePoint)
− Integrated Microsoft project schedule
− Project budget / cash flow tracking
− Periodic monthly status reports: monitoring progress, delays, upcoming critical paths/tasks, risks, etc.
− Periodic meetings with CPAU Project Manager (no less than monthly)
− Periodic meetings with the Project Team (no less than monthly)
− Periodic updates for executive management and applicable governing board stakeholders (quarterly and as needed)
− Meeting agenda and minutes
− End of Project Close Out/Summary Report

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**Task 2: Business Design and Change Management Services**

**Task 2.1: Business Process Design**

Process modeling activities will help define a desired future state business design for CPAU. This task will further support the organization’s ability to realize benefits identified in CPAU’s feasibility study for the selected AMI solutions by streamlining and optimizing processes to align common needs and promote synergies across the City and Utilities value chains.

E Source’s application of business process management (BPM) methodology incorporates lean principles, tools, and methodologies to break down an organization’s functional silos—to then streamline and integrate value chain processes that create value for your customers.

There are three business process design stages to prepare the project team for the AMI and MIV design workshops and produce a high level end-to-end integrated business process model for the project and its impacted technologies and business process flows. The third stage produces related AMI technology-enabled deeper dive process models. These models are

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*Figure 1. Digital Business Transformation*
refined based on design/build phase and development activities that occur as the vendor configuration decisions are finalized. This process framework is illustrated in Figure 3.

**Task 2.1.1: Conceptual Future State**

As E Source conducted the current state business process task with CPAU during the procurement phase, these materials will be leveraged to inform the conceptual future state and gap analysis activities.

E Source will conduct “to-be” workshops to document optimal business design process flows and decisions utilizing industry best practice process frameworks. These workshops will focus on the development of the desired future state for each value chain business process area utilizing the new business applications and interfaces that will be deployed.

This work will entail preparing for, conducting, and documenting business decisions and change impacts from two 2-day workshops: 1) the integrated process mapping workshop and 2) the deep dive process mapping workshop. The goal of the sessions is to assess the following:

- If the high-level integrated business processes accurately reflect the City’s goals and vision, and ensure alignment with the culture, organization, and any other applicable process constraints and enablers.
- At a high level, identify the major known gaps, benefits, and risk areas associated with the desired future state and technology-enabled, business processes.

In the first workshop, E Source will engage core team business process owners (BPOs) and identified subject matter experts (SMEs) as needed to streamline high-level business processes, examine process enablers and constraints, and develop RACI accountability in the context of the City’s cross-functional value chain. The intent of this workshop is to align those processes with organizational structure that clarifies roles and responsibilities to ensure the City can execute your business strategies and related value chain proposition, thereby removing the obstacles presented by organizational silos and inefficient or unclear processes. This workshop will result in an integrated value chain process map that illustrates the overall desired state operating model.
Following the Integrated Process Mapping workshop, E Source will support “deep dive process mapping” workshops in which the assembled team will drill down on approximately 4-6 strategic and prioritized meter-to-cash (MTC) process focus areas (see Figure 4) and related use cases that will require task and workflow improvement, as identified in the first workshop. These may be coordinated with vendor workshops to avoid gaps or overlaps.

Following on from the initial three (3) stages of business process work outlined in Figure 3, the core team business process owners will be aligned and prepared for AMI vendor design/requirements workshops. The previous effort was facilitated to explore and understand the state of business process change desired at a high level, then assess alignment across functional groups for fundamental MTC processes and related AMI-enabled business process tasks compared to the City’s existing standard operating procedures (SOPs).

**Task 2.1.2: Gap Analysis**
E Source’s process design activities include documenting process constraints and enablers to identify gaps as part of a change impact assessment. A baseline set of “to-be” conceptual future state business processes and related metrics will inform benefit realization planning as well. To accomplish this, E Source will use utility industry process framework best practices and experience working with utilities to validate business alignment and understanding of the scope of change and related change impacts to inform change management and operational transition plans. Project activities related to fluctuating workstreams (highlighted below in Figure 5) will be managed to ensure successful transformation occurs on time and within budget.

![Figure 3. Typical MTC Value Stream Processes](image_url)
Task 2.1.3: As-Built Future State
To finalize the conceptual future state for business process activities and related tasks, E Source will refine and validate the baseline set of “to-be” future state, AMI-enabled business processes based on design/development work that occurs after the implementation is completed for each business/system release. E Source will ensure the updated “as-built” processes are a final documentation of what ultimately is implemented into the operational environment. This work typically occurs after the specific technology vendor(s) have conducted their workshops, in order to capture any nuances and changes required in the documented “to-be” business processes for their specific solutions.

E Source will use reference models, vendor information, and experience to facilitate these sessions and create new Business Process model flows and/or modify existing ones to support training and User Acceptance Testing (UAT) activities. An example of a CIS solution-enabled model workflow is shown in Figure 6.
TASK 2.1 ASSUMPTIONS
- Conceptual business process design activities should inform implementation planning and sequencing
- CPAU will designate business process owners leads with which E Source will work closely
- Two 2-day workshops (or broken down as four half days if virtual) within a 2- to 3-month timeline

TASK 2.1 DELIVERABLES
- Workshop preparation and session materials
- Conceptual deep dive MTC process maps
- Business process gap analysis change impact assessment and recommendations
- Final as-built future state process map documentation

CPAU EFFORT TO SUPPORT TASK 2.1
- Schedule BPOs and SMEs to participate in workshops and review of materials
- Respond to data and/or input requests
- Staff time necessary to attend workshop sessions and other meetings
- Review, comment, and validate conceptual and as-built future state process design documentation

Task 2.2: Organizational Change Management (OCM)
An AMI program requires that staff adjust work processes and routines to effectively use the systems and realize the significant benefits both internal and external to the City and CPAU Stakeholders. This change needs to be handled effectively, thereby reducing staff apprehension and providing the tools they need to succeed.

As shown in Figure 7, E Source’s OCM program approach to managing change impacts across people, process, technology workstreams can be divided into three stages: 1) Preparing for Change; 2) Managing Change; and 3) Reinforcing Change.

![Figure 6. E Source’s Holistic OCM Approach](attachment:image.png)
E Source will support and advise the City throughout the OCM effort, ensuring readiness so programs and projects can fully realize intended business value benefits. E Source’s OCM approach is centered on moving individuals, groups, divisions, and the entire organization from understanding through demonstration as efficiently and productively as possible. OCM elements include forming a clear strategy, communicating consistently, visibly engaging sponsors, providing effective training, recognizing performance, and closing accountability loops.

The E Source team will support the City’s project manager and AMI and MIV to incorporate change activities into the project plan/schedule. E Source will advise the City during its efforts to develop an OCM program approach that includes practical and effective activities designed to support the transition of people and processes to increase use and adoption of the new technologies. The resulting City-developed OCM plan will provide strategies and detailed tactics that maximize performance prior to, during, and after the technology implementation.

**Task 2.2.1: Awareness and Education Campaign (AEC)**

- E Source will advise CPAU in its efforts to develop the AEC/communications campaign with the Utilities’ Communications Manager. Activities will include participation in planning activities, workshops, and review of the AEC plan and materials produced for both internal and external stakeholders. This effort will enhance the internal project communications for all utility divisions and will foster proactive communications with utility customers and other external stakeholders.

E Source will work with the City to identify the key topics that will drive the content of the campaign. Topics may include:

- AMI project benefits and information sharing
- AMI opt-out
- Transitional change effecting the organization
- Theft detection and enforcement policies
- Green initiative concepts developed with AMI
- Areas of concern, including radio frequency (RF), privacy, cybersecurity, etc.

E Source will assist the City as it develops the content appropriate for internal staff that will be published at various stages of the project. The content may be published via an e-mail newsletter, printed flyers, or other formats as deemed appropriate by the utility. E Source will also support the City in its effort to present this information to staff and field questions accordingly, for example during informational “tailgates” and town hall meetings.

E Source will assist the City as it develops the content for a variety of customer-facing materials. E Source will advise the City on the timing of releasing the information pieces to the customer base. Customer outreach and education pieces may include:

- Door hangers
- Status letters
- Press releases
TASK 2.2 ASSUMPTIONS

− The City will provide E Source with adequate lead time to review City-produced materials and scheduling of workshops / meetings
− CPAU will designate OCM, and Communications leads with whom E Source will coordinate and advise
− E Source will assist in the development of communications content
− The list of customer education and outreach materials above in subtask 2.3.1 can be modified based on the outcome of the discovery workshop if the approximate level of effort is commensurate and the changes are agreed upon by CPAU and E Source
− CPAU will employ a graphic designer to assist with visual layouts and design
− The printing, shipment, and dissemination of communication materials will be managed by the City

TASK 2.2 DELIVERABLES

− Participation in bi-weekly and ad hoc OCM team meetings
− OCM strategy & directional advisory
− Review and editorial of City produced OCM Plan
− Review and editorial of City produced AEC communication strategy / tactical action plan
− Review and editorial of City produced operational transition plan
− Internal communications content
− External communications content
− Change leadership advisory and support

CPAU EFFORT TO SUPPORT TASK 2.2

− Schedule resources and attend meetings
− Background on existing OCM practices and related data (e.g., organizational structure, training, and performance management approach) will need to be shared, if available
− Designate an internal AMI OCM track lead
− Produce a OCM Plan
− Produce an AEC communication strategy / tactical action plan
− Produce an operational transition plan
− Review and comment on draft materials produced by E Source
− Utility marketing/communication support of internal communications and materials development
Task 3: Technical Services

E Source’s technical services track will direct the engineering, architecture, development, deployment, and testing of the City’s new AMI system. E Source will augment the Project Manager with a strong Project Engineer specializing in systems engineering to ensure successful delivery.

Task 3.1: Solutions Architecture

The Solutions Architecture task emphasizes the IT systems aspect of AMI planning and brings together all the technology initiatives that exist, are underway, or are planned to be completed in the near term, into a cohesive and logical plan. The track also ensures that the complete solution architecture that will be built is complete, robust, scalable, and extensible.

E Source will develop the AMI reference architecture based on the following:

- User data requirements
- User functional requirements
- User process flows
- Automation requirements
- Integration requirements
- Industry best practices
- E Source team experience
- Implementation considerations and constraints
- Current and near-term future capabilities of commercial AMI technologies
- CPAU standards and policies
- Capabilities of commercial vendor software
E Source will work with the City and the selected vendors during the initial vendor workshops and immediately thereafter to ensure that the project architectural, functional, performance, and integration specifications form the proper technical baseline for execution of the project. To address integration gaps in the vendor solution specification, E Source will document the as-is and to-be system architecture that will depict both the system context and system component diagrams. An example system context diagram is shown below in Figure 8.

**Figure 7. Example of a System Context Diagram in the Solution Architecture Document**

**TASK 3.1 DELIVERABLES**

- Vendor systems configuration/design workshop(s) participation, supplemented with additional workshops as necessary to define the system architecture.
- As-is and to-be system architecture including the system context diagram and the system component diagram

**CPAU EFFORT TO SUPPORT TASK 3.1**

- Provide subject matter experts in related process areas for functional requirements workshops.
- Gather and share existing/legacy system information, interface documentation, and data flows.
Task 3.2: System Engineering

The key to AMI system engineering is working to ensure the IT aspect of integration is conducted successfully. E Source will plan, guide, and help CPAU ensure a successful combined IT system.

E Source will work with CPAU and vendor to develop the requirements management plan (RMP) and requirements traceability matrix (RTM) that will collectively serve as the foundation throughout the design/develop/test phases of the software implementation and integration. The initial input for these requirements comes from the procurement requirements that the vendor has agreed to meet through contract negotiations. These are supplemented and further defined through the vendor design workshops and additional E Source workshops needed to assure documentation is complete. Ultimately, complete traceability is ensured so that a system-level requirement can be followed through its breakdown into smaller requirements, design elements and modules, and ultimately to the particular test case in which it is verified that the vendor successfully met the requirement.

E Source will oversee the vendors’ technology development and deployment. This oversight will include:

► Working with the AMI vendor to ensure that the designed meter configurations are understood and fulfilled in mass manufacturing.

► Overseeing the vendor patch and upgrade process to ensure the proper requirements, design, and development activities are followed, and that a firmware release plan does not negatively impact the system acceptance testing.

► Assigning requirements to specific head-end software modules and software design criteria, such as pre-conditions, flow of events, alternate flows, exception flows, and post events, specified for development.

► Design reviews will be held at the appropriate times to ensure the vendors are properly interpreting the requirements.

► Coordinating what will be included within the different business releases of software and the timing of those releases throughout the entire project.

Task 3.2 Deliverables

- Requirements Management Plan (RMP)
- Requirements Traceability Matrix (RTM)

CPAU Effort to Support Task 3.2

- Provide existing IT governance and data center Service Level Agreements (SLAs)
- Review measures of AMI technology performance

Task 3.3: Testing Support

E Source will work with the City and vendors to develop the integrated test plan that will provide high-level guidance for the execution of a graduated testing program. It will summarize the testing goals and objectives, as well as all known constraints (time, budget, resources, etc.); and verify the coordination mechanisms and timing with AMI infrastructure implementation, MDMS functionality, CIS modifications, and integration testing, meter and module installation, AMI technology,
communications, and information technology requirements to execute the plan. The integrated plan will be developed via interactive workshops with the City’s project team, the selected project vendors, and required and business support groups.

E Source’s approach to ensure thorough and effective testing for CPAU’s AMI deployment includes the following:

► **Factory or Off-Site Testing** – These are vendor-performed tests that verify functionality of the equipment or system and may involve standard integration checks with other systems.

► **First Article Testing (FAT)** – FAT is a familiar test conducted by the utility meter shop upon receipt of a new electric meter configuration.

► **Alpha Proof of Concept (POC) Acceptance Testing** – Utility-led testing on a cross section of meter types/forms/sizes on a test bench to confirm register read accuracy, interval read accuracy, read resolution, meter configuration, alert functionality, AMI system two-way communications, and other acceptance criteria as outlined in the POC Implementation Plan. This testing phase is critical to assure that the data produced by the meters and communicated by the endpoints and collectors is accurate.

► **Beta POC Field Acceptance Testing** – This testing verifies that the technical, functional and performance, and commercial specifications of the vendor Statement of Work (SOW) have been realized as expected for a subset of endpoints strategically deployed within the utility service territory.

► **System Integration Testing** – This testing brings all applicable systems together in testing to verify data sets are received and transformed properly, that data from a single source is properly routed to multiple destinations and that individual systems still perform as expected while integrated.

► **User Acceptance or Business Process Testing** – This testing verifies that the correct information flows through for a particular business process, including both mechanized and manual business processes. It is the final gate and ensures that the system functions and is aligned with requirements and processes that are used operationally. In this testing, a single trigger can initiate data transfers between multiple source and destination systems. It is the most comprehensive test of the complete set of business processes and maximizes to the extent possible the real-world use of the City’s integrated systems. Test cases are executed by City users of the systems on a day-by-day basis.

E Source’s phased testing approach minimizes the City’s risk by providing early validation of the technologies in steps, so that any problems are identified early and corrected. A test readiness review (TRR) will be held before each testing phase to ensure that the system and personnel are prepared for the test. All discovered defects will be formally logged, managed, and resolved as appropriate until acceptance is achieved.

Should issues be identified during the testing, E Source will work with applicable vendors and development teams to resolve those issues on behalf of the City. The clear documentation of the relationship between the requirement and test case included within the RTM makes it easier to
pinpoint the problem that needs to be addressed. Once identified, E Source will support a corrective action process that ensures the problem is documented, root-cause is determined, corrective and preventive actions are taken, and retesting is performed to verify that the problem has been corrected.

**TASK 3.3 ASSUMPTIONS**
- Vendors complete adequate and acceptable unit testing of their deliverables
- Vendors will support City-assigned testing
- The City will dedicate testing resources during testing events to complete testing as quickly as reasonably possible

**TASK 3.3 DELIVERABLES**
- Integrated Test Strategy and Plan
- Review of vendor test plans, procedures, and results documentation
- Review of vendor proposed test cases
- Review of utility proposed test cases

**Task 3.4: Training Support**
E Source will coordinate the timing and delivery of remote or on-site vendor training in accordance with the overall project schedule and coordinate with the CPAU PM regarding the availability, suitability, and readiness of a training environment and participants.

E Source will review each vendor’s training plan submittal for completeness, including course descriptions, course agenda, equipment/system requirements, participants, and proposed timing. E Source may recommend additional training and other forms of end user training to supplement vendor training. E Source will work with each respective vendor and the CPAU PM to coordinate each training session and align the training plan with a proposed training schedule over the course of each phase of the project.

**TASK 3.4 DELIVERABLES**
- Review/edit vendor training plan(s)
- Review/edit vendor training agenda(s)
- E Source SME participation in vendor training activities

**Task 4: Field Deployment Oversight and Quality Assurance**
The AMI project involves the installation of thousands of meters and devices, and the careful coordination of the materials, labor, and data. E Source will support deployment planning and oversight to ensure the AMI meters and communications equipment are installed efficiently and with minimal disruption to existing utility systems and business processes.

E Source will work with CPAU and the MIV to detail and document the numerous aspects of exchanging and/or retrofitting a utility’s meter population. E Source will conduct a series of discovery workshops with CPAU and MIV staff to develop the Field Deployment Plan. At a minimum, this plan will detail:

- Inventory management, warehouse logistics, and transfer of ownership
- Meter exchange and/or retrofit processes and procedures
Deployment schedule and installer targets
Customer communications
Field issue reporting and resolution
Management of Return to Utility meters (RTUs)
Field installation quality assurance and audit
Data quality assurance and audit

This planning exercise will occur during the Beta phase of the project to prepare all parties prior to the ramp-up of MIV staff and operations for the full deployment.

Once the overall deployment planning and logistics are established for the complete AMI system installation, the installation process will begin. Based on the final deployment plan approved by CPAU, E Source will monitor all subsequent work logistics and material planning and ordering to ensure a smooth roll out of the system.

E Source will conduct field inspections of a select number of meter/endpoint installations. E Source’s field quality assurance experts will shadow the installer to actively observe and visit service locations post installation to confirm the installer(s) is following procedures.

E Source will also oversee endpoint installation vendor activities including daily route management; QA, controls, and validation of all newly installed meters; tracking and assessment of all meter and module related exceptions encountered during installation; review and continuous reporting to CPAU on the progress of installations; and reporting on revisits required for appointment setting.

**TASK 4 ASSUMPTIONS**
- CPAU will designate appropriate field staff to assist and advise on issues discovered in the field by E Source field quality assurance staff.
- E Source will work with CPAU to develop an agreed-upon field inspection percentage volume
- E Source support will be reduced over the deployment period as CPAU resources gain more confidence in their operational and oversight capabilities.

**TASK 4 DELIVERABLES**
- Field Deployment Plan
- Field Installation Quality Assurance Status Reports
- Lead weekly production status meetings
EXHIBIT “B”
SCHEDULE OF PERFORMANCE – Phase 3

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. For clarity, milestones are shown below both by Task number and by expected completion date.

<table>
<thead>
<tr>
<th>Milestones by Task</th>
<th>Start</th>
<th>End</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task 1.1: Project Management and Support</td>
<td>October, 2021</td>
<td>December, 2025</td>
</tr>
<tr>
<td>Task 2.1: Business Process Design</td>
<td>November, 2021</td>
<td>August, 2023</td>
</tr>
<tr>
<td>Task 2.2: Organizational Change Management</td>
<td>October, 2021</td>
<td>September, 2023</td>
</tr>
<tr>
<td>Task 3.1 &amp; 3.2: Solutions Architecture/Systems Engineering</td>
<td>January, 2022</td>
<td>September, 2023</td>
</tr>
<tr>
<td>Task 3.3: Testing Support</td>
<td>March, 2022</td>
<td>September, 2023</td>
</tr>
<tr>
<td>Task 3.4: Training Support</td>
<td>August, 2022</td>
<td>September, 2023</td>
</tr>
<tr>
<td>Task 4.1: Installation Oversight and Quality Assurance</td>
<td>June, 2023</td>
<td>March, 2025</td>
</tr>
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</table>
EXHIBIT “C”
COMPENSATION – Phase 3

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.

CITY’s Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below, provided that the total compensation for the Services, including any specified reimbursable expenses, and the total compensation for Additional Services (if any, per Section 4 of the Agreement) do not exceed the amounts set forth in Section 4 of this Agreement.

CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

**BUDGET SCHEDULE**

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Not to Exceed Amount</th>
</tr>
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<tbody>
<tr>
<td>A. Task 1.1: Project Management and Support</td>
<td>$569,840</td>
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<tr>
<td>B. Task 2.1: Business Process Design</td>
<td>$82,400</td>
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<td>C. Task 2.2: Organizational Change Management</td>
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<tr>
<td>D. Task 3.1 &amp; 3.2: Solutions Architecture / Systems Engineering</td>
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<td>E. Task 3.3: Testing Support</td>
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<td>F. Task 3.4: Training Support</td>
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<tr>
<td>G. Task 4.1: Installation Oversight and Quality Assurance</td>
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Sub-total Basic Services | $1,137,780
Reimbursable Expenses | $31,500

**Total Basic Services and Reimbursable Expenses** | $1,169,280

Additional Services (Not to Exceed) | $170,667

Maximum Total Compensation | $1,339,947
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: Travel

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

All requests for payment of expenses shall be accompanied by appropriate backup information. All expenses 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 Project Manager and CONSULTANT prior to commencement of the services. Payment for additional services is subject to all requirements and restrictions in this Agreement.
EXHIBIT “C-1”
HOURLY RATE SCHEDULE – Phase 3

Work for additional tasks not within the scope of services provided by this document shall be billed at an hourly basis (and invoiced on a monthly basis), per resource, per the following rate table.

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<td>Consultant</td>
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Resolution No. XXXXX

Resolution of the Council of the City of Palo Alto Authorizing the
Commitment of Electric Special Project (ESP) Reserve funds for
Advanced Meter Infrastructure Implementation-Related Expenditures
via a Transfer of up to $8.4 million from the Electric Special Project (ESP)
Reserve to the Smart Grid Technology Installation Project (EL-11014),
and the Loan of up to $10.5 Million from the ESP Reserve to the Smart
Grid Technology Installation Project (EL-11014)

A. In 2011 (Resolution 9206) Council established the Electric Special Projects (ESP) Reserve to
fund projects that benefit electric ratepayers. The fund reserve was established in 1983 to
defray costs associated with the Calaveras Hydroelectric Project, with contributions from a
ratepayer surcharge assessed between 1997 and 1999 to cover the potential for electric
assets exceeding their value under deregulation.

B. In 2015 (Resolution 9510), Council modified the guidelines for managing the ESP Reserve as
follows:
   1. The purpose of the ESP Reserve is to fund projects that benefit electric ratepayers;
   2. ESP Reserve funds are to be used for projects of significant impact;
   3. Projects proposed for funding must demonstrate a need and/or value to electric
      ratepayers. The projects must have verifiable value and not be speculative, or risky in
      nature;
   4. Projects proposed for funding must be substantial in size, requiring funding of at least
      $1 million;
   5. Set a goal to commit funds by end of FY 2017; and
   6. Any uncommitted funds remaining at the end of FY 2022 will be transferred to the
      Electric Supply Operation Reserve and the ESP Reserve will be closed.

C. Staff anticipates seeking Council approval to modify and update the ESP Reserve guidelines in
2022 and approval to extend the life of the ESP Reserve through 2030.

D. As of June 30, 2021, the ESP Reserve balance is approximately $46.7 million, not including the
interfund transfer and loan requested via this Resolution.

E. There are sufficient ESP Reserve funds available to fund the Advanced Metering
Infrastructure (AMI) project (the Project)’s electric-related expenditures for the benefit of
electric ratepayers, and to loan funds to the Project to cover the water- and gas-related
expenditures which also will benefit water and natural gas ratepayers.

F. At the July 7, 2021 Utility Advisory Commission (UAC) meeting, UAC voted 5-1 (with
Commissioner Metz voting against and Vice Chair Segal absent) to recommend using funds
from the ESP Reserve fund the AMI Project, through a commitment of ESP Reserve funds to cover the electric-related AMI expenses, and a loan of ESP Reserve funds to cover the water- and gas-related AMI expenditures.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. Transfer up to $18.9 million from the Electric Special Projects Reserve to the Smart Grid Technology Installation Project (EL-11014) for Advanced Meter Infrastructure implementation-related expenditures, as follows:

1. Transfer up to $8.4 million from the Electric Special Project (ESP) Reserve to the Smart Grid Technology Installation Project (EL-11014) for Electric AMI and smart grid-related expenditures;
2. Transfer up to $6.5 million from the ESP Reserve to the Smart Grid Technology Installation Project (EL-11014) for Water AMI and smart grid-related expenditures, structured as an inter-fund loan with a repayment term of 5 years with appropriate interest, with repayment to begin upon completion of the Project; and
3. Transfer up to $4.0 million from the ESP Reserve to the Smart Grid Technology Installation Project (EL-11014) for Gas AMI and smart grid-related expenditures as an inter-fund loan with a repayment term of 5 years with appropriate interest, with repayment to begin upon completion of the Project.
4. Individual fiscal year transfer amounts up to the totals listed in subsections 1-3 above will be determined based on annual CIP budgets, and are currently estimated to be $7 million in FY 2022, $7 million in FY 2023, and $4.9 million in FY 2024.

SECTION 2. The Council finds that the fund transfers described in Section 1 above meet Council’s guidelines for managing the Electric Special Project Reserve, described in Recital B above. Council approves the commitment of ESP funds to support the electric AMI Project expenses, and the loan of ESP funds to support the water and gas AMI Project expenses.
SECTION 3.  The Council finds that the adoption of this resolution to transfer and loan funds from the ESP to fund the Smart Grid Technology Installation Project (EL-11014) for Advanced Metering Infrastructure (AMI) and smart grid-related expenditures is categorically exempt under California Environmental Quality Act (CEQA) Guidelines section 15301(b) as a Project involving minor alteration of existing public utilities facilities and equipment, with negligible or no expansion of existing or former use; therefore, CEQA review is not required.

INTRODUCED AND PASSED: October XX, 2021

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:  APPROVED:

______________________________  ________________________________
City Clerk  Mayor

______________________________  ________________________________
Deputy City Attorney  City Manager

______________________________
Director of Utilities
Title: Consideration of Policy and Services Committee Recommendations to Council on the Updates to Title 8 of Municipal Code (Tree Protection), Expanding the Role of the Parks & Recreation Commission, and Elevating the Position of Urban Forester.

From: City Manager

Lead Department: Public Works

Recommendation
Policy and Services Committee recommends that City Council:

1. Accept the redline changes to the Tree Ordinance including the “errata” presented by the resident “ad-hoc” group (Jeff Greenfield, Winter Dellenbach, Karen Holman, and Doria Summa);

2. Direct Staff to update redline section 8.10.055 (previously 8.10.050(e) 'Tree Replacement') to include a 36 month building moratorium consistent with the staff report recommendation to, "Consider adding additional restrictions for initiating planning or development review after an approved protected tree removal in the absence of (proposed) development";

3. Accept the recommended Ordinance changes in the staff report to sections 8.04.050(a)(1), 8.10.010, and 8.10.040(b);

4. Direct Staff to make associated changes required in other code sections chapters to provide clarity and eliminate conflicting or circuitous language, such as:

   a. Delete language in 18.78.010(a) referring to 8.10.140;

5. Evaluate and consider the reallocation within the budget for the position of Urban Forester to Assistant Director level in the Public Works Department;

6. Discuss and direct Staff on the role of the Parks and Recreation Commission (PRC) serving as a community forum for urban forestry issues, and advising City Council on matters related to the Urban Forest Master Plan (UFMP) and other appropriate activities of the Urban Forestry (UF) section;

7. Policy and Services recommends that Staff forward our recommendations to the Council for consideration in September; and
8. Direct Staff to explore possible tree planting incentives and programs for the public, as well as providing information accessible to the public regarding the nature of tree species, growth, and other parameters.

Staff has provided an alternative recommendation in the report’s Executive Summary.

Executive Summary

Title 8 of Palo Alto Municipal Code (PAMC) contains regulations governing street trees, shrubs and plants (Chapter 8.04), weed abatement (Chapter 8.08), and tree preservation and management (Chapter 8.10).

Proposed code updates include changes prompted by State law, specifically Executive Order B-29-15, also known as the Model Water Efficient Landscape Ordinance. Additional updates focus on implementation of Council-approved policies contained in the 2030 Comprehensive Plan (Natural Environment Chapter), and the Urban Forest Master Plan. Other proposed changes range from significant policy questions, like expanding the types of protected trees and clarifying allowances for tree removal, to more clerical updates, like updating authorized officers and accounting for recent changes in other development-related codes (e.g. for Accessory Dwelling Units (ADUs)). The Policy and Services Committee discussed the proposed changes on August 10, 2021. Staff’s recommendation in the staff report was as follows:

1. Review and provide initial input to staff on the draft updated Tree Protection Ordinance (Attachment A of this packet) to include potential updates to Title 8 of Palo Alto Municipal Code related to trees and vegetation, and potential updates to policies within the Tree Technical Manual; and

2. Recommend that City Council direct staff to conduct additional interdepartmental coordination and community engagement, make appropriate revisions to the draft Ordinance, and return to Policy and Services Committee.

As described in the Policy and Services Committee staff report, the second recommendation was made to allow additional consideration of proposed changes, including analysis of staffing and budgetary impacts of the changes, and community engagement that was not included in the initial development of the proposed changes.

At the Policy and Services Committee meeting, the Committee voted 2-1 (Tanaka no) to recommend that Council adopt the proposed ordinance changes, including additional recommendations that were submitted to the Committee by a resident ad hoc group (hereinafter referred to as the resident group), and potential additional changes referenced in the staff report. The motion also included recommendations to change the placement of the Urban Forester position within the Public Works Department organizational structure, designate the Parks and Recreation Commission as a community forum for urban forestry issues, and explore tree planting programs and incentives. The motion did not include the community engagement and analysis of impacts of proposed changes recommended by staff.
**Alternative Recommendation**

Staff continues to believe that additional analysis and engagement are needed before proceeding with Council adoption of ordinance changes. Without guidance from Council, staff has not yet invested the time and resources to evaluate the additional proposed changes and their impacts but has instead brought this item to Council for discussion and action timely per the Policy and Services Committee’s recommendation.

Staff recommends that Council direct staff to:

1. Use Policy and Services Committee recommendations 1-4 to develop an updated draft ordinance;
2. Analyze the workload, staffing, and budgetary impacts of the draft ordinance;
3. Conduct community engagement regarding the draft ordinance changes;
4. Following the analysis and community engagement, make appropriate revisions to the draft ordinance and return to City Council; and
5. Explore Policy and Services Committee recommendations 5, 6, and 8 and return to Council as needed to discuss and potentially implement the recommended programs.

**Background**

In 2015, the City adopted the Urban Forest Master Plan (UFMP). This plan contains many goals and policies that work to sustain and enhance Palo Alto’s Urban Forest. Many of the policies and goals listed in the UFMP are also tied to sustainability efforts contained in the 2030 Comprehensive plan and the Sustainability/Climate Action plan. The current Title 8 of PAMC pre-dates these documents by many years. UFMP policy 6.C directs staff to review the City’s Tree Protection Ordinance to ensure that it is aligned with the goals of the UFMP.

No net loss of canopy is one of the most important policy statements of the Urban Forest Master Plan that is also echoed in the Comprehensive Plan and the Sustainability and Climate Action Plan. When trees are approved for removal during development, the policy may require replacements with desirable attributes such as native species, or large canopy at maturity as well as site appropriate soil volume, and water use so that canopy replacement will occur within fifteen years. Policies for tree protection contributed to a net gain in overall tree canopy cover in Palo Alto from 32.8 percent in 1982 to 37.6 percent in 2010.

A study session (CMR 9478) was conducted at the Planning and Transportation Commission (PTC) meeting on September 12, 2018 to solicit feedback. The changes proposed in the report included an expansion of protected trees to include all Palo Alto locally native tree species with a trunk diameter size greater than 11.5 inches and all other tree species with trunk diameter size greater than 36 inches. Currently, Redwoods with 18 inches in diameter or larger and Oaks (Valley Oak and Coast Live Oak) with trunks of 11.5 inches in diameter or larger are protected under PAMC.
Discussion

Proposed Updates
The following is a summary of the content-related updates that were presented to the Policy and Services Committee on August 10, 2021. Proposed changes to formatting or “Clean-Up” type changes are present in the proposed draft but are generally not discussed here.

Chapter 8.04.020 Permit required for certain work
Authorized officers have changed since Title 8 chapters were last amended or adopted. New officers have been created, notably the position of Urban Forester who is primarily responsible for the administration of Title 8. Staff recommends further edits in this section to include removal of the phrase “project managers in the urban forestry section” and the addition of “Urban Forester or their designee”.

Chapter 8.08 WEED ABATEMENT
Fire prevention is one impetus for the weed abatement requirements defined in Chapter 8.08. More intense fires have prompted new regulations for vegetation management from the State of California. Hence, expanded authority is recommended for Palo Alto’s authorized officers. Weed abatement and management regulations are also designed to combat the introduction and spread of invasive plants which may increase fire intensity or detract from native habitat. Proposed changes in this section allow for more authority by the Fire Marshal and Urban Forester to address weed abatement.

Specific proposed changes to section 8.08.010 (Weeds as public nuisance) include:
- Addition of parkland to the list of public places
- Expansion to the definition of “weeds” to include:
  - “(3) Plants, shrubs, and trees determined by the Fire Marshal to constitute a fire menace due to their species, proximity to ignition sources, and high potential to endanger nearby buildings;”
  - “(5) Exotic and invasive plants having high potential to invade adjacent properties and high ecological impacts in the region as defined by the California Invasive Plant Council;”

Additional proposed revisions in Chapter 8.08 specify the positions of “Fire Marshal” and “Urban Forester” as authorized officers for purposes of enforcement.

Chapter 8.10 TREE PRESERVATION AND MANAGEMENT REGULATIONS
Proposed changes to this chapter include a significant expansion of the types of protected trees covered by this ordinance, changes related to ongoing sustainability efforts, and changes concerning vegetation during development.

8.10.030 Tree Technical Manual: The California Model Water Efficient Landscape Ordinance (MWELO) prompted the creation of a Tree and Landscape Technical Manual to replace the existing Tree Technical Manual. This new policy document will function in a similar fashion with the addition of landscape technical requirements so that newly installed landscape meets
sustainability, water conservation, and other goals. The purposes of the manual are to provide developers clear guidelines about required submissions to obtain permits, describe design and construction principles that meet City policies, and reference best practices. The new Tree and Landscape Technical Manual will be finalized once the substantive changes to Title 8 are agreed upon.

8.10.020 Definitions: The current draft expands the list of protected trees from the existing three native protected species (Valley Oak, Coast Live Oak & Coast Redwood) to all species considered native to Palo Alto as listed in the Urban Forest Master Plan. In addition, all trees over 36” in diameter at breast/standard height (DBH) would be protected, excluding invasive species as defined by the California Invasive Plant Council (Cal-IPC), and high water users as defined by the Department of Water Resources (DWR) Water Use Classification of Landscape Species (WULCOS) list.

Expanding the types of protected trees as defined in Section 8.10.020 would assist the City in achieving goals and benchmarks contained in the Sustainability/Climate Action Plan (Natural Environment Element), 2030 Comprehensive Plan (Natural Environment Chapter), and the Urban Forest Master Plan.

Expansion of protected trees would also increase the staff resources needed to review and inspect various types of planning applications and development permits. Enforcement may become more complex or time consuming with the addition of species and individual trees that are protected. This broad change has the potential to restrict or complicate development throughout the City, and to stop property owners from removing existing trees if they want to make a change in the use of their property, once those trees become protected under an updated ordinance. Current protected status Oaks and Redwoods often prompt adjustments such as a shift in the building footprint, low impact construction techniques, or compatible landscape. Additional protected tree requirements will increase the complexity of achieving full utilization of a property. Overall, because the ordinance does allow some removal of trees in connection with development, the most significant influence is likely to be on landscape and features outside the primary building footprint, particularly with features that interact with adjoining properties.

8.10.040 Disclosure of information regarding existing trees: Proposed changes clarify what trees must be disclosed when seeking development approval. With regards to non-protected tree disclosure the draft includes the phrase “within thirty feet”. Staff recommends clarifying that statement by changing the language to “within thirty feet of proposed building footprint”. This clarification is included in the attached draft ordinance.

8.10.050 Prohibited acts.: The proposed changes in this section are intended to clarify under what circumstances a protected tree may be removed and what mitigation measures (if any) will apply to each situation type. Although changes to 8.10.050(b) are intended to be non-substantive, they reflect staff’s understanding of the current ordinance as it relates to
protected trees within the "buildable area" of a single-family lot. This was the topic of some discussion in recent hearings regarding Castilleja school. One potential modification could be to change the reference to "development on a single-family lot" to "development of a single-family use."

Items Requiring Further Study:
Staff recommends additional analysis, outreach and/or discussion on the following portions of the ordinance.

- **8.10.020 Definitions:** Updates to protected trees. Staff would like to see additional discussion focused on this item.
  - The current draft refers to a list of Palo Alto locally native species included in the UFMP. Consider listing specific species in the ordinance for clarity.
  - Exemptions based on external lists (Cal-IPC and WULCOS) are used. Should exempted species also be specifically listed in the ordinance, or is listing in the Tree and Landscape Technical Manual adequate?
  - Other neighboring municipalities have updated their tree ordinances since this code was last adopted/amended. Several of these ordinances also have lower size thresholds for tree protection based on DBH, but allow removal of “protected” trees. Consider lowering the size trigger for tree protection from the current 36” DBH contained in the draft.
    - Menlo Park’s ordinance protects (removal or major pruning require a permit, replacement required) oaks over 10” DBH and all other tree species over 15” DBH.
    - The ordinances of Redwood City and Sunnyvale protect (removal requires a permit, replacement required) any trees over 12” DBH.
    - East Palo Alto’s ordinance protects (removal requires a permit, replacement required) all trees over 24” BDH.
  - As noted elsewhere in the report, expanding the definition of protected trees may restrict or complicate development projects, and the impact on staff time for review of development applications requires assessment.
  - The statement “Any tree designated for carbon sequestration and storage and/or environmental mitigation purposes as identified in an agreement between the property owner and a responsible government agency or recorded as a deed restriction;” was to be added to the definition of “Protected” trees. After additional internal review, staff believes this may not be needed if trees designated for a carbon credit program are already protected by the program terms of agreement or deed restriction, and that designating such a tree as protected may introduce confusion due to provisions that allow removal of protected trees under some circumstances. Staff recommends further review on this topic.

- **8.04.020 to 8.04.040 Public Tree Permits:** These sections cover situations where residents may request permission to perform private tree work on public trees. Current
language is not very clear on the process. Consider revising these sections for increased clarity in ordinance.

- **8.04.050 Public nuisances**: Vegetation management requirements are likely to become more stringent for utility line clearance, thus expanding the application of public nuisance declaration as defined in Chapter 8.04. Review and confirm that the current section language is adequate to address this potential need.

- **8.10.140 Appeals**: Updates to the appeals process are not included in the draft Ordinance. Appeal options are available for neighbors of entitlement applications such as Individual Review for a new two-story home, however these appeal rights do not extend to most other application types. For example, an application to remove a protected tree, apart from development, may only be appealed by the property owner who is denied a permit (Title 8.10.140). Some residents have suggested that the Ordinance should allow a resident to appeal when a permit is issued for removal of a protected tree that is not part of a development project.

- **8.10.050 Prohibited acts**:
  - Consider adding additional restrictions for initiating planning or development review after an approved protected tree removal in the absence of development.
  - Revise proposed (e)(2) language to strive for no net loss of canopy in all situations in which a protected tree is removed. Consider creating three different levels of re-planting requirements based on category of removal. For example;
    - If a protected tree is approved for removal as part of a planning review or building permit, the removed tree must be replaced per the Tree and Landscape Technical Manual (see (e)(1) in draft).
    - If a protected tree is approved for removal in the absence of development due to crowding of an adjacent protected tree or impact to the foundation/eves of a primary residence, the removed tree must be replaced per the Tree and Landscape Technical Manual.
    - If a protected tree is removed in the absence of development because it is dead, hazardous or constitutes a nuisance under section 8.04.050(2) it should be replaced by a native or climate adapted species of similar canopy stature.

**Ordinance Changes Proposed by Resident Group:**
The following is a summary of the changes proposed by the resident group (see Attachment B for the proposal and errata):

The proposed ordinance submitted by the resident group included many changes across all chapters. These changes can be grouped into three broad categories.

- Technical writing and style changes for consistency and clarity between chapters across the ordinance.
- Changes that address issues raised by Staff referenced earlier in this report.
- Additional changes to increase protection of Palo Alto’s urban forest.
Technical writing and style changes summary: The proposed changes in this category help tie the chapters of this ordinance together into a more cohesive document. The most notable changes are:

- Streamlining definitions to avoid repeating definitions in subsequent chapters.
- Addition of purpose statements to all chapters.
- Updates to numbering, text style and indents for consistency.

Changes that address issues raised by Staff: Below is a summary of resident group changes that address specific issues raised by staff:

- 8.10.040 – Tree disclosure requirements changed to read “...within thirty feet of the building footprint...”
- 8.04.020 to 8.04.040 Public Tree Permits – resident group proposal further clarifies the process and separates “Enforcement and penalties for violation” out from 8.04.020 into 8.04.045. Section 8.04.020 would then focus solely on Permit details.
- 8.04.050 Public nuisances – Changes of the term “Street tree” to “public tree” and addition of “shrub, hedge, or plant” to the list of vegetation.
- 8.10.140 Appeals – The resident group proposal applies the appeal process already present in 18.77 of municipal code to the removal of protected trees with the following additions:
  - Notification of removal in writing to residents within 600 feet is required.
  - Notification of principal urban forestry partner organizations required
  - Notification of decision on tree removal application required to be sent to residents within 600 ft.
  - Residents within 600 feet may appeal removal approval.
- 8.10.050 Prohibited acts – The resident group proposal separates out “Tree Replacement” as 8.10.055 and allows for discretion regarding required mitigation measures with the removal of dead, hazardous, or nuisance (8.04.050) protected tree.

Changes that increase protection of Palo Alto’s Urban Forest: While most of the proposed changes are intended to increase tree protection, the following is a summary of proposed resident group changes not referenced by staff in the report to Policy and Services:

- 8.10 – Addition of a “designated arborist” system. Under this system the City would maintain a list of selected certified arborists that would be hired by the City at a development applicant’s expense. These arborists would likely be selected through an RFP process (or similar) and would conduct all tree reports associated with development applications.
- 8.10.020 – Addition of root area to the definition of “Excessive pruning”.
- 8.10.020 – Protected tree changes. Instead of protecting the entire list of 22 locally native trees as listed in the Urban Forest Master Plan, the resident group submission proposes only six drought tolerant native species to be protected at 11.5 inches DBH or greater. In addition to the proposed changes in protected species, the resident group submission lowers the protected size threshold for all other species from the staff
proposed 36 inches DBH to 18 inches DBH.

- 8.10.20 – Addition of tree death or permanent damage due to underwatering to the definition of “removal”.
- 8.10.50 – Change title from “Prohibited acts” to “Removal of protected trees”. In addition, the following change is proposed for 8.10.050 b,2 & d – Addition of the phrase “...and there is no financially feasible and reasonable design alternative that would permit the preservation of the tree...”
- 8.10.070 – Care of protected trees. Added language detailing specific actions that may lead to death or permanent damage of a protected tree.

Other Items Proposed by Resident Group

In addition to the proposed ordinance changes detailed above, the resident group also suggested additional non-ordinance changes related to urban forestry in Palo Alto.

Designation of the Parks & Recreation Commission (PRC) as a forum for public outreach for staff on Urban Forestry related items.

At the PRC meeting in October 2019, the concept of using the PRC as a forum for public outreach on Urban Forestry issues was discussed. As a result, the commission designated a PRC ad-hoc committee to look at this suggestion further. The PRC ad-hoc committee included Vice Chair Jeff Greenfield and Commissioner Keith Reckdahl. After several meetings with City staff, a draft outline regarding potential details of this UF/PRC relationship was created by the PRC ad-hoc committee. Included in the attachments to this staff report is the most recent draft of this document (ATTACHMENT C).

Based on both the draft document and discussion during the October 2019 PRC meeting, the Urban Forester or their designee would provide a quarterly update to the PRC and communicate monthly with the ad-hoc committee or liaison. One of these updates would be an annual update on the state of the urban forest. Urban Forestry issues could be brought to PRC outside of the quarterly reporting schedule if necessary.

This partnership between Urban Forestry and the PRC would have a potential impact on urban forestry section staff resources. Staff time would be needed to prepare the annual report and to present the report at the PRC meeting. Preparation of quarterly reports would vary in staff time required depending on whether there were items to present to the PRC or not during a particular quarter. Staff anticipates that the total time required for participation in quarterly updates, annual reporting, and discussion of UF items could vary greatly from year to year. Initial estimates of staff time required are between 50 and 110 hours per year.

Staff recommends that the stakeholder engagement and analysis next steps include reviewing the current draft description of the UF/PRC relationship with the PRC.

Stakeholder Engagement

Significant stakeholder engagement was associated with individuals and groups who were involved in the development of the Urban Forest Master Plan and/or Tree and Landscape
Technical Manual. A presentation was provided to the Planning and Transportation Commission on September 12, 2018. Staff recommends additional outreach to receive input from other stakeholders such as architects, homeowners, and the real estate community. Reviews by the Architectural Review Board and the Parks and Recreation Commission are also recommended.

Since this item was included in the agenda for the August Policy & Services Committee meeting staff has received input from several residents regarding individual circumstances under which the Title 8 tree protections were believed to be overly protective. Two situations described to staff included existing damage to residences by trees where the removal of the trees is not allowed under the current ordinance. In both examples, the proposed changes to Title 8 would successfully address this issue, allowing removal of protected trees when they are found to be “impacting the foundation or eaves of a primary residence”.

**Timeline**

Staff proposes the following steps for completing revisions to Title 8 and the Tree and Landscape Technical Manual:

- October-November 2021: Development of updated draft ordinance incorporating Council direction.
- November-February 2021: Analyze workload and budgetary impacts of protected tree species expansion and other changes; Conduct additional outreach, Architectural Review Board, and Parks and Recreation Commission study sessions.
- April 2022: Council approval of updated Title 8 and City Manager approval of Tree and Landscape Technical Manual; Council discussion and potential action on Policy and Services recommendations 5, 6, and 8.

**Resource Impact**

No budget amendments are required at this time. However, budget alignments may be needed in order to implement changes recommended for consideration by this report. As the Council works through this timeline and updates to Title 8, resource impacts will be included in future analysis for consideration.

Possible resource impacts may include:

- Additional staff resources;
  - Increased workload for Urban Forestry development review staff, potentially in both number of reviews required and increased level of scrutiny for reviews due to increased number of protected trees.
  - Additional staff resources needed for field inspection and enforcement of additional requirements for planning applications or permits for development projects.
  - Additional staff resources needed to implement proposed notification requirements for protected tree removal permits.
  - Costs associated with possible elevation of Urban Forester position to Assistant Director level.
• Additional staff resources associated with increased administrative responsibilities and a potential increase in protected tree removal permit applications.
• Additional resources may be needed to evaluate and possibly adjust current fee structure for Urban Forestry related development review tasks.
• Additional multi-departmental resources needed to research and implement the proposed “Designated Arborist” system for development related tree reports.
• Other costs may include:
  o Inventory management costs associated with an increased number of designated private trees.
  o Cost to analyze private tree data from previous development projects.

Predicting the extent of impact on staff that an expansion of protected trees will have is difficult as no tree inventory of private properties currently exists. If the street tree population is used as a representative sample, all Palo Alto locally native species combined constitute 10.04 percent of total trees. Those currently regulated are 4.48 percent Coast Live Oak, 2.32 percent Redwood, and 1.32 percent Valley Oak. Therefore, regulating all other native species adds 1.92 percent more trees, which is a 24 percent increase in the number of protected trees by species. Tree species other than Palo Alto locally native species with a diameter equal to or larger than thirty-six inches account for 2.01 percent of the street tree population. In total, the proposed increase in protected trees (by both species and size) is estimated (based on the street tree population) to add 4 percent more protected trees which is a 40 percent increase over current numbers.

Staff recommends analyzing tree data from past planning and development applications to gain better insight into the impact on staff time an increase in protected trees will have. Using the street tree population as a representative sample is helpful to illustrate potential impacts, but an accurate sample of private trees would be more useful.

Current staffing levels for the Urban Forestry Section include a total of 10 field staff positions and 4 office staff positions. Of those 14 positions, 3 are currently vacant (21.4%). These include 1 urban forester, 1 tree trimmer/line clearer, and 1 tree maintenance specialist.
The 10 FTE positions that make up the urban forestry field staff include 1 Tree Lead, 7 Tree Trimmer/Line Clearers, and 2 Tree Maintenance Specialists. Potential changes to Title 8 would primarily impact the 4 office staff positions in urban forestry. These include 2 Project Managers, 1 Landscape Architect and 1 Urban Forester.

Based on the current workload of UF office staff positions, staff estimated what percentage of time was currently devoted to each of four main work classifications. These classifications are Supervision/Management, Contract Administration, Development Review/Inspections and Policy Planning/Program Implementation. The equivalent of 2 FTEs are addressing the current workload related to areas impacted by Title 8 revisions, Development Review/Inspections and Policy Planning/Program Implementation. Even with existing regulations and staffing levels, the Urban Forestry Section often struggles to meet development permit plan review targets established by the Planning and Development Services Department, sometimes impacting progress of priority projects such as building electrification and Accessory Dwelling Units. If Title 8 revisions result in increased staff time for development review or add new additional staff duties, current staffing levels will be insufficient to address these needs.
Policy Implications
Title 8 ordinance changes will assist with meeting the following goals and objectives from these related policy documents.

Sustainability/Climate Action Plan (Natural Environment Element)

- GOALS
  - Restore and enhance resilience and biodiversity of our natural environment
  - Increase tree canopy to 40% city-wide coverage by 2030
- KEY ACTIONS
  - 1. Explore programs and policies that use Palo Alto’s public and private natural capital (e.g., canopy, soils, watersheds) to provide carbon sequestration and other environmental benefits
  - 2. Evaluate and modify plant palette selection in project plans to maximize biodiversity and soil health to adapt to the changing climate, and incorporate buffers for existing natural ecosystems
  - 3. Coordinate implementation of the Urban Forest Master Plan, Parks Master Plan, and other city-wide functions through interdepartmental collaboration of the City’s internal Sustainability Leadership Team
  - 4. Expand the requirements of the Water Efficient Landscape Ordinance (WELO) to increase native and drought-tolerant species composition.
  - 6. Ensure No Net Tree Canopy Loss for all projects

2030 Comprehensive Plan (Natural Environment Chapter)

- Policy N-1.2 Maintain a network of parks and urban forest from the urban center to the
foothills and Baylands that provide ecological benefits and access to nature for all residents.

- **Policy N-1.3** Program N1.3.2 Provide information and support programs that encourage residents to enhance their private yards with native plant species and low impact landscaping.
  - Program N1.3.2 Provide information and support programs that encourage residents to enhance their private yards with native plant species and low impact landscaping.

- **Policy N-2.2** Use the UFMP, as periodically amended, to guide City decisions related to all elements of Palo Alto’s urban forest, from its understory habitat to canopy cover.
  - Program N2.2.1 Periodically update the UFMP and Tree Protection Ordinance to ensure policies and regulations set leading standards for tree health practices.

- **Policy N-2.3** Enhance the ecological resilience of the urban forest by increasing and diversifying native species in the public right-of-way, protecting the health of soils and understory vegetation, encouraging property owners to do the same and discouraging the planting of invasive species.

- **Policy N-2.6** Improve the overall distribution of citywide canopy cover, so that neighborhoods in all areas of Palo Alto enjoy the benefits of a healthy urban canopy.

- **Policy N-2.9** Minimize removal of, and damage to, trees due to construction-related activities such as trenching, excavation, soil compacting and release of toxins.
  - Program N2.9.1 Increase awareness, severity and enforcement of penalties for tree damage.

- **Policy N-2.10** Preserve and protect Regulated Trees, such as native oaks and other significant trees, on public and private property, including landscape trees approved as part of a development review process and consider strategies for expanding tree protection in Palo Alto.
  - Program N2.10.1 Continue to require replacement of trees, including street trees lost to new development.
  - Program N2.10.2 As part of the update of the Tree and Landscape Technical Manual, consider expanding tree protections to include additional mature trees and provide criteria for making site-specific determinations of trees that should be protected.
  - Program N2.10.3 Consider revisions to the permit process to increase transparency regarding tree removals and expanded opportunities for community members to appeal the removal of trees.

**Urban Forest Master Plan**

- **Policy 1.A.** Strive for:
  - A greater percentage of native, drought-tolerant, and fruit tree species.
  - No loss of benefits—as defined in iTree eco analysis (or other peer-reviewed benefits-estimation model.)
  - Increased habitat, health, and social benefits.

- **Policy 2.A.** Conserve and grow native and introduced climate adaptive tree population to regenerate and recover native woodland ecosystem on a landscape scale.

- **Policy 6.C.** Strive for no net loss /increase in canopy cover.
  - Program 6.C.i. Continue to enforce the City’s Tree Protection Ordinance but also...
review it to ensure that it reflects state water efficiency standards as well as this master plan’s goals for regeneration of native woodland landscape.

- Policy 6.H. Minimize the negative effect on the urban forest from development and infrastructure maintenance

**Environmental Review**

The proposed code amendments have been assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. Specifically, the proposed amendments have been determined to be exempt from further environmental review pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. In the event Section 15061(b)(3) is found not to apply, the ordinance is also exempt under Section 15308 because it involves regulatory action for the protection of the environment.

**Attachments:**

- **Attachment13.a:** ATTACHMENT A - Ordinance Repealing and Restarting Ch 8.04, 8.08, and Repealing Ch 8.10 (Tree Preservation and Management Regulations) Restating as Ch 8.10 (Landscape and Tree Management Regulations)
- **Attachment13.b:** ATTACHMENT B - Community Ad-Hoc Proposed Title 8 Changes and Other Recommendations
- **Attachment13.c:** ATTACHMENT C - Draft PRC - UF relationship_10.4.21
Ordinance No.____

Ordinance of the Council of the City of Palo Alto Repealing and Restating Chapter 8.04 (Street Trees, Shrubs, and Plants); Repealing and Restating Chapter 8.08 (Weed Abatement); and Repealing Chapter 8.10 (Tree Preservation and Management Regulations) and Restating it as Chapter 8.10 (Landscape and Tree Management Regulations) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code.

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

SECTION 2. Chapter 8.04 (Street Trees, Shrubs, and Plants) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code is hereby amended by repealing in its entirety Chapter 8.04 and adopting a new Chapter 8.04 to read as follows:

Chapter 8.04
Street Trees, Shrubs, and Plants

Sections:

8.04.010 Definitions.
8.04.015 Authority of city.
8.04.030 Application for permit.
8.04.040 Issuance of permit.
8.04.050 Public nuisances.
8.04.060 Abatement of public nuisances.
8.04.070 Damage to public trees.
8.04.080 Interference with enforcement.
8.04.090 Adoption of regulations.

8.04.10 Definitions.

(a) For the purposes of this chapter the following words shall have the meaning ascribed to them in this section:
(1) "Person" means individuals, firms, associations and corporations, and agents, employees or representatives thereof.
(2) "City" means the city of Palo Alto acting by and through its authorized representatives.
(3) "Street" means and includes all land lying between the boundaries of property abutting on all public streets, boulevards, alleys and walks.
(4) "Parks" means and includes all parks to which names have been given by action of the city council.
(5) "Public places" means and includes all grounds, other than streets or parks, owned by or leased to and under the control of the city of Palo Alto.

(6) "Street tree" means and includes any woody perennial plant having a single main axis or stem commonly achieving ten feet in height and capable of being shaped and pruned to develop a branch-free trunk at least nine feet in height.

(7) "Shrub" means and includes any woody perennial plant, normally low, several-stemmed, and capable of being shaped and pruned without injury, within the area planted.

(8) "Hedge" means and includes any plant material, shrub or plant, when planted in a dense, continuous line or area, as to form a thicket or barrier.

(9) "Plant" means and includes all other plant material, non-woody, annual, or perennial in nature, not necessarily hardy.

(10) "Street trees, shrubs, or plants" means and includes any tree, shrub, or plant in any street, park or public place in the city of Palo Alto.

8.04.015 Authority of city.

The City of Palo Alto shall have control of all street trees, shrubs and plants now or hereafter in any street, park or public place within the City limits, and shall have the power to plant, care for, and maintain such trees, shrubs and plants.

8.04.20 Violations- Penalty- Enforcement.

(a) Unless authorized by permit, no person shall:

(1) Plant, remove, top, or in any way damage, destroy, injure or mutilate a street tree.

(2) Fasten any sign, wire, or injurious material to any street tree.

(3) Excavate any ditch or tunnel; or place concrete or other pavement within a distance of ten feet of the center of the trunk of any street tree.

(b) Violation of this section is a misdemeanor, punishable as provided in this code. Each day of violation constitutes a separate offense and may be separately punished.

(c) Persons employed in the following designated employee positions are authorized to exercise the authority provided in Penal Code Section 836.5 and are authorized to issue citations for violations of this chapter: deputy assistant director of public works, operations, public services division, managing urban forester or designee, arborist, planning arborist, project managers in the urban forestry section, landscape architect, and code enforcement officer.

8.04.030 Application for permit.

Any person desiring to do any of the work described in Section 8.04.020 may apply for a permit so to do. The applicant shall state the nature of the work and the location where it will be done.
8.04.40 Issuance of permit.

(a) A permit shall be issued authorizing so much of the work as:
   (1) Will not create, continue or aggravate any hazardous condition, or public nuisance;
   (2) Will not prevent or interfere with the growth; location or planting of approved street trees;
   (3) Is consistent with the planting plan being followed by the city.

8.04.50 Public nuisances*.

(a) The following are, for the purposes hereof, defined to be public nuisances:
   (1) Any dead, diseased, infested, or dying tree in any street; or on any private property so near to any street tree as to constitute a danger to street trees, or streets, or portions thereof or members of the public property.
   (2) Any tree or shrub on any private property or in any street, of a type or species apt to destroy, impair or otherwise interfere with any street improvements, sidewalks, curbs, approved street trees, gutters, sewers, other public improvements, including utility mains or services.
   (3) Any tree limb, shrub, hedge, or plant reaching a height more than three feet above the curb grade adjacent thereto, except tree trunks having no limbs lower than nine feet above curb grade, within the thirty-five foot triangle of public or private property, measured from the projected curb lines, at the intersections of any street improved for vehicular traffic where either traffic signals, stop signs, or yield signs are not installed, or at any intersections which are determined by the chief transportation official to contain tree limbs, shrubs, hedges, or plants that obscure and impair the view of passing motorists, cyclists or pedestrians so as to create a safety hazard.
   (4) Vines or climbing plants growing into or over any street tree; or any public hydrant, pole or electrolier.
   (5) Existence of any tree within the city limits that is infested, infected or in danger of becoming infested or infected with objectionable insects, scale, fungus or growth injurious to trees.
   (6) The existence of any branches or foliage which interfere with visibility on, or free use of, or access to, obstruct public vehicular or pedestrian travel on any portion of any street improved for vehicular or pedestrian travel.
   (7) Hedges or dense thorny shrubs and plants on any street or part thereof.
   (8) Shrubs and plants more than two feet in height in any street, measured above top of curb grade.
8.04.060 Abatement of public nuisances

When any public nuisance as defined herein exists, a notice may be sent by ordinary United States mail to the owner or tenant involved. Such notice shall describe the condition, state the work necessary to remedy the condition, and shall specify the time within which the work must be performed. If, at the end of the time specified, such work has not been performed, the city may perform such work, and the cost thereof shall constitute a charge against such owner or tenant, and such charge shall be a lien on such property.

8.04.070 Damage to street public trees.

Damages to any street, park, or other publicly-owned tree, caused by any act or omission by any person, whenever such act or omission is prohibited by or not authorized pursuant to this chapter, shall be charged to such person or persons.

8.04.080 Interference with enforcement.

No person shall interfere with or delay the authorized representatives of the city from the execution and enforcement of this chapter, except as provided by law.

8.04.090 Adoption of regulations.

The city may adopt regulations prescribing standards of landscaping and planting of streets, parks and public places, therein. A copy of such regulations shall be available for public inspection upon request, and all work performed in streets, parks or public places shall be performed in accordance therewith.

SECTION 3. Chapter 8.08 (Weed Abatement) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code is hereby amended by repealing in its entirety Chapter 8.08 and adopting a new Chapter 8.08 to read as follows:

Chapter 8.08
Weed Abatement

Sections:

8.08.010 Weeds as public nuisance.
8.08.020 Resolution declaring nuisance.
8.08.030 Form and publication of notice.
8.08.040 Hearing - Power of council.
8.08.050 Order to abate nuisance.
8.08.060 Account and report of cost.
8.08.070 Notice of report.
8.08.080 Hearing on cost assessment.
8.08.090 Collection on tax roll.
8.08.10  Weeds as public nuisance.

(a) No owner, agent, lessee or other person occupying or having charge or control of any building, lot or premises within the city shall permit weeds to remain upon the premises, or public sidewalks, or encroach into any parkland (including any weeds encroaching over fences), or streets, or alleys between the premises and the center line of any public street or alley.

(b) The word "weeds" as used in this chapter, means all weeds growing upon streets, alleys, sidewalks, or private property in the city and includes any of the following:
   (1) Weeds which bear or may bear seeds of a downy or wingy nature;
   (2) Weeds and indigenous grasses which may attain such large growth as to become, when dry, a fire menace to adjacent improved property;
   (3) Plants, shrubs, and trees determined by the Fire Marshall to constitute a fire menace due to their species, proximity to ignition sources, and high potential to endanger nearby buildings;
   (4) Weeds which are otherwise noxious or dangerous;
   (5) Exotic and invasive plants having high potential to invade adjacent properties and high ecological impacts in the region as defined by the California Invasive Plant Council;
   (6) Poison oak and poison ivy when the conditions of growth are such as to constitute a menace to the public health;
   (7) Accumulations of garden refuse, cuttings and other combustible trash.

(c) Every property owner shall remove or destroy such weeds from his property, and in the abutting half of any street or alley between the lot lines as extended.

8.08.020 Resolution declaring nuisance.

Whenever any such weeds are growing upon any private property or properties or in any street or alley within the city, the council shall pass a resolution declaring the same to be a public nuisance and order the fire chief to give notice of the passage of such resolution as herein provided, and stating therein that, unless such nuisance is abated without delay by the destruction or removal of such weeds, the work of abating such nuisance will be done by the city authorities, and the expense thereof assessed upon the lots and lands from which, and/or in the front and rear of which, such weeds shall have been destroyed or removed. Such resolution shall fix the time and place for hearing any objections to the proposed destruction or removal of such weeds.

8.08.30  Form and publication of notice.

(a) Such The Fire Chief or Urban Forester shall cause to be published a public notice shall be in substantially in the following form:
NOTICE TO DESTROY WEEDS

NOTICE IS HEREBY GIVEN that on __________, 20__, pursuant to the provisions of Section 8.08.020 of the Palo Alto Municipal Code, the City Council passed a resolution declaring that all weeds growing upon any private property or in any public street or alley, as defined in Section 8.08.010 of the Palo Alto Municipal Code, constitute a public nuisance, which nuisance must be abated by the destruction or removal thereof.

NOTICE IS FURTHER GIVEN that property owners shall without delay remove all such weeds from their property, and the abutting half of the street in front and alleys, if any, behind such property, and between the lot lines thereof as extended, or such weeds will be destroyed or moved and such nuisance abated by the city authorities, in which case the cost of such destruction or removal will be assessed upon the lots and lands from which, or from the front or rear of which, such weeds shall have been destroyed or removed; and such cost will constitute a lien upon such lots or lands until paid, and will be collected upon the next tax roll upon which general municipal taxes are collected. All property owners having any objections to the proposed destruction or removal of such weeds are hereby notified to attend a meeting of the Council of said city, to be held in the Council Chamber of the City Hall in said city on ____, 20__, at seven p.m., when and where their objections will be heard and given due consideration.

Date _________________, 1920

Fire Chief or Urban Forester
City of Palo Alto

(b) Such notice shall be published at least twice in a newspaper published and circulated in said city, the first publication of which shall be at least ten days prior to the time fixed by the council for hearing objections.

8.08.040 Hearing - Power of council.

At the time stated in the notice, the council shall hear and consider any and all objections to the proposed destruction or removal of such weeds, and may continue the hearing from time to time. The council, by motion or resolution, shall allow or overrule any or all objections, if any, after which the council shall thereupon be deemed to have acquired jurisdiction to proceed and perform the work of destruction and removal of such weeds.

8.08.050 Order to abate nuisance.

The council shall by resolution order the fire chief or urban forester to abate such nuisance, or cause the same to be abated, by having the weeds referred to destroyed or removed, and the fire chief or urban forester and his deputies, assistants, employees, contracting agents or other representatives are hereby expressly authorized to enter upon private property for that purpose.
Any property owner shall have the right to destroy or remove such weeds himself, or have the same destroyed or removed at his own expense; provided that such weeds shall have been removed prior to the arrival of the fire chief or urban forester or his authorized representatives to remove them.

8.08.060 Account and report of cost.

The fire chief or urban forester shall keep an account of the cost of abating such nuisance and embody such account in a report and assessment list to the city council, which shall be filed with the clerk. Such report shall refer to each separate lot or parcel of land by description sufficient to identify such lot or parcel, together with the expense proposed to be assessed against each separate lot or parcel of land.

8.08.070 Notice of report.

The city clerk shall post a copy of such report and assessment list on the bulletin board near the entrance door at the City Hall, together with a notice of the filing thereof and of the time and place when and where it will be submitted to the city council for hearing and confirmation, notifying property owners that they may appear at such time and place, and object to any matter contained therein. A like notice shall also be published twice in a newspaper of general circulation, published and circulated within the city. The posting and first publication of said notice shall be made and completed at least ten days before the time such report shall have been submitted to the city council. Such notice, as so posted and published, shall be substantially in the following form:

NOTICE OF HEARING ON REPORT AND ASSESSMENT FOR WEED ABATEMENT

NOTICE IS HEREBY GIVEN that on ________, 20___, the Fire Chief or Urban Forester of the City of Palo Alto filed with the City Clerk of said city a report and assessment on abatement of weeds within said city, a copy of which is posted on the bulletin board at the entrance to the City Hall.

NOTICE IS FURTHER GIVEN that on ________, 20___, at the hour of seven p.m., in the Council Chambers of said City Hall, said report and assessment list will be presented to the City Council of said City for consideration and confirmation, and that any and all persons interested, having any objections to said report and assessment list, or to any matter or thing contained therein, may appear at said time and place and be heard.

Date ________________, 20________

City Clerk of the City of Palo Alto

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8.08.80 Hearing on cost assessment.

(a) At the time and place fixed for receiving and considering such report the city council shall hear the same together with any objections which may be raised by any of the property owners liable to be assessed for the work of abating such nuisance, and the fire chief or urban forester shall attend such meeting with his record thereof, and upon such hearing, the council may make such modifications in the proposed assessments therefor as it may deem necessary, after which such report and assessment list shall be confirmed by resolution.

(b) The amount of the cost of abating such nuisance upon, or in the front or rear of, the various lots or parcels of land respectively referred to in such report, shall constitute special assessments against such respective lots or parcels of land, and after thus made and confirmed, shall constitute a lien on such property for the amount of such assessments, until paid.

8.08.090 Collection on tax roll.

On or before the first day of September of each year, the amounts of such assessments against the respective parcels of land shall be entered on the next tax roll which general city taxes are to be collected. Thereafter, such amounts shall be collected at the same time, and in the same manner, as general city taxes are collected, and shall be subject to the same interest and penalties, and the same procedure and sale in case of delinquencies. All laws applicable to the levy, collection and enforcement of city taxes are hereby made applicable to such assessments.

SECTION 4. Chapter 8.10 (Tree Preservation and Management Regulations) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code hereby amended by repealing in its entirety Chapter 8.10 and adopting a new Chapter 8.10 to read as follows:

Chapter 8.10
Landscape and Tree Preservation and Management Regulations

Sections:
8.10.010 Purpose.
8.10.020 Definitions.
8.10.040 Disclosure of information regarding existing trees.
8.10.050 Prohibited acts.
8.10.060 No limitation of authority under Titles 16 and 18.
8.10.070 Care of protected trees.
8.10.080 Development conditions.
8.10.090 Designation of heritage trees.
8.10.095 Tree removal in HD Zone.
8.10.100 Responsibility for enforcement.
8.10.010 Purpose.

The purpose of this chapter is to promote the health, safety, welfare, and quality of life of the residents of the city through the protection of specified trees located on private property within the city, and the establishment of standards for removal, maintenance, and planting of landscaping and trees and landscaping. In establishing these procedures and standards, it is the city's intent to encourage the preservation of trees.

8.10.20 Definitions.

For the purposes of this chapter, the following definitions shall apply:

(a) "Basal flare" means that portion of a tree where there is a rapid increase in diameter at the confluence of the trunk and rootcrown.
(b) "Building area" means that area of a parcel:
   (1) Upon which, under applicable zoning regulations, a structure may be built without a variance, design enhancement exception, or home improvement exception; or
   (2) Necessary for construction of primary access to structures located on or to be constructed on the parcel, where there exists no feasible means of access which would avoid protected trees. On single-family residential parcels, the portion of the parcel deemed to be the building area under this paragraph (b)(2) shall not exceed ten feet in width.
(c) "Building footprint" means the two-dimensional configuration of an existing building's perimeter boundaries as measured on a horizontal plane at ground level.
(d) "Hazardous" means an imminent hazard which constitutes a or high or extreme threat to the safety of persons or property as defined by American National Standards Institute A300, Part 9.
(e) Development" means any work upon any property in the city which requires a subdivision, planned community zone, variance, use permit, building permit, demolition permit, or other city approval or which involves excavation, landscaping or construction within the dripline area of a protected tree or is subject to requirements of the California Water Efficient Landscape Ordinance.
(f) "Director" means the director of planning and community environment public works or his or her designee.
(g) "Discretionary development approval" means planned community zone, subdivision, use permit, variance, home improvement exception, design enhancement exception, or architectural review board approval.
(h) "Dripline area" means the outer edge of the canopy or area within X distance from
the perimeter of the trunk of the tree at four and one-half feet (fifty-four inches) above natural grade where $X$ equals a distance a circle with a radius ten times the diameter of the trunk as measured four and one-half feet (fifty-four inches) above natural grade, whichever is greater.

(i) "Excessive pruning means removal of more than one-fourth of the functioning leaf and stem area of a tree in any twelve-thirty six-month period, or removal of foliage so as to cause a significant decline in health or increase to the risk of failure, or the unbalancing of a tree.

(j) "Protected” tree means:

1. Any locally native tree of the species as listed in the Urban Forest Master Plan Quercus agrifolia (Coast Live Oak) or Quercus lobata (Valley Oak) which is eleven and one-half inches in diameter (thirty-six inches in circumference) or more when measured four and one-half feet (fifty-four inches) above natural grade, except Redwood; and

2. Any Redwood tree (species Sequoia sempervirens) that is eighteen inches in diameter (fifty-seven inches in circumference) or more when measured four and one-half feet (fifty-four inches) above natural grade; and

3. Any tree larger than thirty six inches in diameter of any species except those exotic and invasive species described as weeds in 8.08.010 and those species classified as high water users by the water use classification of landscape species list approved by the California Department of Water Resources; and

4. Any tree designated for protection during review and approval of a development project; and

5. Any tree designated for carbon sequestration and storage and/or environmental mitigation purposes as identified in an agreement between the property owner and a responsible government agency or recorded as a deed restriction; and

6. A heritage tree designated by the city council in accordance with the provisions of this chapter.

(k) "Remove" means any of the following:

1. Complete removal, such as cutting to the ground or extraction, of a tree.

2. Taking any action foreseeably leading to the death of a tree or permanent damage to its health; including but not limited to excessive pruning, cutting, girdling, poisoning, overwatering, reduced watering due to a landscape change, unauthorized relocation or transportation of a tree, or trenching, excavating, altering the grade, or paving within the dripline area of a tree.

(l) "Tree" means any woody plant which has a trunk four inches or more in diameter at four and one-half feet above natural grade level capable of achieving a height of ten feet or more, and a species that typically has a single stem.

(m) "Tree report" means a report prepared by an arborist certified by the International Society of Arboriculture or another nationally recognized tree research, care, and preservation organization.

(n) "Tree Technical Manual, Tree and landscape and tree technical manual" means...
the regulations issued by the city manager to implement this chapter.

8.10.30 **Landscape and Tree and Landscape Technical Manual.**

The city manager, through the departments of public works, and planning and community environment, shall issue regulations necessary for implementation of this chapter, which shall be known as the Landscape and Tree and Landscape Technical Manual. The Landscape and Tree and Landscape Technical Manual will be made readily available to the public and shall include, but need not be limited to, standards and specifications regarding:

(a) Protection of trees during construction;
(b) Replacement of trees allowed to be removed pursuant to this chapter;
(c) Maintenance of protected trees (including but not limited to pruning, irrigation, and protection from disease);
(d) The format and content of tree reports required to be submitted to the city pursuant to this chapter;
(e) The criteria for determining whether a tree is **dangerous** hazardous within the meaning of this chapter.
(f) Landscape design, irrigation, and installation standards consistent with the City’s water efficient landscape regulations;

8.10.40 **Disclosure of information regarding existing trees.**

(a) Any application for discretionary development approval, or for a building or demolition permit where no discretionary development approval is required, shall be accompanied by a statement by the property owner or authorized agent which discloses whether any protected trees exist on the property which is the subject of the application, and describing each such tree, its species, size, dripline area, and location. This requirement shall be met by including the information on plans submitted in connection with the application.
(b) In addition, the location of all other trees on the site and in the adjacent public right of way which are within thirty feet of the area proposed for development, and trees located on adjacent property within thirty feet of the proposed building footprint or with canopies overhanging the project site, shall be shown on the plans, identified by species.
(c) The director may require submittal of such other information as is necessary to further the purposes of this chapter including but not limited to photographs.
(d) Disclosure of information pursuant to this section shall not be required when the development for which the approval or permit is sought does not involve any change in building footprint nor any grading or paving, nor change in landscaping which could alter water availability to established plants or trees.
(e) Knowingly or negligently providing false or misleading information in response to this disclosure requirement shall constitute a violation of this chapter.
8.10.50 Prohibited acts.

It shall be a violation of this chapter for anyone to remove or cause to be removed a protected tree, except as allowed in this section:

(a) In the absence of development, protected trees shall not be removed unless determined by the director of planning and community environment public works or urban forester, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information, that the tree should be removed because it is dead, is hazardous, is a detriment to or crowding an adjacent protected tree, is impacting the foundation or eaves of a primary residence, or constitutes a nuisance under Section 8.04.050(2) of this code; and that treatments or corrective practices are not reasonable.

(b) In the case of development on a single-family residential lot, other than in connection with a subdivision, protected trees shall not be removed unless determined by the director of Public Works or Urban Forester that:

1. Protected trees shall not be removed unless the trunk or basal flare of the protected tree is touching or within the building footprint, or the director of planning and community environment has determined, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information, that the tree should be removed because it is dead, is hazardous, is a detriment to or crowding an adjacent protected tree, or constitutes a nuisance under Section 8.04.050(2) of this code.

2. the tree is within the buildable area and that the proposed construction would result in the death of the tree, or

3. the tree should be removed pursuant to subdivision (a).

2. If no building footprint exists, protected trees shall not be removed unless the trunk of the tree is located in the building area, or the director of planning and community environment has determined, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information, that the tree should be removed because it is dead, is hazardous, is a detriment to or crowding an adjacent protected tree, or constitutes a nuisance under Section 8.04.050(2) of this code.

3. If removal is allowed because the tree trunk is located in the building footprint, or the trunk or basal flare is in the building area, or because the director of planning and community environment has determined that the tree is so close to the building area that construction would result in the death of the tree, the tree removed shall be replaced in accordance with the standards in the Tree Technical Manual.

(c) In the case of development involving a proposed subdivision of land into two or more parcels, no protected tree shall be removed unless determined by the director of Public Works or Urban Forester that:

1. removal is unavoidable due to restricted access to the property or deemed necessary to repair a geologic hazard (landslide, repairs, etc.), or.
(2) The tree should be removed pursuant to subdivision (a). The tree removed shall be replaced in accordance with the standards in the Tree Technical Manual. Tree preservation and protection measures for any lot that is created by a proposed subdivision of land shall comply with the regulations of this chapter.

(d) In the case of development requiring a project approval under Chapter 18.76 (Permits and Approvals), removal of a protected tree may be permitted if retention of the tree would result in reduction of the otherwise-permissible building area of the lot by more than twenty-five percent, except that no protected tree shall be removed solely to accommodate an accessory structure or accessory dwelling unit.

(e) Tree replacement.

(1) In the event a protected tree is removed pursuant to subdivisions (b), (c), or (d), the tree removed shall be replaced in accordance with the standards in the Landscape and Tree and Landscape Technical Manual and such replacements shall result in no net loss or increase of tree canopy within 15 years.

(2) In the event a protected tree is removed pursuant to subdivision (a), except in the cases of crowding an adjacent protected tree or impacting the foundation or eaves of a primary residence, the dripline area of the removed tree, or an equivalent area on the site, shall be preserved from development of any structure unless removal would have been permitted under subdivisions (b), (c), or (d), and tree replacement is required.

In all circumstances other than those described in paragraphs (a), (b) and (c) of this section, protected trees shall not be removed unless one of the following applies:

(1) The director of planning and community environment has determined, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information, that the tree should be removed because it is dead, dangerous or constitutes a nuisance under Section 8.04.050(2). In such cases, the dripline area of the removed tree, or an equivalent area on the site, shall be preserved from development of any structure unless removal would have been permitted under paragraph (2), and tree replacement in accordance with the standards in the Tree Technical Manual shall be required.

(2) Removal is permitted as part of project approval under Chapter 18.76 (Permits and Approvals) of this code, because retention of the tree would result in reduction of the otherwise-permissible building area by more than twenty-five percent. In such a case, the approval shall be conditioned upon replacement in accordance with the standards in the Tree Technical Manual.

8.10.060 No limitation of authority under Titles 16 and 18.

Nothing in this chapter limits or modifies the existing authority of the city under Title 18 (Zoning Ordinance) to require trees and other plants not covered by this chapter to be identified, retained, protected, and/or planted as conditions of the approval of development. In the event of conflict between provisions of this chapter and conditions of any permit or other approval granted pursuant to Title 16 or Title 18, the more protective requirements shall prevail.
8.10.70 Care of protected trees.

(a) All owners of property containing protected trees shall follow the maintenance standards in the Landscape and Tree and Landscape Technical Manual.

(b) The standards for protection of trees during construction contained in the Landscape and Tree and Landscape Technical Manual shall be followed during any development on property containing protected trees.

8.10.80 Development conditions.

(a) Discretionary development approvals for property containing protected, regulated/Publicly-owned, or designated trees will include appropriate conditions providing for the protection of such trees during construction and for maintenance of the trees thereafter. Trees may be designated for protection that are significant visually or historically, provide screening between properties, or are a native species that is healthy and important to the nearby ecosystem.

(b) It shall be a violation of this chapter for any property owner or agent of the owner to fail to comply with any development approval or building permit condition concerning preservation, protection, and maintenance of any tree, including but not limited to protected trees.

8.10.90 Designation of heritage trees

(a) Upon nomination by any person and with the written consent of the property owner(s), the city council may designate a tree or trees as a heritage tree.

(b) A tree may be designated as a heritage tree upon a finding that it is unique and of importance to the community due to any of the following factors:

(1) It is an outstanding specimen of a desirable species;

(2) It is one of the largest or oldest trees in Palo Alto;

(3) It possesses distinctive form, size, age, location, and/or historical significance.

(c) After council approval of a heritage tree designation, the city clerk shall notify the property owner(s) in writing. A listing of trees so designated, including the specific locations thereof, shall be kept by the departments of public works and planning and community environment.

(d) Once designated, a heritage tree shall be considered protected and subject to the provisions of this chapter unless removed from the list of heritage trees by action of the city council. The city council may remove a tree from the list upon its own motion or upon written request by the property owner. Request for such action must originate in the same manner as nomination for heritage tree designation.

8.10.095 Tree removal in HD Zone.

Tree removal and relocation in the HD shall be subject to the provisions in Section 18.36.070. To the extent Section 18.36.070 is inconsistent with this chapter, Section 18.36.070 shall control.
8.10.100 Responsibility for enforcement

The following designated employee positions may enforce the provisions of this chapter by the issuance of citations: urban forester, landscape architect, project managers in the urban forestry section, chief building official, assistant building official, and code enforcement officer, planning arborist.

Section 8.10.110 Enforcement - Remedies for Violation

In addition to all other remedies set forth in this code or otherwise provided by law, the following remedies shall be available to the city for violation of this chapter:

(a) Stop Work - Temporary Moratorium.
   (1) If a violation occurs during development, the city may issue a stop work order suspending and prohibiting further activity on the property pursuant to the grading, demolition, and/or building permit(s) (including construction, inspection, and issuance of certificates of occupancy) until a mitigation plan has been filed with and approved by the director, agreed to in writing by the property owner(s), and either implemented or guaranteed by the posting of adequate security. The mitigation plan shall include measures for protection or repair of any remaining trees on the property, and shall provide for replacement of each tree removed on the property or at locations approved by the director of planning and community, and by the director of public works, if replacement is to occur on public property. The replacement ratio shall be in accordance with the standards set forth in the Landscape and Tree and Landscape Technical Manual, and shall be at a greater ratio (at least twice prescribed) than that required where tree removal is permitted pursuant to the provisions of this chapter.

   (2) If a violation occurs in the absence of development, or while an application for a building permit or discretionary development approval for the lot upon which the tree is located is pending, the director may issue a temporary moratorium on development of the subject property, not to exceed eighteen and five years months from the date the violation occurred. The purpose of the moratorium is to provide the city an opportunity to study and determine appropriate mitigation measures for the tree removal, and to ensure measures are incorporated into any future development approvals for the property. Mitigation measures as determined by the director shall be imposed as a condition of any subsequent permits for development on the subject property.

(b) Civil Penalties.
   (1) As part of a civil action brought by the city, a court may assess against any person who commits, allows, or maintains a violation of any provision of this chapter a civil penalty in an amount not to exceed five thousand dollars per violation.

   (c) Where the violation has resulted in removal of a tree, the civil penalty shall
be in an amount not to exceed five thousand dollars per tree unlawfully removed, or the replacement value of each such tree, whichever amount is higher. Such amount shall be payable to the city. Replacement value for the purposes of this section shall be determined utilizing the most recent edition of the *Guide for Plant Appraisal*, published by the Council of Tree and Landscape Appraisers. Damage to a tree protected or regulated by this chapter shall also constitute a violation with the same civil penalties except that repair value shall be used. Injunctive Relief. A civil action may be commenced to abate, enjoin, or otherwise compel the cessation of such violation.

(d) Costs. In any civil action brought pursuant to this chapter in which the city prevails, the court shall award to the city all costs of investigation and preparation for trial, the costs of trial, reasonable expenses including overhead and administrative costs incurred in prosecuting the action, and reasonable attorney fees.

8.10.120 Fees.

Tree reports required to be submitted to the city for review and evaluation pursuant to this chapter shall be accompanied by the fee prescribed therefor in the municipal fee schedule.

8.10.130 Severability.

If any provision of this chapter or the application thereof to any person or circumstance is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.

8.10.140 Appeals.

Any person seeking the director's approval to remove a protected tree pursuant to the ordinance codified in this chapter who is aggrieved by a decision of the director may appeal such decision in accordance with the procedures set forth in Chapter 18.78 (Appeals).

SECTION 5. If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 6. The Council finds that this ordinance is exempt from the provisions of the California Environmental Quality Act (“CEQA”), pursuant to Section 15061 of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment. Alternatively, the ordinance is also exempt under CEQA Guidelines Section 15308 because it involves regulatory action for the protection of the environment.
SECTION 7. This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

__________________________________________  ______________________________________
City Clerk                                      Mayor

APPROVED AS TO FORM:                           APPROVED:

__________________________________________  ______________________________________
Assistant City Attorney                        City Manager

__________________________________________  ______________________________________
                                                Director of Public Works
TREE ORDINANCE RECOMMENDATION - HIGHLIGHTS

We are advocating for a variety of improvements to the Title 8: Trees and Vegetation ordinance, including changes previously recommended by staff to PTC. Here is a short list of important highlights, followed by summary and ordinance section details for each highlight.

1. MORE TREES DESIGNATED FOR GREATER PROTECTION
2. PRACTICAL ALTERNATIVES CONSIDERED BEFORE A PROTECTED TREE MAY BE REMOVED
3. NO NET CANOPY LOSS PRIORITIZED WHEN A PROTECTED TREE MUST BE REMOVED
4. MANDATED ENFORCEMENT OF VIOLATIONS AND INCREASED PENALTIES
5. STANDARDIZED APPLICATION PROCESS, IMPROVED TRANSPARENCY, AND SUPPORT FOR APPEALS FROM NEARBY RESIDENTS

We highlighted these five draft ordinances due to their importance. A brief summary of each with title, number and relevant sections are noted. Two of them will ensure greater protection or replacement, resulting in more trees in our city; another will better prevent removal of trees unless clearly warranted. The last will allow some in the public to be notified of, and appeal the possible removal of a protected tree.

1. MORE TREES DESIGNATED FOR GREATER PROTECTION

Four additional categories of trees are proposed for protection, recognizing the need to not only sustain what we have, but gain more canopy given the extraordinary positive effect trees have on climate change as carbon sponges and natural coolers.

8.10.020 Definitions

(l) "Protected" tree means:

(1) Six native low water-use trees, rather than two, will now be protected from removal if at least 11.5-inches in diameter, (36-inches circumference) at about chest height, except Coast Redwood.

(3) Any tree at least 18-inches in diameter, (57-inches circumference), other than invasive species or high water users.

(5) Any tree designated for carbon sequestration and storage and/or  environmental mitigation purposes as identified in an agreement between the property owner and a government agency, or recorded as a deed restriction.

(7) Any replacement tree after removal of a protected tree, required under 8.10.055 of this ordinance.
2. PRACTICAL ALTERNATIVES CONSIDERED BEFORE A PROTECTED TREE MAY BE REMOVED

Trees are not an inconvenient feature on a lot to be eliminated, or in a race for space with homes, but our ally that science, psychology and commonsense informs us is our ally of great valley. As a result, there is woven into this ordinance section several added independent oversight and reasonable mitigations in this section of the ordinance to minimize removal of protected trees.

8.10.050 Removal of Protected Trees (currently titled Prohibited Acts)

Some of the additional safeguards incorporated in this section are:

(a) In the absence of proposed development, the Urban Forester would now be able to select the arborist that would prepare an evaluation and report on the tree to be removed, rather than the property owner. The report and other factors would be the basis for the Urban Forester’s removal decision.

(1) Before a protected tree could be removed that was a nuisance,

(b) Or was crowding or a detriment to another protected tree, then

Treatments or corrective practices would have to be first found infeasible before removal could be approved.

(c) (2) On a single family or low density residential lot, If a protected tree were growing so close to proposed development that construction would result in the death of the tree, it could be removed if there were no financially feasible and reasonable design alternative that would permit preservation of the tree.

3. NO NET CANOPY LOSS PRIORITIZED WHEN A PROTECTED TREE MUST BE REMOVED

A response has been created to significantly mitigate loss of protected trees when they must be removed. Now in most circumstances trees must be replaced with canopy volume accounted for, ensuring that the urban forest won’t be diminished. This is a good example of the forward thinking of Palo Alto.

8.10.055 Tree Replacement (currently 8.10.050 (e) Prohibited Acts)

(a) Under most circumstances when protected trees are removed, they will now be replaced to achieve “no-net–loss” of canopy within 15 years of removal. This applies to public and privately owned trees, on commercial and residential property. Tree replacement will be done according to standards in the Tree Landscape and Technical Manual*

*18.10.030: The Tree Landscape and Technical Manual (TLTM) contains the regulations necessary to implement this Ordinance. Given it must be readily available to the public, key sections of this updated ordinance should have live links to it. Arborists, landscape architects, developers, professional tree pruners and homeowners would benefit from ready access to the standards and specifications with which they must comply. The TLTM draft update must be conform to Chapters 8.04 and 8.10.
4. MANDATED ENFORCEMENT OF VIOLATIONS AND INCREASED PENALTIES

For years, enforcement remedies needed strengthening to address illegal removal of protected trees, particularly in the absence of construction and during permitting, but also during construction. Now is the time to do so as it will better prevent further violations. Fewer trees would be wrongfully removed and resident’s confidence would rise in the ability to protect trees.

8.10.110 Enforcement - Remedies for Violation

(a) Stop Work – Temporary Moratorium

(1) If a protected tree is removed during development, a Stop Work order shall be issued until a mitigation plan is filed, that includes tree repair, or replacement of at least twice the ratio removed.

(2) If a violation occurs in the absence of development or during the permitting process, Moratoriums on development shall be temporarily imposed up to five years from the date of violation. This is to allow time to file a mitigation plan and incorporate its measures in any future development plan.

(b) Civil Penalties

(2) Occasionally property owners will opt for the penalty and intentionally remove protected trees. To better prevent protected tree removal, the penalty amount should double, not to exceed $10,000 per violation, with doubling the replacement value of each tree, based on the Guide for Plant Appraisal. Whichever is greater is currently levied.

5. STANDARDIZED APPLICATION PROCESS, IMPROVED TRANSPARENCY, AND SUPPORT FOR APPEALS FROM NEARBY RESIDENTS

By creating the ability to receive Notifications by some members of the public concerning removal of protected trees will bring transparency to the tree removal process and raise awareness of protected trees in a neighborhood. Also expanding the right for some to Appeal tree removals will allow greater community involvement in supporting nearby protected trees, sometimes save those that should not be removed, or at times better understand why removal should take place.

8.10.140 Processing of permits and approvals (currently titled “Appeals”)

Any application for removal of a protected tree shall follow all applicable sections of Chapter 18.77 with the following additional provisions:

(a) Notifications.

(1) After submittal of an application to remove a protected tree:

(i) All owners and residents of property within 600 feet of the protected tree proposed for removal shall be notified in writing consistent with development applications notification; and
(ii) All principal urban forestry partner organizations shall be notified; and

(iii) A notice shall be prominently posted on the property specifying location, description of tree, and the basis for the application.

(2) Upon determination of a protected tree removal application, a notification will be sent out to all owners and residents of property within 600 feet of the protected tree proposed for removal, and to principal urban forestry partner organizations.

(b) Appeals.

(1) Any person seeking the director's approval to remove a protected tree pursuant to the ordinance codified in this chapter who is aggrieved by a decision of the director may appeal such decision in accordance with the procedures set forth in Chapter 18.78 (Appeals).

(2) Any approval to remove a protected tree may be appealed by an owner or resident of property within 600 feet of the protected tree proposed for removal.
About This Document...

- In addition to the details noted below, new updates to this v.2 document include:
  - Errata fixes to 8.10.020(e) and 8.10.050(b)
  - Addition of 8/5/21 staff recommendations that we had not previously already included in 8.04.050(a)(1), 8.10.010, and 8.10.040(b)

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- This document includes the ad hoc group’s 8/5/21 change recommendations to the Title 8 change recommendations that staff presented to the Planning and Transportation Commission on 9/12/18, since an updated staff report recommendation to Policy & Services was not available for review.
- Change recommendations are shown in redline format.
- In order to distinguish staff’s 9/12/18 redline recommendations from the ad hoc group’s redlines:
  - Staff’s 9/12/18 redlines are italicized, black text with an underline or strikethrough.
  - The ad hoc group’s redlines are non-italic (roman), colored text with a colored underline or strikethrough, or colored italicized strikethrough text with a black underline.
- The ad hoc group’s redline only addresses the text from the Title 8 ordinance. No redline changes, including for example Chapter names that would change based our recommendations, have been added to the Ordinance No. paragraph that directly follows and the SECTIONs associated with proposed motion.
Ordinance No. ______
Ordinance of the Council of the City of Palo Alto Repealing and Restating Chapter 8.04 (Street Trees, Shrubs, and Plants); Repealing and Restating Chapter 8.08 (Weed Abatement); and Repealing Chapter 8.10 (Tree Preservation and Management Regulations) and Restating it as Chapter 8.10 (Landscape and Tree Management Regulations) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code.

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1. Findings and Declarations. The City Council finds and declares as follows:

SECTION 2. Chapter 8.04 (Street Trees, Shrubs, and Plants) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code is hereby amended by repealing in its entirety Chapter 8.04 and adopting a new Chapter 8.04 to read as follows:

Chapter 8.04
StreetPublic Trees, Shrubs, Hedges, and Plants

Sections:

8.04.005 Purpose.
8.04.010 Definitions.
8.04.015 Authority of city.
8.04.020 Violations – Penalty – Enforcement Permit required for certain work.
8.04.030 Application for permit.
8.04.040 Issuance of permit.
8.04.045 Enforcement and penalties for violation.
8.04.050 Public nuisances.
8.04.060 Abatement of public nuisances.
8.04.070 Damage to streetpublic trees.
8.04.080 Interference with enforcement.
8.04.090 Adoption of regulations.

8.04.005 Purpose.

The purpose of this chapter is to protect and promote trees, shrubs, hedges, and plants located on public property within the city. In establishing these procedures and standards, the city recognizes that trees, shrubs, hedges, and plants are an essential part of the city’s infrastructure, with benefits that include promoting the health, safety, welfare, and quality of life of the residents of the city; addressing climate change by sequestering carbon and providing
a cooling effect; reducing air, water, and noise pollution; preventing soil erosion and stormwater runoff; providing animal and bird habitat; and enhancing the aesthetic environment. It is the city’s intent to encourage the preservation of trees, shrubs, hedges, and plants.

8.04.010 Definitions.

(a) For the purposes of this chapter the following words shall have the meaning ascribed to them in this section:

(1) "Person" means individuals, firms, associations and corporations, and agents, employees or representatives thereof.

(2) "City" means the city of Palo Alto acting by and through its authorized representatives.

(3) "Street" means and includes all land lying between the boundaries of property abutting on all public streets, boulevards, alleys and walks.

(4) "Parks" means and includes all parks to which names have been given by action of the city council.

(5) "Public places" means and includes all grounds, other than streets or parks, owned by, under easement to, or leased to and under the control of the city of Palo Alto.

(6) "Street Tree" means and includes any woody perennial plant generally having a single main axis or stem and commonly achieving ten feet in height and capable of being-shaped and pruned to develop a branch-free trunk at least nine feet in height.

(7) "Shrub" means and includes any woody perennial plant generally having multiple stems and commonly less than ten feet in height, normally low, several stemmed, and capable of being shaped and pruned without injury, within the area planted.

(8) "Hedge" means and includes any tree, shrub, or plant material, shrub or plant, when planted in a dense, continuous line or area, as to form a thicket or barrier.

(9) "Plant" means and includes all vegetation other than trees, shrubs, and hedges or plant material, non-woody, annual, or perennial in nature, not necessarily hardy.

(10) "Street Public trees, shrubs, hedges and or plants" means and includes any tree, shrub, hedge or plant in any street, park or public place in the city of Palo Alto.

(11) “Public tree care permit” means a ‘city tree permit for regulated tree work’ issued to allow an individual to work on or remove a public tree.

(12) “Urban forester” means public works department staff including the urban forester or his or her designee.

8.04.015 Authority of city.
The City of Palo Alto shall have control of all streetpublic trees, shrubs, hedges, and plants now or hereafter in any street, park or public place within the City limits, and shall have the power to plant, care for, and maintain such trees, shrubs, hedges, and plants.

8.04.020 Violations - Penalty - Enforcement Permit required for certain work.

(a) Unless authorized by a public tree care permit, no person shall:
   (1) Plant, prune, trim, shape, remove, top, or in any way damage, destroy, injure or mutilate a streetpublic tree, shrub, hedge, or plant.
   (2) Fasten any sign, wire, or injurious material to any streetpublic tree, shrub, hedge, or plant.
   (3) Excavate any ditch or tunnel; or place concrete or other pavement within a distance of ten feet of the center of the trunk of any streetpublic tree.
(b) Violation of this section is a misdemeanor, punishable as provided in this code. Each day of violation constitutes a separate offense and may be separately punished.
(c) Persons employed in the following designated employee positions are authorized to exercise the authority provided in Penal Code Section 836.5 and are authorized to issue citations for violations of this chapter: deputy assistant director of public works operations public services division, managing urban forester arborist, planning arborist project managers in the urban forestry section, landscape architect, and code enforcement officer.

8.04.030 Application for permit.

Any person desiring to do any of the work described in Section 8.04.020 may apply for a public tree care permit so to do. The applicant shall state the nature of the work and the location where it will be done.

8.04.040 Issuance of permit.

(a) A public tree care permit shall be issued authorizing so much of the work as:
   (1) Will not create, continue or aggravate any hazardous condition, or public nuisance;
   (2) Will not prevent or interfere with the growth; location or planting of approved street trees;
   (3) Is consistent with the planting plan being followed by the city.

8.04.045 Enforcement and penalties for violation.

(a) Violation of this section is a misdemeanor, punishable as provided in this code. Each day of violation constitutes a separate offense and may be separately punished.
(b) Persons employed in the following designated employee positions are authorized to exercise the authority provided in Penal Code Section 836.5 and are authorized to issue citations for violations of this chapter:
deputy director of public works operations, public services division; managing urban forester; arborist; planning arborist; project managers in the urban forestry section; landscape architect; and code enforcement officer.

8.04.050 Public nuisances*.

(a) The following are, for the purposes hereof, defined to be public nuisances:

1. Any dead, diseased, infested, or dying tree, shrub, hedge, or plant in any street; or on any public or private property so near to any street tree, shrub, hedge, or plant as to constitute a danger to a street tree, shrubs, hedges, or plants, or streets, or portions thereof or members of the public property.

2. Any tree, shrub, hedge, or plant on any private property or in any street, of a type or species apt to destroy, impair or otherwise interfere with any street improvements, sidewalks, curbs, approved street trees, gutters, sewers, other public improvements, including utility mains and services, or public trees, shrubs, hedges, or plants.

3. Any tree limb, shrub, hedge, or plant reaching a height more than three feet above the curb grade adjacent thereto, except tree trunks having no limbs lower than nine feet above curb grade, within the thirty-five foot triangle of public or private property, measured from the projected curb lines, at the intersections of any street improved for vehicular traffic where either traffic signals, stop signs, or yield signs are not installed, or at any intersections which are determined by the chief transportation official to contain tree limbs, shrubs, hedges, or plants that obscure and impair the view of passing motorists, cyclists or pedestrians so as to create a safety hazard.

4. Vines or climbing plants growing into or over any street tree, shrub, hedge, or plant; or any public hydrant, pole or electrolier.

5. Existence of any tree within the city limits that is infested, infected or in danger of becoming infested or infected with objectionable insects, scale, fungus or growth injurious to trees.

6. The existence of any branches or foliage which interfere with visibility on, or free use of, or access to, or obstruct public vehicular or pedestrian travel on any portion of any street improved for vehicular or pedestrian travel.

7. Hedges or dense, thorny shrubs and plants on any street or part thereof.

8. Shrubs and plants more than two feet in height in any tree well or planting strip between the sidewalk and curb, measured above top of curb grade.
8.04.060 Abatement of public nuisances

When any public nuisance as defined herein exists, a notice may be sent by ordinary United States mail to the owner or tenant of the property on which the public nuisance exists. Such notice shall describe the condition, state the work necessary to remedy the condition, and shall specify the time within which the work must be performed. If, at the end of the time specified, such work has not been performed, the city may perform such work, and the cost thereof shall constitute a charge against such owner or tenant, and such charge shall be a lien on such property.

8.04.070 Damage to street public trees.

Damages to any public street, park, or other publicly-owned tree, caused by any act or omission by any person, whenever such act or omission is prohibited by or not authorized pursuant to this chapter, shall be charged to such person or persons.

8.04.080 Interference with enforcement.

No person shall interfere with or delay the authorized representatives of the city from the execution and enforcement of this chapter, except as provided by law.

8.04.090 Adoption of regulations.

The city may adopt regulations prescribing standards of landscaping and planting of streets, parks and public places, therein. A copy of such regulations shall be available for public inspection upon request, and all work performed in streets, parks or public places shall be performed in accordance therewith.

SECTION 3. Chapter 8.08 (Weed Abatement) of Title 8 (Trees and Vegetation) of the Palo Alto Municipal Code is hereby amended by repealing in its entirety Chapter 8.08 and adopting a new Chapter 8.08 to read as follows:

Chapter 8.08
Street Trees, Shrubs, and Plants
Weed Abatement

Sections:

8.08.005 Purpose.
8.08.010 Weeds as public nuisance.
8.08.020 Resolution declaring nuisance.
8.08.030 Form and publication of notice.
8.08.040 Hearing - Power of council.
8.08.050 Order to abate nuisance.
8.08.060 Account and report of cost.
8.08.070 Notice of report.
8.08.080 Hearing on cost assessment.
8.08.090 Collection on tax roll.

**8.08.005 Purpose.**

The purpose of this chapter is to prohibit weeds on property within the city. In establishing these procedures and standards, it is the city’s intent to ensure that all activities taken to abate weeds are sufficient to increase public safety, to preserve aesthetically or environmentally desirable trees, shrubs, hedges, and plants, and to prevent the displacement of wildlife habitats.

**8.08.010 Weeds as public nuisance.**

(a) No owner, agent, lessee or other person occupying or having charge or control of any building, lot or premises within the city shall permit weeds to remain upon the premises, or public sidewalks, or encroach into any parkland (including any weeds encroaching over fences), or streets, or alleys between the premises and the center line of any public street or alley.

(b) The word "weeds" as used in this chapter, means all weeds growing upon streets, parks, public places, alleys, sidewalks, or private property in the city and includes any of the following:

1. Weeds which bear or may bear seeds of a downy or wingy nature;
2. Weeds and indigenous grasses which may attain such large growth as to become, when dry, a fire menace to adjacent improved property;
3. *Plants, shrubs, hedges, and trees determined by the Fire Marshall to constitute a fire menace due to their species, proximity to ignition sources, and high potential to endanger nearby buildings;*  
4. Weeds which are otherwise noxious or dangerous;
5. *Exotic and invasive plants having high potential to invade adjacent properties and high ecological impacts in the region as defined by the California Invasive Plant Council;*  
6. Poison oak and poison ivy when the conditions of growth are such as to constitute a menace to the public health;
7. Accumulations of garden refuse, cuttings and other combustible trash.

(c) Every property owner shall remove or destroy such weeds from his property, and in the abutting half of any street or alley between the lot lines as extended.

**8.08.020 Resolution declaring nuisance.**
Whenever any such weeds are growing upon any private property or properties or in any street or alley within the city, the council shall pass a resolution declaring the same to be a public nuisance and order the fire chief or urban forester to give notice of the passage of such resolution as herein provided, and stating therein that, unless such nuisance is abated without delay by the destruction or removal of such weeds, the work of abating such nuisance will be done by the city authorities, and the expense thereof assessed upon the lots and lands from which, and/or in the front and rear of which, such weeds shall have been destroyed or removed. Such resolution shall fix the time and place for hearing any objections to the proposed destruction or removal of such weeds.

8.08.030 Form and publication of notice.

(a) Such The Fire Chief or Urban Forester shall cause to be published a public notice shall be in substantially in the following form:

NOTICE TO DESTROY WEEDS

NOTICE IS HEREBY GIVEN that on ______, 20 __, pursuant to the provisions of Section 8.08.020 of the Palo Alto Municipal Code, the City Council passed a resolution declaring that all weeds growing upon any private property or in any public street or alley, as defined in Section 8.08.010 of the Palo Alto Municipal Code, constitute a public nuisance, which nuisance must be abated by the destruction or removal thereof.

NOTICE IS FURTHER GIVEN that property owners shall without delay remove all such weeds from their property, and the abutting half of the street in front and alleys, if any, behind such property, and between the lot lines thereof as extended, or such weeds will be destroyed or moved and such nuisance abated by the city authorities, in which case the cost of such destruction or removal will be assessed upon the lots and lands from which, or from the front or rear of which, such weeds shall have been destroyed or removed; and such cost will constitute a lien upon such lots or lands until paid, and will be collected upon the next tax roll upon which general municipal taxes are collected. All property owners having any objections to the proposed destruction or removal of such weeds are hereby notified to attend a meeting of the Council of said city, to be held in the Council Chamber of the City Hall in said city on ______, 20 __, at seven p.m., when and where their objections will be heard and given due consideration.

Date ______________________, 1920___

Fire Chief or Urban Forester
City of Palo Alto
(b) Such notice shall be published at least twice in a newspaper published and circulated in *said* city, the first publication of which shall be at least ten days prior to the time fixed by the council for hearing objections.

8.08.040 Hearing - Power of council.

At the time stated in the notice, the council shall hear and consider any and all objections to the proposed destruction or removal of such weeds, and may continue the hearing from time to time. The council, by motion or resolution, shall allow or overrule any or all objections, if any, after which the council shall thereupon be deemed to have acquired jurisdiction to proceed and perform the work of destruction and removal of such weeds.

8.08.050 Order to abate nuisance.

The council shall by resolution order the fire chief *or urban forester* to abate such nuisance, or cause the same to be abated, by having the weeds referred to destroyed or removed, and the fire chief *or urban forester* and his deputies, assistants, employees, contracting agents or other representatives are hereby expressly authorized to enter upon private property for that purpose. Any property owner shall have the right to destroy or remove such weeds himself, or have the same destroyed or removed at his own expense; provided that such weeds shall have been removed prior to the arrival of the fire chief *or urban forester* or his authorized representatives to remove them.

8.08.060 Account and report of cost.

The fire chief *or urban forester* shall keep an account of the cost of abating such nuisance and embody such account in a report and assessment list to the city council, which shall be filed with the clerk. Such report shall refer to each separate lot or parcel of land by description sufficient to identify such lot or parcel, together with the expense proposed to be assessed against each separate lot or parcel of land.

8.08.070 Notice of report.

The city clerk shall post a copy of such report and assessment list on the bulletin board near the entrance door at the City Hall, together with a notice of the filing thereof and of the time and place when and where it will be submitted to the city council for hearing and confirmation, notifying property owners that they may appear at such time and place, and object to any matter contained therein. A like notice shall also be published twice in a newspaper of general circulation, published and circulated within the city. The posting and first publication of said notice shall be made and completed at least ten days before the time such report shall have
been submitted to the city council. Such notice, as so posted and published, shall be substantially in the following form:

NOTICE OF HEARING ON REPORT AND ASSESSMENT FOR WEED ABATEMENT

NOTICE IS HEREBY GIVEN that on ______, 20__, the Fire Chief or Urban Forester of the City of Palo Alto filed with the City Clerk of said city a report and assessment on abatement of weeds within said city, a copy of which is posted on the bulletin board at the entrance to the City Hall.

NOTICE IS FURTHER GIVEN that on _______, 20__, at the hour of seven p.m., in the Council Chambers of said City Hall, said report and assessment list will be presented to the City Council of said City for consideration and confirmation, and that any and all persons interested, having any objections to said report and assessment list, or to any matter or thing contained therein, may appear at said time and place and be heard.

Date ______________, 20__

City Clerk of the City of Palo Alto

/ / 8.08.080 Hearing on cost assessment.

(a) At the time and place fixed for receiving and considering such report the city council shall hear the same together with any objections which may be raised by any of the property owners liable to be assessed for the work of abating such nuisance, and the fire chief or urban forester shall attend such meeting with his record thereof, and upon such hearing, the council may make such modifications in the proposed assessments therefor as it may deem necessary, after which such report and assessment list shall be confirmed by resolution.

(b) The amount of the cost of abating such nuisance upon, or in the front or rear of, the various lots or parcels of land respectively referred to in such report, shall constitute special assessments against such respective lots or parcels of land, and after thus made and confirmed, shall constitute a lien on such property for the amount of such assessments, until paid.

8.08.090 Collection on tax roll.

On or before the first day of September of each year, the amounts of such assessments against the respective parcels of land shall be entered on the next tax roll which general city taxes are
to be collected. Thereafter, such amounts shall be collected at the same time, and in the same
manner, as general city taxes are collected, and shall be subject to the same interest and
penalties, and the same procedure and sale in case of delinquencies. All laws applicable to the
levy, collection and enforcement of city taxes are hereby made applicable to such assessments.

SECTION 4. Chapter 8.10 (Tree Preservation and Management Regulations) of Title 8
(Trees and Vegetation) of the Palo Alto Municipal Code hereby amended by repealing in its
entirety Chapter 8.10 and adopting a new Chapter 8.10 to read as follows:

Chapter 8.10

Landscape and Tree and Landscape Preservation and Preservation and
Management Regulations

Sections:

8.10.010 Purpose.
8.10.020 Definitions.
8.10.030 Tree Technical ManualLandscape and Tree and landscape technical manual.
8.10.040 Disclosure of information regarding existing trees.
8.10.050 Prohibited actsRemoval of protected trees.
8.10.055 Tree replacement.
8.10.060 No limitation of authority under Titles 16 and 18.
8.10.070 Care of protected trees.
8.10.080 Development conditions.
8.10.090 Designation of heritage trees.
8.10.095 Tree removal in HD-ZHospital District zone.
8.10.100 Responsibility for enforcement.
8.10.110 Enforcement - Remedies for Violation.
8.10.120 Fees.
8.10.130 Severability.
8.10.140 AppealsProcessing of permits and approvals.

8.10.010 Purpose.

The purpose of this chapter is to promote the health, safety, welfare, and quality of life of the
residents of the city through the protection of specified trees located on private property
within the city, and the establishment of standards for removal, maintenance, and planting of
landscaping and trees and landscaping. In establishing these procedures and standards, the city
recognizes that trees and landscaping are an essential part of the city’s infrastructure. Their
benefits include promoting the health, safety, welfare, and quality of life of the residents of the
city; addressing climate change by sequestering carbon and providing a cooling effect; reducing
air, water, and noise pollution; preventing soil erosion and stormwater runoff; providing animal
and bird habitat; and enhancing the aesthetic environment. It is the city's intent to encourage the preservation of trees.

8.10.020 Definitions.

For the purposes of this chapter, the following definitions shall apply terms defined in Chapter 8.04 shall have the same meanings in this chapter, and the following terms shall have the meaning ascribed to them in this section:

(a) "Basal flare" means that portion of a tree where there is a rapid increase in diameter at the confluence of the trunk and root crown. (b)

(a)(b) "Buildable area" means that area of a parcel:

1. Upon which, under applicable zoning regulations, a structure may be built without a variance, design enhancement exception, or home improvement exception; or

2. Necessary for construction of primary access to structures located on or to be constructed on the parcel, where there exists no feasible means of access which would avoid protected trees. On single-family residential parcels, the portion of the parcel deemed to be the buildable area under this paragraph (b)(2) shall not exceed ten feet in width.

(c) "Building footprint" means the two-dimensional configuration of an existing building's perimeter boundaries as measured on a horizontal plane at ground level.

(d) "Designated arborist" means an arborist certified by the International Society of Arboriculture or another nationally recognized tree research, care, and preservation organization, selected by the urban forester, and hired by the city at the applicant's expense.

(e) "Hazardous" means an imminent hazard which constitutes a or high or extreme threat to the safety of persons or property as defined by American National Standards Institute A300, Part 9.

(f) "Development" means any work upon any property in the city which requires a subdivision, planned community zone, variance, use permit, building permit, demolition permit, or other city approval or which involves excavation, landscaping or construction within the dripline area of a protected tree or is subject to requirements of the California Water Efficient Landscape Ordinance.

(g) "Director" means the director of planning and community environment public works or his or her designee.

(h) "Discretionary development approval" means planned community zone, subdivision, use permit, variance, home improvement exception, design enhancement exception, or architectural review board approval, or any proposal or application that requires the discretion of the authorizing person or entity.

(i) "Dripline area" means the area defined by the projection to the ground of the outer edge of the canopy or area within X distance from the perimeter of the trunk of the tree at four and one-half feet (fifty-four inches) above natural grade where X equals a distance a circle with a radius ten times the diameter of
the trunk as measured four and one-half feet (fifty-four inches) above natural grade, whichever is greater.

(i) "Excessive pruning means removal of more than one-fourth of the functioning leaf, and stem, or root area of a tree in any twelve thirty-six-month period, removal of more than 15 percent of the functioning root area of any Quercus (oak) species in any thirty-six month period, or any removal of the functioning leaf, stem, or root area of a tree so as to cause a significant decline in health or increase to the risk of failure, or the unbalancing of a tree.

(j) "Hazardous" means an imminent hazard which constitutes a or high or extreme threat to the safety of persons or property as defined by American National Standards Institute A300, Part 9.

(k) "Protected" tree means:

(1) Any locally native tree of the species as listed in the Urban Forest Master Plan, Quercus agrifolia (Coast Live Oak) or Quercus lobata (Valley Oak), Acer macrophyllum (Bigleaf Maple), Calocedrus decurrens (California Incense Cedar), Quercus agrifolia (Coast Live Oak), Quercus douglasii (Blue Oak), Quercus kelloggii (California Black Oak), or Quercus lobata (Valley Oak), which is eleven and one-half inches in diameter (thirty-six inches in circumference) or more when measured four and one-half feet (fifty-four inches) above natural grade, except coast Redwood; and

(2) Any coast Redwood tree (species Sequoia sempervirens) that is eighteen inches in diameter (fifty-seven inches in circumference) or more when measured four and one-half feet (fifty-four inches) above natural grade; and

(3) Any tree larger than eighteen thirty-six inches in diameter (fifty-seven inches in circumference) or more when measured four and one-half feet (fifty-four inches) above natural grade of any species except those exotic and invasive species described as weeds in 8.08.010 and those species classified as high water users by the water use classification of landscape species list approved by the California Department of Water Resources; and

(4) Any tree designated for protection during review and approval of a development project; and

(5) Any tree designated for carbon sequestration and storage and/or environmental mitigation purposes as identified in an agreement between the property owner and a responsible government agency or recorded as a deed restriction; and

(6) Any heritage tree designated by the city council in accordance with the provisions of this chapter; and

(7) Any replacement mitigation tree or other tree designated to be planted due to the conditions listed in Section 8.10.055.

(k) "Protected tree removal permit" means a 'city tree permit for regulated tree work' issued to allow an individual to remove a protected tree.

(l) "Remove" or “removal” means any of the following:

(1) Complete removal, such as cutting to the ground or extraction, of a tree.
(2) Taking any action foreseeably leading to the death of a tree or permanent damage to its health; including but not limited to excessive pruning, cutting, girdling, poisoning, overwatering, underwatering, reduced watering due to a landscape change, unauthorized relocation or transportation of a tree, or trenching, excavating, altering the grade, or paving within the dripline area of a tree.

(l) "Tree" means any woody plant which has a trunk four inches or more in diameter at four and one-half feet above natural grade level capable of achieving a height of ten feet or more, and a species that typically has a single stem.

(m) "Tree report" means a report prepared by a designated arborist certified by the International Society of Arboriculture or another nationally recognized tree research, care, and preservation organization.

(n) "Tree Technical Manual Landscape and Tree and landscape technical manual" means the regulations issued by the city manager to implement this chapter.

8.10.030 Landscape and Tree and Landscape Technical Manual.

The city manager, through the urban forestry section, departments of public works, and planning and development services departments, shall issue regulations necessary for implementation and enforcement of this chapter, which shall be known as the Landscape and Tree and Landscape Technical Manual. The Landscape and Tree and Landscape Technical Manual will be made readily available to the public and shall include, but need not be limited to, standards and specifications regarding:

(a) Protection of trees during construction;
(b) Replacement of trees allowed to be removed pursuant to this chapter;
(c) Maintenance of protected trees (including but not limited to pruning, irrigation, and protection from disease);
(d) The format and content of tree reports required to be submitted to the city pursuant to this chapter;
(e) The criteria for determining whether a tree is dangerous or hazardous within the meaning of this chapter.
(f) Landscape design, irrigation, and installation standards consistent with the City’s water efficient landscape regulations;

8.10.040 Disclosure of information regarding existing trees.

(a) Any application for discretionary development approval, or for a building or demolition permit where no discretionary development approval is required, shall be accompanied by a statement by a designated arborist, the property owner or authorized agent which discloses whether any protected trees exist on the property which is the subject of the
application, and describing each such tree, its species, size, dripline area, and location. This requirement shall be met by including the information on plans submitted in connection with the application.

(b) In addition, the location of all other trees on the site and in the adjacent public right of way which are within thirty feet of the building footprint area proposed for development, and trees located on adjacent property within thirty feet of the proposed building footprint or with canopies overhanging the project site, shall be shown on the plans, identified by species.

(c) The director or urban forester may require submittal of such other information as is necessary to further the purposes of this chapter including but not limited to photographs.

(d) Disclosure of information pursuant to this section shall not be required when the development for which the approval or permit is sought does not involve any change in an existing building footprint nor any grading or paving, nor change in landscaping which could alter water availability to established plants, hedges, shrubs, or trees.

(e) Knowingly or negligently providing false or misleading information in response to this disclosure requirement shall constitute a violation of this chapter.

8.10.050 Prohibited acts Removal of protected trees.

It shall be a violation of this chapter for anyone to remove or cause to be removed a protected tree, except as allowed in this section:

(a) In the absence of proposed development, a protected tree shall not be removed unless determined by the director of planning and community environment, public works or urban forester grants a protected tree removal permit, having determined, on the basis of a tree report prepared by a certified designated arborist for the applicant and other relevant information, that treatments or corrective practices are not feasible, and that the tree should be removed because:

(1) it is dead, is hazardous, is impacting the foundation or eaves of a primary residence, or constitutes a nuisance under Section 8.04.050(2) of this code; and that treatments or corrective practices are not reasonable.

(b) In the case of development on a single-family (R-1) or low density (RE, R-2, or RMD) zoned parcel, other than in connection with a subdivision, a protected tree shall not be removed unless determined by the director of Public Works or Urban Forester that:

(1) Protected trees shall not be removed unless the trunk or basal flare of the protected tree is touching or within the building footprint; or, or the director of planning and community environment has determined, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information,
that the tree should be removed because it is dead, is hazardous, is a detriment to or crowding an adjacent protected tree, or constitutes a nuisance under Section 8.04.050(2) of this code.

(2) the tree is so close to the building area proposed development that construction would result in the death of the tree, and there is no financially feasible and reasonable design alternative that would permit preservation of the tree; or

(3) the tree should be removed pursuant due to the conditions listed in Section 8.10.050(a) and treatments or corrective practices are not feasible subdivision (a).

(2) If no building footprint exists, protected trees shall not be removed unless the trunk of the tree is located in the building area, or the director of planning and community environment has determined, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information, that the tree should be removed because it is dead, is hazardous, is a detriment to or crowding an adjacent protected tree, or constitutes a nuisance under Section 8.04.050(2) of this code.

(3) If removal is allowed because the tree trunk is located in the building footprint, or the trunk or basal flare is in the building area, or because the director of planning and community environment has determined that the tree is so close to the building area that construction would result in the death of the tree, the tree removed shall be replaced in accordance with the standards in the Tree Technical Manual.

(c) In connection with In the case of development involving a proposed subdivision of land into two or more parcels, one protected tree shall not be removed unless determined by the director of Public Works or Urban Forester, on the basis of a tree report prepared by a designated arborist and other relevant information, that:

(1) removal is unavoidable due to restricted access to the property or deemed necessary to repair a geologic hazard (landslide, repairs, etc.), in which case only the protected tree or trees necessary to allow access to the property or repair the geologic hazard may be removed, or-

(2) the tree should be removed pursuant due to the conditions listed in subdivision Section 8.10.050(a) and treatments or corrective practices are not feasible. The tree removed shall be replaced in accordance with the standards in the Tree Technical Manual. Tree preservation and protection measures for any lot that is created by a proposed subdivision of land shall comply with the regulations of this chapter.

(d) In the case of development requiring a project approval under Chapter 18.76 (Permits and Approvals), a protected tree shall not be removed unless determined by the urban forester, on the basis of a tree report prepared by a designated arborist and other relevant information, that removal of a protected tree may be permitted if retention of the tree would result in reduction of the otherwise-permissible buildable area of the lot by more than twenty-five percent, and there is no financially feasible and reasonable design alternative that would permit preservation of the tree, except that no protected tree shall be removed solely to accommodate an accessory structure or accessory dwelling unit.
In all circumstances other than those described in paragraphs (a), (b), (c), or (d) of this section, a protected tree shall not be removed unless determined by the urban forester, on the basis of a tree report prepared by a designated arborist and other relevant information, that the tree is dead, is hazardous, or constitutes a nuisance under Section 8.04.050(2).

(e) 8.10.055 Tree replacement.

(1) In the event a protected tree is removed pursuant to subdivision Section 8.10.050(a)(2), (b), (c), or (d), or (e), the tree removed shall be replaced in accordance with the standards in the Landscape and Tree and Landscape Technical Manual and such replacements shall result in no net loss or increase of tree canopy within 15 years.

(1)(b) In the event a protected tree is removed pursuant to subdivision Section 8.10.050(a)(1), mitigation for the removed tree, replacement tree ratio, in lieu fees, or a combination thereof shall be determined by the urban forester, based on factors including but not limited to the species, size, and location of the removed and replacement tree or trees except in the cases of crowding an adjacent protected tree or impacting the foundation or eaves of a primary residence, the dripline area of the removed tree, or an equivalent area on the site, shall be preserved from development of any structure unless removal would have been permitted under subdivisions (b), (c), or (d), and tree replacement is required.

In all circumstances other than those described in paragraphs (a), (b) and (c) of this section, protected trees shall not be removed unless one of the following applies:

(1) The director of planning and community environment has determined, on the basis of a tree report prepared by a certified arborist for the applicant and other relevant information, that the tree should be removed because it is dead, dangerous or constitutes a nuisance under Section 8.04.050(2). In such cases, the dripline area of the removed tree, or an equivalent area on the site, shall be preserved from development of any structure unless removal would have been permitted under paragraph (2), and tree replacement in accordance with the standards in the Tree Technical Manual shall be required.

(2) Removal is permitted as part of project approval under Chapter 18.76 (Permits and Approvals) of this code, because retention of the tree would result in reduction of the otherwise permissible building area by more than twenty-five percent. In such a case, the approval shall be conditioned upon replacement in accordance with the standards in the Tree Technical Manual.

8.10.060 No limitation of authority under Titles 16 and 18.

Nothing in this chapter limits or modifies the existing authority of the city under Title 18 (Zoning Ordinance) to require trees, shrubs, hedges, and other plants not covered by this chapter to be identified, retained, protected, and/or planted as conditions of the approval of development. In
the event of conflict between provisions of this chapter and conditions of any permit or other approval granted pursuant to Title 16 or Title 18, the more protective requirements shall prevail.

8.10.070 Care of protected trees.

(a) All owners of property containing protected trees shall follow the maintenance standards in the *Landscape and Tree* and *Landscape* Technical Manual, including avoiding any action foreseeably leading to the death of a tree or permanent damage to its health; including but not limited to excessive pruning, cutting, girdling, poisoning, overwatering, reduced watering due to a landscape change, unauthorized relocation or transportation of a tree, or trenching, excavating, altering the grade, or paving within the dripline area of a tree.

(b) The standards for protection of trees during construction contained in the *Landscape and Tree* and *Landscape* Technical Manual shall be followed during any development on property containing protected trees.

8.10.080 Development conditions.

(a) Discretionary development approvals for property containing protected, regulated, publicly-owned, or designated trees shall include appropriate conditions as set forth in the Tree and Landscape Technical Manual, providing for the protection of such trees during construction and for maintenance of such trees thereafter. Trees may be designated for protection that are significant visually or historically, provide screening between properties, or are a native species that is healthy and important to the nearby ecosystem.

(b) It shall be a violation of this chapter for any property owner or agent of the owner to fail to comply with any development approval or building permit condition concerning preservation, protection, and maintenance of any tree, including but not limited to protected trees.

8.10.090 Designation of heritage trees

(a) Upon nomination by any person and with the written consent of the property owner(s), the city council may designate a tree or trees as a heritage tree.

(b) A tree may be designated as a heritage tree upon a finding that it is unique and of importance to the community due to any of the following factors:

1. It is an outstanding specimen of a desirable species;
2. It is one of the largest or oldest trees in Palo Alto;
3. It possesses distinctive form, size, age, location, and/or historical significance.
(c) After council approval of a heritage tree designation, the city clerk shall notify the property owner(s) in writing. A listing of trees so designated, including the specific locations thereof, shall be kept by the departments of public works and planning and community environment.

(d) Once designated, a heritage tree shall be considered protected and subject to the provisions of this chapter unless removed from the list of heritage trees by action of the city council. The city council may remove a tree from the list upon its own motion or upon written request by the property owner. Request for such action must originate in the same manner as nomination for heritage tree designation.

8.10.095 Tree removal in **HD-ZHospital District** zone.

Tree removal and relocation in the Hospital District (HD) shall be subject to the provisions in Section 18.36.070. To the extent Section 18.36.070 is inconsistent with this chapter, Section 18.36.070 shall control.

8.10.100 Responsibility for enforcement

The following designated employee positions may enforce the provisions of this chapter by the issuance of citations: urban forester, landscape architect, project managers in the urban forestry section, chief building official, assistant building official, and code enforcement officer, planning arborist.

**Section 8.10.110 Enforcement - Remedies for Violation**

In addition to all other remedies set forth in this code or otherwise provided by law, the following remedies shall be available to the city for violation of this chapter:

   (a) Stop Work - Temporary Moratorium.

      (1) If a violation occurs during development, the city shall issue a stop work order suspending and prohibiting further activity on the property pursuant to the grading, demolition, and/or building permit(s) (including construction, inspection, and issuance of certificates of occupancy) until a mitigation plan has been filed with and approved by the director, agreed to in writing by the property owner(s), and either implemented or guaranteed by the posting of adequate security. The mitigation plan shall include measures for protection or repair of any remaining trees on the property, and shall provide for replacement of each tree removed on the property or at locations approved by the director of planning and community and by the director of public works, if replacement is to occur on public property. The replacement ratio shall be in accordance with the standards set forth in the Landscape and Tree and Landscape Technical Manual, and shall be at a greater ratio (at least twice prescribed) than that required where tree removal is permitted pursuant to the provisions of this chapter.
(2) If a violation occurs in the absence of development, or while an application for a building permit or discretionary development approval for the lot upon which the tree is located is pending, the director shall issue a temporary moratorium on development of the subject property, not to exceed eighteen five years months from the date the violation occurred. The purpose of the moratorium is to provide the city an opportunity to study and determine appropriate mitigation measures for the tree removal, and to ensure measures are incorporated into any future development approvals for the property. Mitigation measures as determined by the director shall be imposed as a condition of any subsequent permits for development on the subject property.

(b) Civil Penalties.

(1) As part of a civil action brought by the city, a court may assess against any person who commits, allows, or maintains a violation of any provision of this chapter which does not result in the removal of a tree, a civil penalty in an amount not to exceed tenfive thousand dollars per violation.

(2) Where the violation has resulted in removal of a tree, the civil penalty shall be in an amount not to exceed tenfive thousand dollars per tree unlawfully removed, or twice the replacement value of each such tree, whichever amount is higher. Such amount shall be payable to the city. Replacement value for the purposes of this section shall be determined utilizing the most recent edition of the Guide for Plant Appraisal, published by the Council of Tree and Landscape Appraisers. Damage to a tree protected or regulated by this chapter shall also constitute a violation with the same civil penalties except that repair value shall be used.

(c) Injunctive Relief. A civil action may be commenced to abate, enjoin, or otherwise compel the cessation of such violation.

(d) Costs. In any civil action brought pursuant to this chapter in which the city prevails, the court shall award to the city all costs of investigation and preparation for trial, the costs of trial, reasonable expenses including overhead and administrative costs incurred in prosecuting the action, and reasonable attorney fees.

8.10.120 Fees.

Tree reports required to be submitted to the city for review and evaluation pursuant to this chapter shall be accompanied by the fee prescribed therefor in the municipal fee schedule.

8.10.130 Severability.

If any provision of this chapter or the application thereof to any person or circumstance is held to be invalid by a court of competent jurisdiction, such invalidity shall not affect any other provision of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are declared to be severable.
8.10.140 Processing of permits and approvals

Any application for removal of a protected tree shall follow all applicable sections of Chapter 18.77 with the following additional provisions:

(a) Notifications.

(1) After submittal of an application to remove a protected tree:

(i) All owners and residents of property within 600 feet of the protected tree proposed for removal shall be notified in writing consistent with development applications notification; and

(ii) All principal urban forestry partner organizations shall be notified; and

(iii) A notice shall be prominently posted on the property specifying location, description of the tree, and the basis for the application.

(2) Upon determination of a protected tree removal application, a notification shall be sent out to all owners and residents of property within 600 feet of the protected tree proposed for removal, and to principal urban forestry partner organizations.

(b) Appeals.

(1) Any person seeking the director's approval to remove a protected tree pursuant to the ordinance codified in this chapter who is aggrieved by a decision of the director may appeal such decision in accordance with the procedures set forth in Chapter 18.78 (Appeals).

(2) Any permit or approval to remove a protected tree may be appealed by an owner or resident of property within 600 feet of the protected tree proposed for removal.

SECTION 5. If any section, subsection, clause or phrase of this Ordinance is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Ordinance. The Council hereby declares that it should have adopted the Ordinance and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 6. The Council finds that this ordinance is exempt from the provisions of the California Environmental Quality Act (“CEQA”), pursuant to Section 15061 of the CEQA Guidelines, because it can be seen with certainty that there is no possibility that the ordinance will have a significant effect on the environment. Alternatively, the ordinance is also exempt under CEQA Guidelines Section 15308 because it involves regulatory action for the protection of the environment.
SECTION 7. This ordinance shall be effective on the thirty-first day after the date of its adoption.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

____________________________  ________________________
City Clerk                        Mayor

APPROVED AS TO FORM:

____________________________  ________________________
Deputy City Attorney              City Manager

____________________________  ________________________
Director of

____________________________
Director of Administrative Services
DATE: August 5, 2021
TO: Policy and Services Committee
FROM: Jeff Greenfield, Winter Dellenbach, Doria Summa, Karen Holman

SUBJECT: URBAN FORESTRY & PARKS AND RECREATION COMMISSION RELATIONSHIP

We recommend that City Council direct staff to follow up on previous discussions between staff and the Parks and Recreation Commission (PRC) about the PRC serving as a community forum for urban forestry community issues, and advising City Council on matters related to the Urban Forest Master Plan (UFMP) and other appropriate activities of the Urban Forestry (UF) section.

On 10/22/19, the PRC and Urban Forester agreed in principle to pursue a formal relationship, as highlighted above. A PRC ad hoc group met with UF and Community Services Department (CSD) staff and developed a potential framework for a formal PRC-UF relationship. This framework includes details on the purpose and function of a community forum, and the PRC’s role and limitations. A proposal was forwarded to the Public Works and CSD Directors in early 2020, but this initiative stalled during the pandemic.

This initiative by the PRC ad hoc and staff is consistent with the Urban Forest Master Plan (UFMP) and the Parks, Trails, Natural Open Space and Recreation Master Plan and addresses specific mandates in the UFMP. We believe that an official relationship between Urban Forestry and the Parks and Recreation Commission has the potential to enhance our urban trees and canopy and be a net benefit to both UF staff and the broader community.

If this discussion proves the correct path, it would require the PRC “purpose and duties” under Section 2.25.050 be updated accordingly to reflect this charge.
DATE: August 5, 2021
TO: Policy and Services Committee
FROM: Jeff Greenfield, Winter Dellenbach, Doria Summa, Karen Holman
SUBJECT: URBAN FORESTER POSITION

We recommend that the position of Urban Forester be elevated to Assistant Director level in the Public Works Department. We believe the Urban Forester serves a crucial role in our community, charged with the protection of our living infrastructure, as identified in our Comprehensive Plan. Accordingly, increased visibility and authority is justified to appropriately oversee the future health and expansion of our urban canopy.
Purpose of the Community Forum:

- Implement programs of the Urban Forest Master Plan (UFMP) to optimize communication (4.A, 4.A.iii), address common issues (4.B), share information, and facilitate collaboration on meeting challenges such as invasive species (6.J.ii) or carbon credit programs (3.A.ii)
- Assess and consider how to expand tree canopy as described in the UFMP, Parks Master Plan, Comprehensive Plan, Sustainability/Climate Action Plan, and Green Infrastructure Plan
- Foster communication and collaboration between the community, Urban Forestry, and Community Services regarding the Urban Forest Master Plan and related topics identified in other City Plans

Function of the Community Forum:

- Hear an annual agendized report on the State of the Urban Forest and provide a venue for public comment
- Provide a formal outlet for public information or comment on significant issues, projects, policies, or reports that may affect the urban forest
- Provide an opportunity for staff to present on the Urban Forest Master Plan
- Provide the PRC an opportunity to provide feedback relating to the interpretation of the goals, policies, programs, and implementation strategies of the Urban Forest Master Plan
- Provide an opportunity to discuss significant urban forest issues that are of concern to the community and/or the Commission

Commission’s Role:

- Provide feedback, recommendations, and interpretation to Urban Forestry on goals, policies, programs, and implementation strategies of the Urban Forest Master Plan
- Recommendations to Urban Forest staff may include things like suggesting priorities or identifying potential issues to assess, possibly based on public comment
- Provide comments, or recommendations via action, to City Council on Urban Forestry policy
- Respond to direction from City Council to work with UF on related matters
- Inquiring about related community concerns
- Monthly communication between the staff liaison (Urban Forester) and the PRC Urban Forest Ad Hoc Committee or Liaison via email or in person.
- Minor updates and general info status can be communicated routinely through the PRC monthly Ad Hoc report, which goes on record as part of the monthly PRC meeting. More nuanced information may be conveyed at monthly meetings during the staff report or verbal Ad Hoc update.

Limitations:

- The PRC will not hear appeals, consider claims, or register complaints against staff.
• Staff will not be directed to take any specific action; however the PRC may request staff to explore, report, consider, or provide recommendations. In addition, issues may be forwarded to City Council with opinions as documented in minutes.
• Care will be taken to avoid engaging in details of projects that are the role of other Departments, Boards, or Commissions
Title: PUBLIC HEARING: Discussion of an Updated Commercial Linkage Fee Feasibility Study and Adoption of an Ordinance Amending the City's Fiscal Year (FY) 2022 Municipal Fee Schedule to Adjust the Affordable Housing Commercial Impact Fee; the Current Fee is $39.50 per Square Foot ($20.37 / Square Foot for Hotels).

From: City Manager

Lead Department: Planning and Development Services

Recommendation
Staff recommends that the City Council review the attached affordable housing commercial linkage fee feasibility analysis (Attachment A) and Adopt an ordinance amending the City’s FY 2022 Adopted Municipal Fee Schedule for commercial/R&D development to $68.50 per square foot (Attachment B) or alternative.

Executive Summary
The City Council directed staff to prepare an updated feasibility study to consider a possible change to the City’s affordable housing commercial impact fee. The City’s consultant studied the feasibility of different fee levels based on three different prototype designs (buildout potential). The results show smaller office projects are unlikely to be developed even at the current fee, while more moderate projects may be able to support an increase up to $50 per square foot of office development, and larger projects on sites with a commercial floor area ratio of 2.0:1 could support a significant increase up to $150 per square foot. The current commercial impact fee of $39.70 is based on the more moderate analysis that assumes a development potential with a floor area ratio of 1.0:1.

The feasibility study also includes information related to life science / biotech Research & Development (R&D) space and hotel development. This analysis is provided in the event the Council wants to make policy changes for these land uses, though the study suggests any increase in the impact fee for these land uses may make such projects either infeasible or less likely to be built.

The City Council has discretion in how it chooses to adjust the affordable housing commercial impact fee or how that fee is applied to different land uses and building sizes. A fee that makes development less unlikely to be built is permissible, but it carries some legal risk and it may
negatively impact the amount of fees collected not only for the affordable housing fund but other City services supported by commercial development. This may include both direct impact fees and economic benefits such as visitors or business generating revenues such as sales taxes or hotel taxes (Transient Occupancy Tax). The Council in its deliberation should consider how these various interests are balanced.

The City Council will also want to discuss how this fee applies to pipeline projects. There is currently about 75,000 square feet of commercial/R&D development in the pipeline.

**Background**

On June 21, 2021, the City Council considered a colleague’s memo requesting Council direct staff to prepare an ordinance increasing the affordable housing commercial development impact fee to match Santa Clara County’s fee of $68.50 per square foot applied to academic space within the Stanford University Community Plan area. The Council postponed its decision pending its review of the subject feasibility study. In September 2019, the City Council endorsed a previous colleague’s memo directing the preparation of the feasibility study that is now before the Council’s for consideration.

The last substantive change to the affordable housing commercial impact fee occurred less than five years ago. On March 27, 2017, following review of a 2015 Commercial Nexus and Feasibility Study, the City Council raised the commercial development impact fee from $20.37 per square foot to $35 per square foot ($20.37 for hotels, retail and other non-residential).

The commercial housing impact fee has been adjusted annually since then based on changes in the San Francisco Bay Area construction cost index and is currently set at $39.70 per square foot ($23.11 for hotels) in the Fiscal Year 2022 Adopted Municipal Fee Schedule.

**Financial Feasibility Study Summary**

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6 In late 2016, the City Council had initially proposed that the fee be increased to $60 per square foot ($30 per square foot for hotels), but this action was not finalized. Council Report, dated December 12, 2016: [https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2016/6862.pdf](https://www.cityofpaloalto.org/files/assets/public/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2016/6862.pdf)
The nexus study prepared in 2015 established a maximum justifiable commercial linkage fee of $264 per square foot ($177 for hotels). The accompanying (2015) feasibility study recommendation was much lower and provided a threshold for when the fee, in combination with all other costs of construction, would likely make construction and redevelopment financially infeasible. Since it has been over five years since the last feasibility study was prepared, Council endorsed the preparation of a new analysis to better inform its deliberation on a potential new affordable housing commercial impact fee.

The updated analysis, included in this report as Attachment A, provides information on three land uses: research and development (life science / biotech lab space), office space (professional office, including software development or tech office), and hotels. Prototypical development buildout scenarios (five total) are based on recent Palo Alto development activity for each land use.

The attached report provides information on the approach used to determine feasibility, including assumptions on economic returns for each land use, a summary of the prototypes used (development potential, lot size, parking, etc.), estimates on hard and soft costs, and revenue projections based on recent sales data and rental rates for comparable spaces. Financial feasibility for each prototype is determined based on a pro forma analysis that estimates the profitability of a development based on two metrics, yield on cost and return on cost.

*Yield on Cost (YOC)* is a commonly used metric that indicates the profitability of a tenanted commercial project and allows an investor or property owner to analyze the financial risk before pursuing a project. The YOC is then estimated by dividing the annual net operating income by the total development costs.

Financial feasibility for each prototype is determined based on a pro forma analysis that estimates the profitability of a development based on two metrics, yield on cost and return on cost.

*Return on cost (ROC)* is another measure to analyze the expected profitability of a commercial project based on the developer selling the building, not renting it to tenants. ROC is measured by dividing the net capitalized value over the total development costs. When the ROC is positive, then the investor or property owner would consider the project financially feasible. A project that has a low ROC is less likely to be built and a negative ROC is considered infeasible.
Both of these measures are two different ways an investor or property owner would determine whether or not to move forward with a development project. If an office project has a YOC under 6.75% but a positive ROC, it is less likely to be built but is still considered feasible.

**Commercial / R&D Office (professional and tech office, including software development)**

Three prototypes were analyzed for commercial/R&D office, including development on parcels with a maximum development potential of a 0.4 floor area ratio, or FAR (the maximum floor area size of a new building cannot exceed 40% of the total lot area); a 1.0 FAR (building floor area equal to lot area); and, 2.0 FAR (twice the building floor area as lot area).

The feasibility analysis suggests smaller office development on parcels that allow up to a maximum 0.4 office FAR are unlikely to be built regardless of the affordable housing commercial impact fee, including no fee. This finding is based on the pro forma analysis, which shows the expected profitability of this type of development would fall below the target YOC threshold (a yield of 6.75%). These projects result in a negative net value or ROC at $110 per square foot in commercial linkage fees.

Notwithstanding this finding, the City Council and Palo Altans are aware of recent commercial/R&D office projects recently built and currently in the pipeline that have been or are being pursued based on the current fee structure (nearly $40 per square foot). As indicated in the report, there are a number of reasons a property owner will consider redevelopment at a lower YOC in Palo Alto, including tolerance for risk, differences in land acquisition costs, or other factors that make the development work in some instances, where it wouldn’t in others. The pro forma analysis does not consider every scenario and applies expected costs and returns for typical redevelopment projects and based on interviews with developers and surveying recent property sales, rental and construction cost data. Accordingly, the Council may want to refrain from drawing absolute conclusions based on the report (in support of higher or lower fees) and consider the range of fees presented as an indicator of whether a project is likely to be built under typical conditions.

For redevelopment on parcels that allow up to 1.0 office FAR, typically downtown, the feasibility analysis suggests a higher fee of $50 per square foot remains highly likely to be built, but less likely at $60 per square foot. While YOC and ROC make development unlikely at higher fees, the report concludes redevelopment is not financially infeasible (negative yield or return) within the outer range identified in the 2015 nexus study.

It is worth noting that the current affordable housing commercial impact fee, established in 2017, is based on this prototype analysis (1.0 FAR).

Lastly, for projects located on parcels that allow up to 2.0 office FAR, typically the California Avenue area, the feasibility analysis indicates a substantially higher impact fee up to $150 per square foot is highly likely to redevelop.
Figure 19 in the attached report summarizes the feasibility analysis for the commercial/R&D office prototypes summarized above.

*R&D (life science / biotech)*

While not principally the focus of the Council’s request for an updated feasibility analysis, staff asked the consultant to study the implications of an affordable housing commercial impact fee on R&D space dedicated toward life sciences and biotech. Demand for this type of space is increasing in some markets, including the Bay Area, and the Research Park and other areas in the City may be suitable for this type of development. The City’s impact fee policies could have an influence on the siting of life science companies either as an incentive to locate in Palo Alto or disincentive.

The feasibility analysis finds the higher construction costs associated with this type of development, coupled with the City’s high land value, results in a negative ROC even if no affordable housing commercial impact fee is assessed. YOC also remains below the capitalization rate. Any life science development proposed in the City today would be subject to the current impact fee of nearly $40 per square foot.

Figure 14 in the attached report provides a detailed pro forma analysis for this prototype.

*Hotel*

Hotels were also not the primary focus of the feasibility study but were included to provide Council contemporary information to help inform its impact fee policies, whether to retain the current fee or make changes one way or the other. Based on the consultant’s analysis, the current fee of nearly $24 per square foot is challenging for some and suggests that an increase at this time would make hotel development infeasible. As stated in the report, a developer’s tolerance for risk, expected return or other considerations influence decisions to build and the City has recently processed applications for new hotel developments along El Camino Real and San Antonio Road.

Figure 22 in the attached report provides a detailed pro forma analysis.

**Discussion**

Councilmembers have expressed an interest in raising commercial impact fees to better align the impacts of this type of the need for more affordable housing in Palo Alto that supports for lower wage industries and services that support new workers. Higher commercial impact fees may also serve another expressed interest to reduce the amount of commercial office development in the City and its associated impacts.
Over the past several years, the City Council has imposed restrictions on office development in the form of an annual office cap in certain geographic areas of the City and an overall cap on office development citywide. The annual office cap is 50,000 square feet per year, but unused floor area can rollover for one year. The citywide cap has 562,408 square feet remaining and approximately 75,000 square feet is in the pipeline (pending applications currently under review).

A history of net office loss and gain since 2001 will be shared with the Council in staff’s presentation and will include information on commercial/R&D affordable housing commercial impact fees collected since 2004. The affordable housing commercial fund presently has $2,028,803 (4,781,110– all affordable housing funds) based on August unaudited figures.

The feasibility study includes impact fee information from nearby communities. If the City Council increases the affordable housing commercial impact fee to $68.50 it would be among the highest in the region, trailing only San Francisco with a fee of $69.60. Some jurisdictions reduce or discount impact fees depending on the size of the development or if the project pays prevailing wage or includes community-serving facilities.

The Council may choose to continue to use the prototype analysis for commercial projects redeveloped on lots that allow 1.0 FAR as was previously done. This approach would support a fee up to $50 per square foot and many properties would still be considered likely to develop.

The Council is not precluded from assessing a higher fee, including $68.50 per square foot even though this fee may discourage some future commercial office development – particularly on lots that allow less than 1.0 FAR commercial development. However, there are some legal risks associated with a development fee that that exceeds the amount determined to be feasible under the study and there are additional risks associated with fee levels that would result in a negative return on all possible land uses for a parcel.

The Council could consider a tiered impact fee structure based on a property’s development potential. Tiered fees, when applied, are typically based on building size, but could also be assessed based on development potential (such as FAR). Regardless of the approach, flat fee or tiered, the City Council will want to consider the amount that adds increased revenue to the affordable housing fund while not completely discouraging office development that would contribute those funds and other impact fees that support a variety of other City services.

Life sciences / biotech lab space is a land use that is currently captured in the City’s commercial/R&D impact fee. The Council may want to consider based on the analysis whether it wants to continue to group these land uses together or separate them to create a greater

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7 3300 El Camino Real: 50,355 square feet (commercial)
123 Sherman: 23,075 square feet (commercial)
486 Hamilton: 2,108 square feet (commercial)
436 Waverly: 113 square feet (commercial)
incentive to encourage more biotech development. The results of the study suggest elimination of the affordable housing impact fee would still not be feasible due to other costs and the City may not want to eliminate the fee outright. However, as seen with the other prototypes, there are outlier conditions and a reduced fee in this regard may provide an opportunity to encourage biotech land uses, if that is the Council’s interest. Typically, biotech uses larger floor spaces and a lower employee density than other professional office spaces.

With regard to hotels, the feasibility study suggests increases in this impact fee may lower the likelihood of future hotel development based on typical development patterns, density, costs and expected returns. Presently the City’s zoning code encourages hotel development authorizing a higher FAR compared to other land uses. No change to this fee is recommended at this time.

**Timeline**
The ordinance attached to this report amending the municipal fee schedule does not require a second reading and the fees would become effective 60 days thereafter, if adopted by Council.

**Resource Impact**
Preparation of the feasibility study cost approximately $46,000 and was an expense absorbed by the Planning and Development Services budget. The Council’s direction to modify the affordable housing commercial impact fee may result in additional revenue in the City’s commercial affordable housing fund and used for the production, preservation or acquisition of affordable housing units. If impact fees are too high, it may discourage commercial office development and lower the amount of money collected through commercial impact fees that support a variety of City services beyond the City’s affordable housing fund, such as parks, community centers, libraries, and other public facilities. Based on the Council’s direction and staff analysis of estimated revenue impacts, budgetary adjustments will be brought forward as appropriate to reflect these fee changes.

**Policy Implications**
Adjustments to commercial impact fees may impact pending and future commercial development in Palo Alto and, there are different perspectives as to why and how much fee should be applied to development. Generally, impact fees are intended to off-set the financial impact caused by the development on City services, including the amount of affordable housing needed to support new office workers and related jobs generated when new businesses established.

Palo Alto assesses a variety of impact fees on commercial development to mitigate costs to support or create new opportunities for affordable housing, parks, community centers, libraries, transportation improvements and other public services.

If the affordable housing impact fee is set at a level that discourages office development, fees that support these community programs and services will not be collected from those foregone
projects. A fee above the feasible levels identified in the report could also result in legal challenges or an increase in requests for administrative relief from the fees pursuant to Palo Alto Municipal Code section 16.65.110. On the other hand, it can also be argued that a fee set too low may require taxpayers to subsidize these programs to a greater degree. For these reasons, the attached feasibility study attempts to provide information to help the Council balance these interests.

In addition to the commercial/R&D impact fee being considered, the City Council may want to discuss its interest in establishing a tiered fee structure. This approach could be used to help incentivize certain development, such as biotech – if that is desirable, and support smaller professional office spaces, including medical office. Lower fees can be assigned to less impactful or desired land uses with moderate and higher fees assigned to more typical and larger projects that, due to their higher YOC or ROC can afford higher impact fees.

Staff notes that there are some pending commercial office projects (totaling ~75,000 square feet) that may be impacted by the City Council’s decision to change impact fees. Typically, development impact fees can be paid following a planning entitlement (such as ARB) and often around the time of building permit issuance. The City Council may consider exempting pending entitlement applications from an increase in fees, though it is not obligated to do so.

Lastly, AB 602 was recently signed by the Governor and will go into effect on January 1, 2022. This law creates new standards for development impact fees and associated nexus studies adopted after January 1, 2022. While the law does not directly affect the matter presently before the Council, it will be relevant to future actions to set or changes development impact fees like the commercial linkage fee.

**Stakeholder Engagement**

Following release of the commercial linkage fee feasibility study on October 4th, staff sent mailed notices on October 1st to parties that have requested information from the City in the past, including local and regional chapters of the Building Industry Association, and sent courtesy notices to applicants with pending projects potentially impacted by a change in the impact fee, and notice of this public hearing was published two weeks in a row in the Daily Post starting on September 30th. Staff has been contacted by some property owners or representatives concerned about an increase in the impact fee and attempted to inform others of the Council’s scheduled public hearing.

**Environmental Review**

The recommendation in this report does not result in a City action and does not qualify as a project in accordance with the California Environmental Quality Act (CEQA); rather, the City Council is providing direction to staff on the parameters of a future ordinance that may modify the City’s municipal fee schedule. That future ordinance is subject to CEQA and is anticipated to be exempt from CEQA pursuant Sections 15378(b)(4), 15305 and 15601(b)(3) of the State CEQA Guidelines.
Attachments:

- **Attachment14.a:** Attachment A: Commercial Linkage Fee (CLF) Feasibility Report (September 2021)
- **Attachment14.b:** Attachment B: Ordinance Amending FY 2022 Municipal Fee Schedule, Housing Impact Fee for Non-Residential Projects
COMMERCIAL LINKAGE FEE UPDATE
FINANCIAL FEASIBILITY ANALYSIS

Prepared for:
City of Palo Alto

September 20, 2021
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I. INTRODUCTION

The City of Palo Alto is considering updating its commercial linkage fees on new office, R&D, and hotel development projects. Commercial linkage fees are used to mitigate the impacts of an increase in housing demand from employee households that require below-market-rate housing. Revenues from linkage fees are deposited into a housing trust fund for the construction of affordable housing. Commercial linkage fees are one of several funding sources that jurisdictions can use to help meet affordable housing needs of new workers.

In 2015, Strategic Economics and Vernazza Wolfe Associates completed a nexus study that established maximum commercial linkage fees for office/R&D and hotel uses. The study also included an analysis of the financial feasibility of updated commercial linkage fees and other policy considerations that led to the recommended fees, which are significantly lower than the maximum fees justified by the nexus study. Figure 1 below summarizes the maximum commercial linkage fees justified by the 2015 nexus study, the recommended fees based on the policy analysis, and the current (2021) commercial linkage fees on office/R&D/medical office and hotel uses.

Since the previous nexus and feasibility studies, the value of commercial real estate and the cost of development in Palo Alto and the greater Bay Area have changed. The City of Palo Alto has commissioned Strategic Economics to provide an updated financial feasibility assessment and policy analysis to analyze how an increase in fee levels for office/R&D and hotel uses would affect the probability of development.

This memo report summarizes the results of the analysis.
II. APPROACH

The analysis is based on four office and hotel development prototypes summarized in Figure 3. Strategic Economics built a static pro forma model for each prototype that measures the profitability of a project for the developer or investor.

It is important to note that investors consider a wide range of factors to determine if a development project makes financial sense, and some investors may have different levels of risk tolerance than others. However, this study relies on broadly accepted indicators to establish the likely expectations for a typical development project in the Palo Alto market.

In this case, the return is calculated as yield on cost (YOC), a common indicator for measuring the profitability of a commercial project from the perspective of a long-term property owner or investor. The pro forma model tallies all development costs, including land, direct construction costs, indirect costs (including financing), and developer fees. Revenues from lease rates or hotel room rates are the basis for calculating annual income from the new development. The total operating costs are subtracted from the total revenues to calculate the annual net operating income. The YOC is then calculated by dividing the annual net operating income by the total development costs. The fee levels were then added as an additional development cost to measure the resulting change in the YOC.

- **Office/R&D** – In order to attract new investment, the expected YOC for new Class A office/R&D developments would be 125 basis points higher than the published capitalization rate (cap rate) for similar Class A products, which is currently 5.5 percent. Therefore, the analysis assumes that office/R&D projects that exceed a YOC of 6.75 percent are highly likely to be developed. Projects that achieve a YOC of less than 6.75 percent, but still have a positive net value are less likely to be built. Projects that have negative net values (the cost of development exceeds the value from rental income) are infeasible.

- **Hotel** – In order to attract new investment, the expected YOC for new hotel project would need to be 100 basis points higher than the published capitalization rate (cap rate). Cap rates for hotel properties are currently approximately between 8.0 and 8.25 percent. Therefore, the analysis assumes that hotel projects that exceed a YOC of at least 9.25 percent are highly likely to be developed. Projects that achieve a YOC of less than 9.25 percent, but still have a positive net value are less likely to be built. Projects that have negative net values (the cost of development exceeds the capitalized value of the net operating income at a stabilized year) are infeasible.

**FIGURE 2: EXPECTED YIELD ON COST FOR DEVELOPMENT PROJECTS**

<table>
<thead>
<tr>
<th>Prototype</th>
<th>Published Cap Rate</th>
<th>High Likelihood of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office/R&amp;D (Class AA)</td>
<td>5.5%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Hotel (Limited Service/Boutique)</td>
<td>8.0% - 8.25%</td>
<td>9.25%</td>
</tr>
</tbody>
</table>

Source: CBRE Cap Rate Survey, H2 2018; HVS, 2019; Developer interviews.
Development Prototypes

The analysis estimates the feasibility of potential linkage fees for three land uses: R&D, office, and hotel. Because there are a variety of different types of office and R&D development projects in Palo Alto and the Peninsula, the analysis examined four different building prototypes. The building characteristics of each development prototype, including size, density (floor-area-ratio), and parking assumptions are based on a review of projects that were recently built or currently in planning stages in Palo Alto.

The following summarizes the prototypes:

- **Prototype 1:** R&D Lab with FAR of 0.4. This maximum FAR for medical research R&D projects applies in ROLM and RP districts, and is typical of recently built and proposed R&D projects. This building type is assumed to include lab space for research and development, and used primarily by biotech firms.

- **Prototype 2-A:** Professional Office with FAR of 0.4. This maximum FAR for commercial office/R&D projects applies in CS and CN zoning districts of Palo Alto, even when part of a mixed-use development. This prototype is similar to recently built and proposed office projects. It is assumed that the tenants would be professional office businesses, including software R&D.

- **Prototype 2-B:** Professional Office with FAR of 1.0. This maximum FAR would be possible in the CD-C zoning district, even when part of a mixed-use development. It is assumed that the tenants would be professional office businesses, including software R&D.

- **Prototype 2-C:** Professional Office with FAR of 2.0. This maximum FAR would apply to the CC(2) zoning district, even when part of a mixed-use development. It is assumed that the tenants would be professional office businesses, including software R&D.

- **Prototype 3:** Limited Service or Boutique Hotel with FAR of 2.0. Hotels are allowed at a 2.0 FAR in the CC(2), CS, and CD-C zones. This building type is typical of recently built and proposed hotel projects in Palo Alto.

The details regarding the size, density (floor-area ratio), parking, and other key assumptions for each prototype are summarized in Figure 3 below.
**FIGURE 3. DESCRIPTION OF DEVELOPMENT PROTOTYPES**

### Development Prototypes

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Prototype 1</th>
<th>Prototype 2-A</th>
<th>Prototype 2-B</th>
<th>Prototype 2-C</th>
<th>Prototype 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type</strong></td>
<td>R&amp;D Labs</td>
<td>Professional Offices</td>
<td>Professional Offices</td>
<td>Professional Offices</td>
<td>Boutique or Limited Service</td>
</tr>
<tr>
<td>Parcel Size (Sq. Ft.)</td>
<td>130,680</td>
<td>43,560</td>
<td>43,560</td>
<td>43,560</td>
<td>Hotel</td>
</tr>
<tr>
<td>Parcel Size (acres)</td>
<td>3.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td><strong>Building Height and FAR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FAR (without parking) [a]</td>
<td>0.40</td>
<td>0.40</td>
<td>1.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td><strong>Building area</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross area (gsf)</td>
<td>52,272</td>
<td>17,424</td>
<td>43,560</td>
<td>87,120</td>
<td>87,120</td>
</tr>
<tr>
<td>Efficiency Ratio [b]</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td>n/a</td>
</tr>
<tr>
<td>Net leasable area (nsf)</td>
<td>47,045</td>
<td>15,682</td>
<td>39,204</td>
<td>78,408</td>
<td>n/a</td>
</tr>
<tr>
<td>Number of rooms</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>120</td>
</tr>
<tr>
<td><strong>Parking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% Underground</td>
<td>40%</td>
<td>70%</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
</tr>
<tr>
<td>Surface</td>
<td>103.0</td>
<td>17.0</td>
<td>14.0</td>
<td>29.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Underground</td>
<td>69.0</td>
<td>40.0</td>
<td>130.0</td>
<td>258.0</td>
<td>86.0</td>
</tr>
<tr>
<td>Total Spaces</td>
<td>172.0</td>
<td>57.0</td>
<td>144.0</td>
<td>287.0</td>
<td>96.0</td>
</tr>
<tr>
<td>Parking Ratio (per room)</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>0.80</td>
</tr>
<tr>
<td>Parking Ratio (per gross 1,000 SF)</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
<td>3.3</td>
<td>1.10</td>
</tr>
</tbody>
</table>

Source: City of Palo Alto, 2021; Strategic Economics, 2021.

Notes:

[a] The Floor-Area Ratio (FAR) is often used as a measure of density. In this analysis, it is calculated as the gross building area, not including parking, divided by the parcel size.

[b] The Efficiency Ratio refers to the ratio of gross building area to net leasable area. An efficiency ratio of 90% means that 90% of the gross building area is leasable space. In hotels, revenue is informed by room count, rather than square footage, and therefore the net area is omitted.
Key Assumptions

DEVELOPMENT COSTS

The development costs incorporated into the pro forma analysis include hard costs (construction materials and labor), land costs, soft costs (indirect costs), and financing costs.

HARD COSTS

Hard costs, or construction costs, include labor and materials. The hard cost assumptions are based on Strategic Economics’ review of pro formas for similar development projects, industry publications, and interviews with developers with projects in Palo Alto and nearby jurisdictions. It is important to note that construction costs are currently at an all-time high due to COVID-19, which has caused disruptions in the labor market and supply chain throughout the United States. For the purposes of this analysis, it is assumed that hard costs return to pre-pandemic conditions.

As shown in Figure 4, hard costs include building construction, parking and the tenant improvements typically required for professional offices and R&D labs. For hotels, there is an assumption for the cost of Furniture, Fixtures, and Equipment (FF&E).

FIGURE 4. HARD COSTS ASSUMPTIONS BY prototype

<table>
<thead>
<tr>
<th>Cost</th>
<th>Unit of measure</th>
<th>Prototype 1 R&amp;D Lab 0.4 FAR</th>
<th>Prototype 2-A Professional Office 0.4 FAR</th>
<th>Prototype 2-B Professional Office 1.0 FAR</th>
<th>Prototype 2-C Professional Office 2.0 FAR</th>
<th>Prototype 3 Hotel 2.0 FAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site and Building Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Costs</td>
<td>per gross SF</td>
<td>$350</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$225</td>
</tr>
<tr>
<td></td>
<td>per room</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$163,350</td>
</tr>
<tr>
<td>FF&amp;E</td>
<td>per room</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$20,000</td>
</tr>
<tr>
<td>Parking Costs</td>
<td>Cost per Space</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Surface</td>
<td>$7,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Underground</td>
<td>$100,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entitled land</td>
<td>per site SF</td>
<td>$300</td>
<td>$300</td>
<td>$425</td>
<td>$650</td>
<td>$300</td>
</tr>
<tr>
<td></td>
<td>per acre</td>
<td>$13,068,000</td>
<td>$13,068,000</td>
<td>$18,513,000</td>
<td>$28,314,000</td>
<td>$13,068,000</td>
</tr>
<tr>
<td></td>
<td>per FAR</td>
<td>$5,227,200</td>
<td>$5,227,200</td>
<td>$18,513,000</td>
<td>$56,628,000</td>
<td></td>
</tr>
<tr>
<td>Tenant Improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(PLSF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant Improvement</td>
<td>per lsf</td>
<td>$150</td>
<td>$80</td>
<td>$80</td>
<td>$80</td>
<td>$0</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.
**LAND COSTS**

One of the critical cost factors for a non-residential development project is land cost. To determine the land value of sites zoned for commercial and mixed-use, Strategic Economics analyzed recent sales transactions for properties in Palo Alto and interviewed property owners and developers. As shown, there is a wide range in value for mixed-use and commercial properties in Palo Alto. Generally, properties in Downtown Palo Alto tend to command higher prices than properties on commercial corridors.

**FIGURE 5. SALES PRICES FOR VACANT MIXED-USE AND COMMERCIAL SITES SOLD 2016-2021.**

<table>
<thead>
<tr>
<th>Property</th>
<th>Site Area SF</th>
<th>Sale Price</th>
<th>Sale Price per SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>630 Cowper St</td>
<td>15,520</td>
<td>$10,000,000</td>
<td>$644.33</td>
</tr>
<tr>
<td>4115 El Camino Real</td>
<td>15,969</td>
<td>$7,650,000</td>
<td>$479.05</td>
</tr>
<tr>
<td>2755 El Camino Real</td>
<td>19,602</td>
<td>$7,500,000</td>
<td>$382.61</td>
</tr>
<tr>
<td>796 San Antonio Rd (Part of Multi-Property Sale)</td>
<td>30,491</td>
<td>$7,712,762</td>
<td>$252.95</td>
</tr>
<tr>
<td>788 San Antonio Rd (Part of Multi-Property Sale)</td>
<td>22,651</td>
<td>$3,837,238</td>
<td>$169.41</td>
</tr>
<tr>
<td>2515 El Camino Real</td>
<td>41,382</td>
<td>$23,000,000</td>
<td>$555.80</td>
</tr>
</tbody>
</table>


For the purposes of this analysis, it is assumed that sites zoned for 0.4 FAR office and 2.0 FAR hotel uses would have a value of $300 per square foot ($13 million per acre). Sites zoned for 1.0 FAR would have a higher value of $425 per square foot ($18.5 million per acre). Sites zoned for 2.0 FAR office uses would have the highest value of $650 per square foot ($28 million per acre).
SOFT COSTS

Soft costs (often referred to as indirect costs) include items such as architectural fees, engineering fees, insurance, taxes, legal fees, accounting fees, city fees, and marketing costs. Major impact fees were calculated based on the City’s Development Impact Fee schedule for 2021, and inflated to 2022. Palo Alto’s Traffic Impact Fee and other permits and fees were calculated by City staff for 2022. Soft costs were estimated as a percentage of hard costs based on standard industry ratios. These assumptions are shown in Figure 6.

FIGURE 6. SOFT COST ASSUMPTIONS BY LAND USE

<table>
<thead>
<tr>
<th>Cost</th>
<th>Unit of measure</th>
<th>Office/R&amp;D</th>
<th>Hotel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact Fees (Inflated to 2022)</td>
<td>per sq. ft.</td>
<td>$16.84</td>
<td>$2.87</td>
</tr>
<tr>
<td>Parks Impact Fee</td>
<td></td>
<td>$16.84</td>
<td>$2.87</td>
</tr>
<tr>
<td>Community Centers Impact Fee</td>
<td>per sq. ft.</td>
<td>$1.30</td>
<td>$0.22</td>
</tr>
<tr>
<td>Public Safety Facilities Impact Fee</td>
<td>per sq. ft.</td>
<td>$0.66</td>
<td>$0.66</td>
</tr>
<tr>
<td>General Govt Facilities Impact Fee</td>
<td>per sq. ft.</td>
<td>$0.83</td>
<td>$0.83</td>
</tr>
<tr>
<td>Libraries Impact Fee</td>
<td>per sq. ft.</td>
<td>$0.78</td>
<td>$0.13</td>
</tr>
<tr>
<td>Citywide Traffic Impact Fee</td>
<td>per sq. ft.</td>
<td>$11.89</td>
<td>$3.64</td>
</tr>
<tr>
<td>Planning Fees</td>
<td>per sq. ft.</td>
<td>$0.79</td>
<td>$0.53</td>
</tr>
<tr>
<td>Building Fees</td>
<td>per sq. ft.</td>
<td>$8.66</td>
<td>$6.91</td>
</tr>
<tr>
<td>Subtotal City Permits and Fees</td>
<td>per sq. ft.</td>
<td>$41.73</td>
<td>$15.78</td>
</tr>
</tbody>
</table>

*Other Soft Costs* % of hard costs
- Arch, Eng & Consulting 4.0% 4.0%
- Taxes, Insurance, Legal, Accounting 3.0% 3.0%
- Contingencies 4.0% 4.0%
- Developer Overhead 3.0% 3.0%
- Other Soft Costs (Excluding Fees) 14.0% 14.0%
- Construction Financing % of hard + soft costs 6.0% 6.0%

Source: City of Palo Alto, 2021; Strategic Economics, 2021.
REVENUES

The commercial real estate market has been greatly affected by the COVID-19 pandemic, with declining occupancy rates for hotel and office properties, and declining room rates and lease rates. Because of the historical strength of the office and hotel markets in Palo Alto and the greater Silicon Valley economy, this analysis assumes that market conditions will be healthy within the next few years. The revenue assumptions are based on market values for office, R&D, and hotel uses prior to the onset of the pandemic. The data sources include commercial broker reports, hospitality industry reports, and Costar, as well as from interviews with developers and brokers active in Palo Alto and Santa Clara County.

Professional Office: For professional office rents, Strategic Economics reviewed data for Class A office buildings in Palo Alto that are tenanted by professional firms, summarized in Figure 7 below. The rental rates vary significantly by building, but at the higher end of the range, the median monthly triple-net (NNN)\(^1\) rent is $6.71 per square foot. The top quartile rents are $9.58 per month. For the purposes of this analysis, Strategic Economics assumed a rental rate of $9.50 per square foot NNN, which is at the higher range for a new, multi-tenant tech office building in Palo Alto.

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Year Built</th>
<th>Tenant</th>
<th>Submarket</th>
<th>Mid-Point Monthly Rent/SF NNN</th>
</tr>
</thead>
<tbody>
<tr>
<td>3223 Hanover St</td>
<td>2021</td>
<td>JP Morgan Tech HQ</td>
<td>Stanford</td>
<td>$6.71</td>
</tr>
<tr>
<td>2747 Park Blvd</td>
<td>2019</td>
<td>Tencent</td>
<td>Other</td>
<td>$6.58</td>
</tr>
<tr>
<td>3421 Hillview Ave</td>
<td>2018</td>
<td>Vmware</td>
<td>Other</td>
<td>$7.04</td>
</tr>
<tr>
<td>2555 Park Blvd</td>
<td>2018</td>
<td>Globality Inc</td>
<td>California Avenue</td>
<td>$9.54</td>
</tr>
<tr>
<td>500-508 University Ave</td>
<td>2017</td>
<td>Accel</td>
<td>Downtown Palo Alto</td>
<td>$6.42</td>
</tr>
<tr>
<td>550 High St</td>
<td>2016</td>
<td>EY</td>
<td>Downtown Palo Alto</td>
<td>$13.88</td>
</tr>
<tr>
<td>385 Sherman Ave</td>
<td>2016</td>
<td>VISA Research</td>
<td>California Avenue</td>
<td>$6.46</td>
</tr>
<tr>
<td>611 Cowper St</td>
<td>2015</td>
<td>Amazon</td>
<td>Downtown Palo Alto</td>
<td>$9.63</td>
</tr>
<tr>
<td>3305 Hillview Ave</td>
<td>2002</td>
<td>Tibco</td>
<td>Other</td>
<td>$5.71</td>
</tr>
<tr>
<td>3307 Hillview Ave</td>
<td>2002</td>
<td>Tibco</td>
<td>Other</td>
<td>$4.17</td>
</tr>
<tr>
<td>435 Tasso St</td>
<td>1984</td>
<td>Formation Group</td>
<td>Downtown Palo Alto</td>
<td>$10.07</td>
</tr>
</tbody>
</table>

**Median** $6.71

**Top Quartile** $9.58


Notes: Mid-point of the rental ranges estimated by CoStar are based on historical lease transactions, historical asking rents, market trends, and more. Tenants listed are based on the most recent data available online. Buildings may host more than one tenant at an address, and tenants listed may no longer be the current tenants.

\(^1\) A triple net lease (triple-Net or NNN) is a lease agreement on a property whereby the tenant or lessee promises to pay all the expenses of the property including real estate taxes, building insurance, and maintenance.
**R&D/Labs:** For R&D rents, Strategic Economics reviewed data for comparable buildings in Palo Alto that are occupied by R&D firms, summarized in Figure 8 below. The rental rates range from $3.71 to $9 per square foot, with a median monthly triple-net rent of $7.37. For the purposes of this analysis, Strategic Economics assumed that the monthly rent for a new R&D building would be $7.50 per square foot NNN.

**Figure 8: Lease Rates at Comparable Class A R&D Buildings**

<table>
<thead>
<tr>
<th>Property Address</th>
<th>Year Built</th>
<th>Tenant</th>
<th>Submarket</th>
<th>Mid-Point Monthly Rent/SF NNN</th>
</tr>
</thead>
<tbody>
<tr>
<td>3181 Porter Dr</td>
<td>2018</td>
<td>Stanford Research Park</td>
<td>Stanford</td>
<td>$6.50</td>
</tr>
<tr>
<td>900-908 Arastradero Rd</td>
<td>2018</td>
<td>Stanford Research Park</td>
<td>Stanford</td>
<td>$9.00</td>
</tr>
<tr>
<td>1450 Page Mill Rd</td>
<td>2017</td>
<td>Argo AI</td>
<td>Stanford</td>
<td>$6.95</td>
</tr>
<tr>
<td>278 University Ave</td>
<td>2013</td>
<td>Invitae</td>
<td>Downtown Palo Alto</td>
<td>$7.79</td>
</tr>
<tr>
<td>3301 Hillview Ave</td>
<td>2002</td>
<td>Docomo Innovations</td>
<td>Stanford</td>
<td>$3.71</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$7.37</strong></td>
</tr>
</tbody>
</table>

Notes: Mid-point of the rental ranges estimated by CoStar are based on historical lease transactions, historical asking rents, market trends, and more. Tenants listed are based on the most recent data available online. Buildings may host more than one tenant at an address, and tenants listed may no longer be the current tenants.

**Hotel:** The assumptions of hotel revenues are based on a combination of data sources, including interviews with hotel developers in Palo Alto, and data from STR, a hotel research firm that tracks hotel room rates, vacancy rates, and revenues per available room for properties in Palo Alto (see Figure 9).
**Figure 9. Revenue Assumptions by Prototype**

### R&D
- **Monthly Rent per Sq. Ft. (NNN)**: $7.50
- **Annual Rent per Sq. Ft. (NNN)**: $90.00
- **Vacancy**: 5%
- **Operating Expenses**: 7.5%
- **Net Operating Income per Sq. Ft.**: $78.75
- **Cap Rate**: 5.50%
- **Capitalized Value/Sq. Ft.**: $1,431.82

### Office
- **Monthly Rent per Sq. Ft. (NNN)**: $9.50
- **Annual Rent per Sq. Ft. (NNN)**: $114.00
- **Vacancy**: 5%
- **Operating Expenses**: 7.5%
- **Net Operating Income per Sq. Ft.**: $99.75
- **Cap Rate**: 5.50%
- **Capitalized Value/Sq. Ft.**: $1,813.64

### Hotel

<table>
<thead>
<tr>
<th>Description</th>
<th>Daily/room</th>
<th>Annual/room</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Room Income (RevPAR) [a]</td>
<td>$250</td>
<td>$91,250</td>
</tr>
<tr>
<td>Gross Other Revenue [b]</td>
<td>$88</td>
<td>$31,938</td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>$338</td>
<td>$123,188</td>
</tr>
<tr>
<td>Less: Vacancy [c]</td>
<td></td>
<td>$0</td>
</tr>
<tr>
<td>Less: Operating Expenses [d]</td>
<td>70%</td>
<td>($86,231)</td>
</tr>
<tr>
<td>Annual Net Operating Income</td>
<td></td>
<td>$36,956</td>
</tr>
<tr>
<td>Cap Rate</td>
<td>8.25%</td>
<td></td>
</tr>
<tr>
<td>Capitalized Value per Room</td>
<td></td>
<td>$447,955</td>
</tr>
</tbody>
</table>


Notes:
- [a] RevPAR is a measure of revenue per room, calculated as occupancy percentage times average daily rate.
- [b] Other Revenue for hotels based on data from STR Consulting, and from hotel developer interviews.
- [c] Vacancy is already reflected in RevPAR estimate.
- [d] Vacancy is already reflected in RevPAR estimate.
III. RESULTS

The financial feasibility of development is assessed using two metrics described below:

1. Yield on Cost

As described in the Approach section of the report, the pro forma analysis estimates the profitability of a development project using the yield on cost (YOC) metric. Projects that achieve the target YOC for feasibility are much more likely to be built. Projects that achieve a lower YOC but still have a positive net value are less likely to be built. The target YOC thresholds for office/R&D and hotel projects are shown in Figure 10 below.

**FIGURE 10: EXPECTED YIELD ON COST FOR DEVELOPMENT PROJECTS**

<table>
<thead>
<tr>
<th>Prototype</th>
<th>Published Cap Rate</th>
<th>Target YOC for Feasibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office/R&amp;D (Class AA)</td>
<td>5.5%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Hotel (Limited Service/Boutique)</td>
<td>8.0% - 8.25%</td>
<td>9.25%</td>
</tr>
</tbody>
</table>

Source: CBRE Cap Rate Survey, H2 2018; HVS, 2019; Developer interviews.

2. Return on Cost

In addition to the YOC metric, Strategic Economics also calculated the return on cost. This is the net capitalized value of the project divided by the total development cost. Some of the projects produce a negative net value and a negative return on cost. Projects with a negative return on cost are infeasible because the cost of development is greater than the value generated from rents or room rates.

Using the metrics defined above, the following summarizes the results of the financial feasibility of different commercial linkage fee levels for each prototype. The fee scenarios tested in the analysis are summarized below.

**FIGURE 11: FEE LEVELS TESTED IN PRO FORMA ANALYSIS**

<table>
<thead>
<tr>
<th>Office and R&amp;D Fee Levels Tested</th>
<th>Hotel Fee Levels Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>No Linkage Fee</td>
</tr>
<tr>
<td>$40 Existing Linkage Fee</td>
<td>$23 Existing Linkage Fee</td>
</tr>
<tr>
<td>$50</td>
<td>$30</td>
</tr>
<tr>
<td>$60</td>
<td>$50</td>
</tr>
<tr>
<td>$70</td>
<td>$177 - Maximum Nexus Fee</td>
</tr>
<tr>
<td>$150</td>
<td></td>
</tr>
<tr>
<td>$160</td>
<td></td>
</tr>
<tr>
<td>$264 Maximum Nexus Fee</td>
<td></td>
</tr>
</tbody>
</table>
R&D Lab/BioTech (Prototype 1) None of the commercial linkage fee levels tested for the R&D lab projects with a 0.4 FAR are financially feasible based on current market conditions. Even without a linkage fee, the prototype does not meet the target YOC as shown in Figure 12. The R&D lab spaces have extremely high construction costs. This, combined with the high value of land in Palo Alto, render this prototype infeasible. The development costs for the R&D prototype are greater than the value generated from the development, resulting in a negative net value and a negative return on cost. It is possible that a higher intensity R&D project would be more likely to be feasible. Most new R&D projects built recently in the Peninsula have allowable FAR of 1.0 or higher.

As shown in Figure 13, the existing linkage fee (inflated to 2022) accounts for approximately 2.6 percent of total development costs. Increasing the fee to $70 would raise the burden to 4.5 percent of total development costs. The maximum nexus fee of $264 would be a much higher cost burden on projects, accounting for 17 percent of total development costs.

The detailed pro forma for the R&D prototype is shown in Figure 14.

**Figure 12. Summary of Financial Feasibility of Prototype 1 R&D with 0.4 FAR**

<table>
<thead>
<tr>
<th>Linkage Fee per Sq. Ft.</th>
<th>Yield on Cost</th>
<th>Return on Cost</th>
<th>Feasibility of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>4.57%</td>
<td>-16.86%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$40 - Existing Linkage Fee</td>
<td>4.46%</td>
<td>-19.42%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$50</td>
<td>4.43%</td>
<td>-20.08%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$60</td>
<td>4.40%</td>
<td>-20.73%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$70</td>
<td>4.38%</td>
<td>-21.37%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$150</td>
<td>4.17%</td>
<td>-26.53%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$160</td>
<td>4.15%</td>
<td>-27.18%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$264 - Maximum Linkage Fee</td>
<td>3.91%</td>
<td>-33.89%</td>
<td>Infeasible</td>
</tr>
</tbody>
</table>

Source: Strategic Economics

**Figure 13. Prototype 1 R&D with 0.4 FAR Linkage Fees as % of Total Development Cost**

<table>
<thead>
<tr>
<th>Linkage Fees as % of Total Development Cost</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$40 - Existing Linkage Fee</td>
<td>2.6%</td>
</tr>
<tr>
<td>$50</td>
<td>3.2%</td>
</tr>
<tr>
<td>$60</td>
<td>3.9%</td>
</tr>
<tr>
<td>$70</td>
<td>4.5%</td>
</tr>
<tr>
<td>$150</td>
<td>9.7%</td>
</tr>
<tr>
<td>$160</td>
<td>10.3%</td>
</tr>
<tr>
<td>$264 - Maximum Linkage Fee</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.
### Figure 14. Prototype 1 R&D with 0.4 FAR Pro Forma Results

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Prototype 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel Size</td>
<td>3.00 acres</td>
</tr>
<tr>
<td>Gross Building Area</td>
<td>52,272 square feet</td>
</tr>
<tr>
<td>Net Building Area</td>
<td>47,045 square feet</td>
</tr>
<tr>
<td>FAR (without parking garage)</td>
<td>0.40</td>
</tr>
</tbody>
</table>

#### Revenues

- **Gross Revenue**: $4,234,032
- **Net Operating Income**: $3,704,778
- **Capitalization Rate**: 5.50%
- **Capitalized Value**: $67,359,600

#### Costs

- **Land Costs**: $39,204,000

#### Direct Costs

- **Gross Building Area**: $18,295,200
- **FF&E**: n/a
- **Tenant Improvement Allowance**: $7,056,720
- **Parking**: $7,672,500
- **Subtotal Direct Costs**: $33,024,420
  - per net square ft: $701.98
  - per gross square ft: $631.78

#### Indirect Costs

- **Soft Costs**: $4,623,419
- **City Permits and Fees (excl. commercial linkage)**: $2,181,525
- **Subtotal Indirect Costs**: $6,804,943

#### Financing Costs

- **Total Development Cost (TDC)**: $81,014,829
  - per net square ft: $1,722

#### Profit (Net Value - TDC)

- **No Linkage Fee**: $0
- **Existing Linkage Fee - Office/R&D**:
  - $40: $(13,655,229)
  - $50: $(14,863,042)
  - $60: $(16,268,829)
  - $70: $(16,791,549)
  - $150: $(21,496,029)
  - $160: $(22,018,749)
- **Maximum Nexus Fee - Office/R&D**: $264
  - $(27,455,037)

#### Yield on Cost (NOI/TDC)

<table>
<thead>
<tr>
<th>Linkage Fee - Office/R&amp;D</th>
<th>Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>0</td>
</tr>
<tr>
<td>$40</td>
<td>$40</td>
</tr>
<tr>
<td>$50</td>
<td>$50</td>
</tr>
<tr>
<td>$60</td>
<td>$60</td>
</tr>
<tr>
<td>$70</td>
<td>$70</td>
</tr>
<tr>
<td>$150</td>
<td>$150</td>
</tr>
<tr>
<td>$160</td>
<td>$160</td>
</tr>
<tr>
<td>Maximum Nexus Fee - Office/R&amp;D</td>
<td>$264</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.
Professional Office (Prototype 2-A) Professional office projects with a 0.4 FAR are unlikely to be able to support a higher commercial linkage fee. As shown in Figure 15, the 0.4 FAR professional office development prototype does not achieve the target YOC with the existing and higher commercial linkage fee levels. It is unlikely that a development project would move forward with a higher cost of development. The maximum fee level of $264 per square foot would be infeasible because it creates a negative net value and negative return on cost.

**Figure 15. Summary of Financial Feasibility of Prototype 2-A Office with 0.4 FAR**

<table>
<thead>
<tr>
<th>Fee per Sq. Ft.</th>
<th>Yield on Cost</th>
<th>Return on Cost</th>
<th>Likelihood of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>5.90%</td>
<td>7.22%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Existing Linkage Fee - $40</td>
<td>5.75%</td>
<td>4.61%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$50</td>
<td>5.71%</td>
<td>3.93%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$60</td>
<td>5.67%</td>
<td>3.28%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$70</td>
<td>5.64%</td>
<td>2.62%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$150</td>
<td>5.28%</td>
<td>-2.64%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$160</td>
<td>5.28%</td>
<td>-3.29%</td>
<td>Infeasible</td>
</tr>
<tr>
<td>Maximum Nexus Fee - $264</td>
<td>5.03%</td>
<td>-10.12%</td>
<td>Infeasible</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.

Professional Office (Prototype 2-B) A professional office development with a 1.0 FAR can support a commercial linkage fee of up to $50 per square foot. There are limited locations in Palo Alto where this prototype would be allowed under the existing land use regulations. However, as shown in Figure 16, the 1.0 FAR professional office project can support a linkage fee of $50, with a YOC of 6.77%. At higher fee levels, the development prototype becomes less likely to be built because it does not meet the target YOC, although it remains close. The impact of each fee level on total development costs is shown in Figure 18.

**Figure 16. Summary of Financial Feasibility of Prototype 2-B Office with 1.0 FAR**

<table>
<thead>
<tr>
<th>Fee per Sq. Ft.</th>
<th>Yield on Cost</th>
<th>Return on Cost</th>
<th>Likelihood of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>7.05%</td>
<td>28.11%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>Existing Linkage Fee - $40</td>
<td>6.83%</td>
<td>24.99%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$50</td>
<td>6.78%</td>
<td>24.18%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$60</td>
<td>6.73%</td>
<td>23.40%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$70</td>
<td>6.68%</td>
<td>22.61%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$150</td>
<td>6.30%</td>
<td>16.33%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$160</td>
<td>6.26%</td>
<td>15.55%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Maximum Nexus Fee - $264</td>
<td>5.84%</td>
<td>7.39%</td>
<td>Unlikely</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.

Professional Office (Prototype 2-C) A professional office development with a 2.0 FAR can support a commercial linkage fee of between $70 and $150 per square foot. There are a small number of sites in Palo Alto where a 2.0 FAR for office development would be allowed. As shown in Figure 17, the 2.0 FAR professional office project can support a linkage fee of up to $70, with all of the fee levels tested resulting in a YOC of more than 6.75%. The development prototype is not likely to support the maximum nexus fee of $264, which does not meet the target YOC. As summarized in Figure 18 fee of $70 would increase the cost burden to 6.1 percent of total development costs. A fee of $150 would represent 13 percent of total development costs. The maximum nexus fee would account for 23
percent of total development costs. The detailed pro forma for the professional office prototypes is shown in Figure 19.

**Figure 17. Summary of Financial Feasibility of Prototype 2-C Office with 2.0 FAR**

<table>
<thead>
<tr>
<th>Fee per Sq. Ft.</th>
<th>Yield on Cost</th>
<th>Return on Cost</th>
<th>Likelihood of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>7.66%</td>
<td>39.33%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>Existing Linkage Fee - $40</td>
<td>7.41%</td>
<td>35.94%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$50</td>
<td>7.35%</td>
<td>35.06%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$60</td>
<td>7.29%</td>
<td>34.21%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$70</td>
<td>7.23%</td>
<td>33.36%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$150</td>
<td>6.79%</td>
<td>26.53%</td>
<td>Highly likely</td>
</tr>
<tr>
<td>$160</td>
<td>6.74%</td>
<td>25.67%</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Maximum Nexus Fee - $264</td>
<td>6.25%</td>
<td>16.80%</td>
<td>Unlikely</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.

**Figure 18. Professional Office Linkage Fees as % of Total Development Cost**

<table>
<thead>
<tr>
<th>Linkage Fees as % of Total Development Cost</th>
<th>Prototype 2-A 0.4 FAR</th>
<th>Prototype 2-B 1.0 FAR</th>
<th>Prototype 2-C 2.0 FAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Linkage Fee - $40</td>
<td>2.6%</td>
<td>3.1%</td>
<td>3.4%</td>
</tr>
<tr>
<td>$50</td>
<td>3.3%</td>
<td>3.9%</td>
<td>4.3%</td>
</tr>
<tr>
<td>$60</td>
<td>3.9%</td>
<td>4.7%</td>
<td>5.1%</td>
</tr>
<tr>
<td>$70</td>
<td>4.6%</td>
<td>5.5%</td>
<td>6.0%</td>
</tr>
<tr>
<td>$150</td>
<td>9.9%</td>
<td>11.8%</td>
<td>12.8%</td>
</tr>
<tr>
<td>$160</td>
<td>10.5%</td>
<td>12.6%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Maximum Nexus Fee - $264</td>
<td>17.3%</td>
<td>20.7%</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.
### Figure 19. Prototype 2-A, 2-B, 2-C Professional Office Pro Forma Results

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Prototype 2-A Professional Office 0.4 FAR</th>
<th>Prototype 2-B Professional Office 1.0 FAR</th>
<th>Prototype 2-C Professional Office 2.0 FAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel Size</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Gross Building Area</td>
<td>17,424</td>
<td>43,560</td>
<td>87,120</td>
</tr>
<tr>
<td>Net Building Area</td>
<td>15,682</td>
<td>39,204</td>
<td>78,408</td>
</tr>
<tr>
<td>FAR</td>
<td>0.40</td>
<td>1.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Revenue</td>
<td>$1,787,702</td>
<td>$4,469,256</td>
<td>$8,938,512</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>$1,564,240</td>
<td>$3,910,599</td>
<td>$7,821,198</td>
</tr>
<tr>
<td>Capitalization Rate</td>
<td>5.50%</td>
<td>5.50%</td>
<td>5.50%</td>
</tr>
<tr>
<td>Capitalized Value</td>
<td>$28,440,720</td>
<td>$71,101,800</td>
<td>$142,203,600</td>
</tr>
<tr>
<td>Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land Costs</td>
<td>$13,068,000</td>
<td>$18,513,000</td>
<td>$28,314,000</td>
</tr>
<tr>
<td>Direct Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Building Area</td>
<td>$5,227,200</td>
<td>$13,068,000</td>
<td>$26,136,000</td>
</tr>
<tr>
<td>FF&amp;E</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Tenant Improvement Allowance</td>
<td>$1,254,528</td>
<td>$3,136,320</td>
<td>$6,272,640</td>
</tr>
<tr>
<td>Parking</td>
<td>$4,127,500</td>
<td>$13,105,000</td>
<td>$26,017,500</td>
</tr>
<tr>
<td>Subtotal Direct Costs</td>
<td>$10,609,228</td>
<td>$29,309,320</td>
<td>$58,426,140</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$1,485,292</td>
<td>$4,103,305</td>
<td>$8,179,660</td>
</tr>
<tr>
<td>City Permits and Fees (excl. commercial linkage)</td>
<td>$727,175</td>
<td>$1,817,937</td>
<td>$3,635,874</td>
</tr>
<tr>
<td>Subtotal Indirect Costs</td>
<td>$2,212,467</td>
<td>$5,921,242</td>
<td>$11,815,534</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$636,554</td>
<td>$1,758,559</td>
<td>$3,505,568</td>
</tr>
<tr>
<td>Total Development Cost (TDC)</td>
<td>$26,526,248</td>
<td>$55,502,121</td>
<td>$102,061,242</td>
</tr>
<tr>
<td>Profit (Net Value - TDC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Linkage Fee</td>
<td>$0</td>
<td>$1,914,472</td>
<td>$15,599,679</td>
</tr>
<tr>
<td>Existing Linkage Fee - Office/R&amp;D</td>
<td>$40</td>
<td>$1,222,726</td>
<td>$13,870,315</td>
</tr>
<tr>
<td></td>
<td>$50</td>
<td>$1,043,272</td>
<td>$13,421,679</td>
</tr>
<tr>
<td></td>
<td>$60</td>
<td>$869,032</td>
<td>$12,986,079</td>
</tr>
<tr>
<td></td>
<td>$70</td>
<td>$694,792</td>
<td>$12,550,479</td>
</tr>
<tr>
<td></td>
<td>$150</td>
<td>($699,128)</td>
<td>$9,065,679</td>
</tr>
<tr>
<td></td>
<td>$160</td>
<td>($873,368)</td>
<td>$8,630,079</td>
</tr>
<tr>
<td>Maximum Nexus</td>
<td>$264</td>
<td>($2,685,464)</td>
<td>$4,099,839</td>
</tr>
<tr>
<td>Yield on Cost (NOI/TDC)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Linkage Fee</td>
<td>$0</td>
<td>5.90%</td>
<td>7.05%</td>
</tr>
<tr>
<td>Existing Linkage Fee - Office/R&amp;D</td>
<td>$40</td>
<td>5.75%</td>
<td>6.83%</td>
</tr>
<tr>
<td></td>
<td>$50</td>
<td>5.71%</td>
<td>6.78%</td>
</tr>
<tr>
<td></td>
<td>$60</td>
<td>5.67%</td>
<td>6.73%</td>
</tr>
<tr>
<td></td>
<td>$70</td>
<td>5.64%</td>
<td>6.68%</td>
</tr>
<tr>
<td></td>
<td>$150</td>
<td>5.28%</td>
<td>6.30%</td>
</tr>
<tr>
<td></td>
<td>$160</td>
<td>5.28%</td>
<td>6.26%</td>
</tr>
<tr>
<td>Maximum Nexus Fee - Office/R&amp;D</td>
<td>$264</td>
<td>5.03%</td>
<td>5.84%</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.
Hotel

As summarized in Figure 20 for hotel projects, the existing linkage fee of $24 per square foot is challenging for hotel projects, with a yield of cost of 8.31%. The threshold for feasibility is 9.25%. At higher fee levels, the prototype becomes infeasible, with total development costs exceeding the net value of the project. The existing linkage fee represents 4.0% of total development costs (see Figure 21). A higher fee of $30 per square foot would increase the burden to 5.1% of total development costs.

The current market for hotels is exceptionally challenging due to the impacts of COVID-19 on business travel and tourism. The results of the feasibility analysis indicate that further increases in the cost of development are likely to inhibit future development projects.

The detailed pro forma for the hotel prototype is shown in Figure 22.

**Figure 20. Summary of Financial Feasibility of Prototype 3 Hotel**

<table>
<thead>
<tr>
<th>Fee per Sq. Ft.</th>
<th>Yield on Cost (%)</th>
<th>Return on Cost (%)</th>
<th>Likelihood of Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Linkage Fee</td>
<td>8.65</td>
<td>4.88</td>
<td>Unlikely</td>
</tr>
<tr>
<td>Existing Linkage Fee - $23</td>
<td>8.33</td>
<td>0.95</td>
<td>Unlikely</td>
</tr>
<tr>
<td>$30</td>
<td>8.23</td>
<td>-0.22</td>
<td>Infeasible</td>
</tr>
<tr>
<td>$50</td>
<td>7.97</td>
<td>-3.62</td>
<td>Infeasible</td>
</tr>
<tr>
<td>Maximum Nexus Fee - $177</td>
<td>6.65</td>
<td>-25.21</td>
<td>Infeasible</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.

**Figure 21. Prototype 3 Hotel Linkage Fees as % of Total Development Cost**

<table>
<thead>
<tr>
<th>Linkage Fees as % of Total Development Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Linkage Fee - $23</td>
</tr>
<tr>
<td>$30</td>
</tr>
<tr>
<td>$50</td>
</tr>
<tr>
<td>Maximum Nexus Fee - $177</td>
</tr>
</tbody>
</table>

Source: Strategic Economics, 2021.
## Figure 22. Prototype 3 Hotel Pro Forma Results

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Prototype 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parcel Size</td>
<td>1.00 acres</td>
</tr>
<tr>
<td>Gross Building Area</td>
<td>87,120 square feet</td>
</tr>
<tr>
<td>Net Building Area</td>
<td>n/a square feet</td>
</tr>
<tr>
<td>FAR (without parking garage)</td>
<td>2.00</td>
</tr>
</tbody>
</table>

**Revenues**
- Gross Revenue $14,782,500
- Net Operating Income $4,434,750
- Capitalization Rate 8.25%
- Capitalized Value $53,754,545

**Costs**
- Land Costs $13,068,000

**Direct Costs**
- Gross Building Area $19,602,000
- FF&E $2,400,000
- Tenant Improvement Allowance $0
- Parking $8,675,000
- Subtotal Direct Costs $30,677,000
  - per net SF/room $255,641.67
  - per gross SF $352.12

**Indirect Costs**
- Soft Costs $4,294,780
- City Permits and Fees (excl. commercial linkage) $1,375,125
- Subtotal Indirect Costs $5,670,905

**Financing Costs**
- $1,840,620

**Total Development Cost (TDC)**
- $51,255,525
  - per room $427,129

**Profit (Net Value - TDC)**
- No Linkage Fee $0 $2,499,021
- Existing Linkage Fee - Hotel $23 $485,999
  - $30 $(114,579)
  - $50 $(1,856,979)
- Maximum Nexus Fee - Hotel $177 $(12,921,219)

**Yield on Cost (NOI/TDC)**
- No Linkage Fee $0 8.65%
- Existing Linkage Fee - Hotel $23 8.33%
  - $30 8.23%
  - $50 7.97%
- Maximum Nexus Fee - Hotel $177 6.65%

Source: Strategic Economics, 2021.
IV. PEER CITIES

A large share of municipalities in the Bay Area have adopted commercial linkage fees. Figure 23 summarizes commercial linkage fees for office and R&D, and Figure 24 shows linkage fees for hotel uses in peer cities.

For office and R&D uses, most cities have set their linkage fees within the range of $15 to $30 per square foot, well below Palo Alto’s current fee. Some jurisdictions, including Mountain View and San Francisco, have set lower fees for R&D than professional office uses. Burlingame, Mountain View, Santa Clara, and Sunnyvale have set lower fees for smaller-scale office projects.

San Francisco charges significantly higher fees on office and R&D than most other cities. San Francisco increased its commercial linkage fees to $46 per square foot for R&D and nearly $70 for office uses in December 2019. It is important to note that a feasibility analysis and an economic impact study conducted for San Francisco found that the increased fee for office uses would likely postpone or halt the construction of development projects, and would likely have a negative impact on jobs in the city.2 Santa Clara County charges all non-residential space on Stanford University land (in unincorporated Santa Clara County) a commercial linkage fee of $68.50 per square foot. Strategic Economics is not aware if Santa Clara County conducted a financial feasibility assessment for the fee.

Commercial linkage fees for hotel uses in the Bay Area range from $5 to $23 per square foot with most fees around $10 per square foot. The cities of Palo Alto and San Francisco have the highest linkage fees on hotels. These cities also have higher average hotel room rates than other Bay Area locations.

Many municipalities provide exemptions or fee reductions for certain types of projects, including:

- Smaller projects. For example, commercial linkage fees do not apply to projects adding less than 5,000 gross square feet in Redwood City, San Carlos, San Mateo City, or Burlingame. Projects adding less than 3,500 gross square feet in unincorporated land in San Mateo County, and less than 10,000 gross square feet in Menlo Park or East Palo Alto are also exempt. Some cities also tie their fee to building size on a sliding scale. Mountain View offers a 50% fee reduction for office projects under 10,000 square feet and hotel projects under 25,000 square feet. Sunnyvale also offers a 50% fee discount for the first 25,000 square feet of any project.

- Prevailing wage. Multiple jurisdictions, including Redwood City, San Carlos, San Mateo City, and San Mateo County, provide 25% fee reductions for projects that pay prevailing wage.

- Community-serving facilities. Most cities exempt projects such as hospitals/clinics, childcare, public, educational, religious, and/or non-profit uses. Additionally, projects that are replacing property damaged from natural disasters are also often exempted.

It is common for jurisdictions to allow alternative means of complying with commercial linkage fee requirements. Developers can typically satisfy the requirement by providing affordable housing either on or off-site, or by dedicating land for affordable housing. In most cases, the applicant must first prove that an alternative is necessary.

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Many cities have either enacted or updated their fees in the last four years, and fees are typically adjusted annually, based on either ENR’s Construction Cost Index for the San Francisco Bay area, or on the national Consumer Price Index.

**Figure 23. Office and R&D Linkage Fees (per Gross Sq. Ft. of Net New Space) in Nearby Cities**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Base Office and R&amp;D Fee</th>
<th>Reduced Office and R&amp;D Fee</th>
<th>Date Fee Was Adopted or Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burlingame</td>
<td>$25</td>
<td>$18 (a)</td>
<td>2017</td>
</tr>
<tr>
<td>Cupertino</td>
<td>$23.76</td>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Los Altos</td>
<td>$25</td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Menlo Park</td>
<td>$17.79</td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Mountain View</td>
<td>$29.62</td>
<td>$14.81 (a)</td>
<td>2021</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>$40</td>
<td>$26.22 (b)</td>
<td>2017</td>
</tr>
<tr>
<td>Redwood City</td>
<td>$20</td>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>San Carlos</td>
<td>$20</td>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$69.60</td>
<td>$48.98 (a)</td>
<td>2019</td>
</tr>
<tr>
<td>San Mateo City</td>
<td>$25</td>
<td>$38.37 (b)</td>
<td>2016</td>
</tr>
<tr>
<td>San Mateo County</td>
<td>$25</td>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Santa Clara City</td>
<td>$20</td>
<td>$10 (a)</td>
<td>2017</td>
</tr>
<tr>
<td>Stanford University Properties in Santa Clara County (c)</td>
<td>$68.50</td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>South San Francisco</td>
<td>$15</td>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>$16.50</td>
<td>$8.25 (a)</td>
<td>2015</td>
</tr>
</tbody>
</table>

Source: City Ordinances and Fee Schedules; 21 Elements, 2019; Silicon Valley at Home, 2019; Strategic Economics, 2021.

Notes:
(a) Fees vary based on project size in four cities: In Burlingame, Mountain View, Santa Clara, and Sunnyvale, office projects under 50,000 sq. ft., 10,000 sq. ft., 20,000 sq. ft. and 25,000 sq. ft. respectively pay the lower fee.
(b) Fees vary based on a differentiation between Professional/High-Tech Office and R&D in two cities. The lower fees are for R&D.
(c) Santa Clara County’s fee is specific to Stanford University’s academic space. Academic space is defined in the Code of Ordinances as all building uses, except building uses for housing and parking facilities, within the Stanford University Community Plan Area.
### Figure 24. Hotel Linkage Fees (Per Gross Sq. Ft. of Net New Space) in Nearby Cities

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Hotel Fee</th>
<th>Date Fee Was Adopted or Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burlingame</td>
<td>$12</td>
<td>2017</td>
</tr>
<tr>
<td>Cupertino</td>
<td>$11.88</td>
<td>2015</td>
</tr>
<tr>
<td>Los Altos</td>
<td>$15</td>
<td>2018</td>
</tr>
<tr>
<td>Menlo Park</td>
<td>$9.66</td>
<td>2018</td>
</tr>
<tr>
<td>Mountain View (a)</td>
<td>$1.60 - $3.17</td>
<td>2021</td>
</tr>
<tr>
<td>Palo Alto</td>
<td>$24</td>
<td>2017</td>
</tr>
<tr>
<td>Redwood City</td>
<td>$5</td>
<td>2015</td>
</tr>
<tr>
<td>San Carlos</td>
<td>$10</td>
<td>2017</td>
</tr>
<tr>
<td>San Francisco</td>
<td>$23.36</td>
<td>2019</td>
</tr>
<tr>
<td>San Mateo City</td>
<td>$10</td>
<td>2016</td>
</tr>
<tr>
<td>San Mateo County</td>
<td>$10</td>
<td>2016</td>
</tr>
<tr>
<td>Santa Clara City</td>
<td>$5</td>
<td>2017</td>
</tr>
<tr>
<td>South San Francisco</td>
<td>$5</td>
<td>2018</td>
</tr>
<tr>
<td>Sunnyvale</td>
<td>$8.25</td>
<td>2015</td>
</tr>
</tbody>
</table>

Source: City Ordinances and Fee Schedules; 21 Elements, 2019; Silicon Valley at Home, 2019; Strategic Economics, 2021.

Notes:
(a) Fees vary based on project size in Mountain View. For hotels under 25,000 sq. ft., the fee is $1.60 per square foot. The fee increases to $3.17 for hotels over 25,000 sq. ft.
Ordinance No. ____

Ordinance of the Council of the City of Palo Alto Amending the Fiscal Year 2022 Municipal Fee Schedule to Update the Housing Impact Fee for Non-Residential Projects.

The Council of the City of Palo Alto ORDAINS as follows:

SECTION 1.  Findings and declarations. The City Council finds and declares as follows:

A.  To ensure that future development projects mitigate their impact on the need for affordable housing in Palo Alto, and to ensure that any adopted housing impact fees for non-residential development do not exceed the actual affordable housing impacts attributable to the development projects to which the fees relate, the City Council received and considered a report from Strategic Economics and Vernazza Wolfe Associates dated November 2015 and entitled "Commercial Linkage Fee Nexus Study," (the “Nexus Study”) and the findings of the Nexus Study are incorporated into this Ordinance by this reference.

B.  The Nexus Study used generally accepted and appropriate methodology to determine the maximum amount needed to fully mitigate the burdens created by nonresidential and mixed-use development on the need for affordable housing and establish that there is a reasonable relationship between the need for affordable housing and impacts of development for which a fee is charged, and that there is also a reasonable relationship between the impact fee’s use and the type of development for which the fee is charged.

C.  In October 2021, the City Council received and considered a study prepared by Strategic Economics dated September 2021 and entitled “Commercial Linkage Fee Update, Financial Feasibility Analysis.” This study analyzed economic returns and the likelihood of non-residential development at various fee levels not exceeding the actual affordable housing impacts identified in the Nexus Study.

D.  The City Council now desires to update its housing impact fees for certain nonresidential and mixed-use development projects as authorized by Palo Alto Municipal Code Chapter 16.65, which fees do not exceed the justified fees needed to mitigate the actual affordable housing impacts attributable to the development projects to which the fees relate, as determined by the Nexus Study.

E.  At least ten days prior to the date this ordinance is being heard, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the service for which the fee or service charge is levied and the revenue sources anticipated to provide the service, including general fund revenues, in accordance with Government Code Section 66019.
F. At least fourteen days prior to the date this ordinance is being heard, notice was
provided to any persons or organizations who had requested notice, in accordance with
Government Code Sections 66004 and 66019.

G. Notice of the hearing on the proposed fees was published twice in the manner set
forth in Government Code Section 6062a as required by Government Code Sections 66004 and
66018.

SECTION 2. The Council of the City of Palo Alto amends the Fiscal Year 2022 Municipal Fee
Schedule by adopting the Housing Impact Fees for Non-Residential development, as set forth in
Exhibit “A” and incorporated here by reference.

SECTION 3. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any
reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction,
such decision shall not affect the validity of the remaining portions of this Ordinance. The City
Council hereby declares that it would have passed this Ordinance and each and every section,
subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard
to whether any portion of the ordinance would be subsequently declared invalid or
unconstitutional.

SECTION 4. The Council finds that the adoption of this ordinance is exempt from the provisions
of the California Environmental Quality Act pursuant to CEQA Guideline section 15305 because
the adjustment of a fee represents only a minor change in land use regulations and section
15061(b)(3) because it can be seen with certainty that the minor adjustments herein will not have
a significant effect on the environment.
SECTION 5. As an amendment to the City’s budget, this ordinance shall be effective upon adoption pursuant to Palo Alto Municipal Code Section 2.04.330, subdivision (a)(3); however, the updated fees be effective no sooner than 60 days from the date of adoption, pursuant to California Government Code Section 66017.

INTRODUCED and PASSED:

AYES: 

NOES: 

ABSENT: 

ABSTENTIONS: 

NOT PARTICIPATING: 

ATTEST:

____________________________   ____________________________
City Clerk       Mayor

APPROVED AS TO FORM:  APPROVED:

____________________________   ____________________________
Assistant City Attorney    City Manager

____________________________     ____________________________
Director of Planning & Development Services
EXHIBIT A

Fiscal Year 2022 Municipal Fee Schedule

Planning and Development Services Fees
Impact & In-Lieu Fees

<table>
<thead>
<tr>
<th></th>
<th>Office/R&amp;D</th>
<th>Hotel/Retail/Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Impact Fee</td>
<td>$65.80 per sq. ft. Office/R&amp;D</td>
<td>$23.11 per sq. ft. Hotel, Retail, Other Non-residential</td>
</tr>
<tr>
<td>Non-Residential</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
City of Palo Alto

City Council Staff Report

Report Type: OTHER INFORMATION  Meeting Date: 10/18/2021

Title: Report on Palo Alto Airport Aircraft Leaded Fuel

From: City Manager

Lead Department: Public Works

Executive Summary

The purpose of this informational memorandum is to provide an overview on the issue of lead in aircraft fuel and the steps being taken at the Palo Alto Airport (PAO) to support the use of unleaded fuel.

A study assessing statistical associations between the blood lead levels of sampled children and indicators of aviation gasoline exposure risk around the Reid-Hillview airport was recently completed by Mountain Data Group under contract to Santa Clara County, documenting higher blood lead levels in samples from individuals residing closest to the airport. Given the concerns raised by the study, staff is in contact with both Mountain Data Group and California Department of Public Health to discuss the feasibility of a similar study that would include PAO, whether specific to PAO or through a statewide study.

PAO has been exploring the use of unleaded fuel since the City took control of the Airport in 2014. PAO is currently planning and implementing improvements across the airfield to make unleaded fuel available and reduce the use of leaded fuels.

Background

Overview of the History of Leaded Fuel and the Process to bring Unleaded Aviation Fuel

Tetraethyl lead (lead) first saw use as a gasoline additive in the early 1920s when engineers working for General Motors discovered that when added to gasoline it helped to prevent engine knock in cars. This allowed for the development of more reliable and efficient engines and leaded gasoline was used as the main automotive fuel for over 50 years. A growing understanding of the toxicity of lead caused the U.S. Environmental Protection Agency (EPA) to begin phasing it out of automotive fuels in the 1970s.

1 https://www.eesi.org/papers/view/fact-sheet-a-brief-history-of-octane
For several reasons, the general aviation piston aircraft fleet continues to rely on fuel with a lead additive, 100LL (low lead). Compared to cars, aircraft generally have higher performance engines with higher octane requirements, have a higher average age\(^2\), are subjected to a wider fluctuation in environmental factors such as temperature, altitude, and pressure, and are at a much greater risk of a serious accident in the event of an engine failure.

100LL is now the only remaining lead-containing transportation fuel, and emissions from small-piston engine aircraft have become the largest contributor of lead emissions produced in the U.S, though total lead emissions are relatively low\(^3\). The Federal Aviation Administration (FAA) shares the EPA’s concern over these emissions and is committed to the removal of lead from aviation gasoline. In 2013, the FAA launched the Piston Aviation Fuels Initiative (PAFI) with the goal of working with fuel producers and aircraft manufacturers to develop an unleaded replacement for 100LL. The program invites fuel producers to submit new unleaded fuel formulations to the FAA for rigorous testing. The goal of the program is to develop an unleaded alternative to 100LL that will work with 100% of the general aviation piston fleet, which has turned out to be a more difficult task than anticipated. The original estimated completion date of 2018 has passed, while the FAA has tested over 279 fuel formulations to find a workable solution\(^4\). The FAA remains committed to this program and tests are on-going.

In a separate effort, U.S. company Swift Fuels has developed UL94 Unleaded Avgas. Due to its lower octane rating than 100LL (94 vs. 100) it is not able to be used in high performance aircraft. However, it is still compatible with 66% of the U.S. piston aircraft fleet with no modifications necessary\(^5\). Once in the aircraft fuel tanks, it can be mixed in any ratio with 100LL. It also has the potential to increase the amount of time between required maintenance due to its clean burning characteristics. It is currently available at 22 U.S. airports, most of which are in the mid-west and closer to the Swift Fuels production plant in Indiana\(^6\).

In July 2021, the FAA awarded General Aviation Modifications Inc. a supplemental type certificate (STC) for their newly developed 100 octane unleaded aviation fuel, known as G100\(^7\). The fuel has been in development and testing for the past decade to achieve this certification. It will initially have limited availability and is currently restricted to use in Cessna 172 aircraft powered by Lycoming engines. As testing continues, the STC is expected to be expanded to the entire piston engine aircraft fleet and the fuel will become more widely available.

With several companies pursuing FAA certification for unleaded fuels, the removal of lead-supplemented aviation fuel from the market is rapidly approaching. Aircraft owners can look forward to alternative fuels that are competitively priced, less harmful, and induce less maintenance.

\(^2\) https://www.documentcloud.org/documents/20475932-26050#document/p45/a2030254
\(^3\) https://www.faa.gov/about/initiatives/avgas/
\(^5\) https://www.swiftfuelsavgas.com/faq
\(^6\) https://www.google.com/maps/d/u/0/viewer?mid=1fNC9vcS4U3u1Sy5Fx8Z_d6Mjqvw&ll=40.805955463244246%2C-94.37862123125001&z=5
\(^7\) https://www.avweb.com/aviation-news/gami-awarded-long-awaited-stc-for-unleaded-100-octane-avgas/
There are no federal regulations regarding lead emissions from aircrafts. The EPA has not issued findings under the Clean Air Act to set emissions standards. Thus, there is no legal prohibition or limit on the use of leaded fuel for aircrafts. Fuel sales and flight operations are both aeronautical activities; therefore, the FAA would consider any measures that regulate either the sale or use of leaded fuel under Grant Assurance 22 and consider whether the measure is (1) a reasonable restriction on access and/or (2) unjustly discriminatory.

The Bay Area Air Quality Management District (BAAQMD) has historically monitored air lead concentrations at PAO and it was determined that the air quality lead levels were within acceptable ranges and did not necessitate on-going monitoring. BAAQMD removed their testing equipment from PAO shortly after the Airport was transferred back to the City of Palo Alto in 2014.

The Airport has actively investigated options for bringing unleaded fuel to PAO since 2014. Historically, there was a lack of interest from PAO users due to the absence of its certification for use by aircraft engine manufacturers. However, as described below, technology has since changed and the users of PAO are eager to adopt this new fuel source. Airport tenants have embraced the PAO’s sustainability measures and use of an electric fuel truck. PAO is also currently in the process of applying for a federal grant program that would fund the purchase of electric airport operation vehicles, converting PAO’s fleet to electric vehicles.

Discussion

Santa Clara County Blood Lead Level Study

On February 11, 2020, the Santa Clara Board of Supervisors authorized a contract with Mountain Data Group to assess statistical associations between the blood lead levels of sampled children and indicators of aviation gasoline exposure risk around Reid-Hillview airport which included residential distance from the airport, residential near angle from the airport or wind direction from the airport, and piston-engine aircraft traffic or number of aircraft operations. On August 3, 2021, the County of Santa Clara released the findings, documenting higher blood lead levels in samples closest (within ½-mile) to the airport. [https://news.sccgov.org/sites/g/files/exjcpb956/files/documents/RHV-Airborne-Lead-Study-Report.pdf](https://news.sccgov.org/sites/g/files/exjcpb956/files/documents/RHV-Airborne-Lead-Study-Report.pdf)

The County Administrator’s office and County Department of Airport and Roads’ Airports Division briefed the Palo Alto City Manager, Director of Public Works, and PAO Manager on the study. Staff is collaborating and continuing to work closely with them.

One approach would be to conduct a similar study of the area around PAO. County staff put City staff in touch with Mountain Data Group, as well as the California Department of Public Health (CDPH), owner of the blood test data involved. Conducting a PAO-specific study would
likely require agreements with CDPH and the County of San Mateo to include East Palo Alto and possibly Menlo Park in the study. Alternatively, CDPH indicated ongoing discussion with the federal EPA on the possibility of a statewide study. Staff is currently waiting to hear back from CDPH about their discussions with EPA and a potential statewide study.

Bringing unleaded aviation fuel to PAO

PAO has been pursuing providing unleaded aviation fuel since taking control of the Airport in 2014. Only recently has both the availability of the product and interest of the pilot community aligned. PAO and its tenants are working to bring the aviation fuel to the Airport this Fall.

1. Palo Alto Aircraft Study

The UL94 product can possibly be used by 66% of the current general aviation fleet at the Palo Alto Airport. A survey was conducted of aircraft based at Palo Alto Airport to determine potential use of Swift Fuel UL94 Unleaded Avgas. At least 55% of those who responded to the survey would consider using UL94 or another sustainable product, with many willing to pay higher costs for the fuel. Many of those who responded to the survey added comments about their aircraft not being able to support the UL94 product, but stated they would consider another sustainable product.

2. Fuel Farm Improvements

Fuel at the Airport is stored at the fuel farm in a series of above ground storage tanks. The tanks are owned by PAO and operated by the Fixed Base Operators (FBOs) who are responsible for the buying, selling, and storage of the fuel.

Assessment of the fuel farm is currently being conducted to address the environmental and facility requirements for the new fuel sales. Additional above ground storage tank(s) will need to be installed to store the unleaded fuel. Currently an implementation plan is being prepared to account for the dedicated infrastructure required, including underground fuel lines and dispensing system. Once a preliminary assessment is completed, staff envisions creating a new capital improvement program project to support the design and construction of the needed fuel farm improvements.

PAO staff are closely monitoring the new sale of UL94 at the Watsonville Airport, the Santa Clara County Airports, and the San Carlos Airport for best practices and lessons learned.

3. Current Transition to Unleaded Aviation Fuel

City staff has met with airport user groups (Flight Schools, Palo Alto Airport Association, Airport Businesses and Tenants), including working with the two FBOs that provide fuel services at the
Airport. Providing unleaded fuel at PAO will require both short- and longer-term actions, so staff is working with both FBOs to obtain deliveries of unleaded fuel while evaluating options for capital investment in additional fuel tanks.

Currently, Rossi Aviation is in the process of procuring UL94 as a source of fuel for eligible aircraft at the Palo Alto Airport. To be better prepared for the fuel to be sold, Rossi Aviation is encouraging their customers to complete the required certifications so that they can begin using this fuel when it arrives at PAO. This certification package is being sold through Swift Fuels. It will provide a placard that must be affixed to the aircraft prior to being able to fuel it. Forms will be provided that will need to be given to the Airframe & Powerplant (A&P) Mechanic so that they can process the documents with the FAA. Rossi Aviation is offering to assist aircraft owners with the process.

Additionally, Rossi Aviation is currently working to offer G100 Unleaded fuel as soon as approvals with the FAA have gone through and more engines are able to use the fuel. The FAA is currently working at a rapid pace and hopes to have many more aircrafts approved in the next year. This would allow for both low and high compression engines to be able to take advantage of unleaded avgas (aviation fuel) by purchasing the 100 Unleaded fuel.

West Valley Flight Club is also working to offer UL94 to its members. They are working with Swift Fuel to pursue two options 1) delivery of the fuel to a mobile refueler and/or 2) delivery to a tank in the fuel farm. West Valley Flight Club is working with Swift Fuels to determine the best solution for their members.

Additional efforts towards Airport Sustainability

Reducing the lead-based fuels at the Airport is only one of many on-going efforts at PAO on its path to carbon neutrality. Recently, PAO was identified as an industry leader in sustainable practices and will be highlighted as a case study in the Transportation Research Board’s Airports Cooperative Research Program’s Guidebook for Resilience Toolkits at General Aviation Airports.

1. Existing PAO Infrastructure Improvements

In preparation for future demand for electric aircraft and additional solar facilities on the airfield, PAO has installed electrical infrastructure and conduit (underground pipes in which future utility lines will be installed) under the new aircraft-parking apron. This infrastructure and conduit will facilitate the installation of charging stations for electric aircraft and additional solar facility locations, making PAO one of the most advanced electrical infrastructure general aviation airports in the country. These improvements ensure that PAO is an industry leader as this emerging technology enters the aviation market.

2. Planning for Sustainability
In the fall of 2020, PAO went through the consultant selection process required by the FAA for the Airport Layout Plan (ALP) update, and C&S Engineers Inc. was selected to provide planning services. After transferring the Airport in 2014, PAO has applied for an FAA grant each year to update the ALP but funding was not available until this year. The first phase of the Airport Layout Plan (ALP) update has now been initiated.

The ALP will include the Sustainable Airport Comprehensive Plan. This multi-year project will provide a set of documents, developed within a sustainability framework, to guide the Airport’s evolution over the next 20 years and beyond. The process will ensure the long-term viability of the Airport, the community, and the natural environment in a way that continues to support all Airport stakeholders. This effort will include an emphasis on technologies and initiatives that will reduce the Airport’s reliance on fossil fuels and an evolution towards carbon neutrality. The effort will engage the community and Airport stakeholders to develop a series of sustainability goals and initiatives focusing on categories like the reduction of reliance on lead and fossil fuels, the natural environment, safety, operational improvements, economic diversity, community engagement, and emerging technologies.

PAO will also develop an electric vehicle roadmap, ensuring a conversation regarding the Airport’s vehicles and the opportunity to provide electric charging stations to employees, users, businesses, and the public at the Airport.

3. Electric Aircraft

PAO is actively coordinating with electric aircraft manufacturers to ensure that it is prepared to welcome and provide charging for the future electric aircraft fleet. The Airport is also collaborating with other airports across the state to develop a series of waypoints or charging stations for future electric fleets. A recent survey of airport users found that over 35 percent are interested in electric aircraft with interest anticipated to grow as electric aircraft enter the marketplace.

Next Steps

The Palo Alto Airport is committed to supporting the use of unleaded fuel at the airport, and to planning for future sustainability improvements. The following are staff’s key upcoming work items in those areas:

1. Partner with California Department of Public Health and Santa Clara County, as appropriate, on implementation of a blood lead level study to include Palo Alto Airport.
2. Work with the two Fixed Base Operators to provide unleaded fuel at the airport, with initial availability of the Swift Fuels UL94 Unleaded product in fall 2021.
3. Manage consultant work to evaluate and develop options for retrofitting the tank farm to accommodate unleaded fuel, and bring a budget action to Council if needed to begin work on capital improvement.
4. Continue to plan for PAO’s path to sustainability and carbon neutrality through the Airport Layout Plan update process.

Resource Impact
This report is informational only, so there are no budgetary adjustments recommended at this time. Staff may return to Council to recommend a new capital project to support the design and construction of fuel farm improvements.
Report Type: OTHER INFORMATION  Meeting Date: 10/18/2021

Title: Schedule of Meetings

From: City Manager

Lead Department: City Clerk

Attachments:
- Attachmenta: Attachment A: 10-07-2021 Schedule of Meetings
This is a courtesy notice only. Meeting dates, times, and locations are subject to change. Almost all Palo Alto Council and some Standing Committee meetings are cablecast live on Channel 26. If there happens to be concurrent meetings, one meeting will be broadcast on Channel 29.

Until further notice, all meetings will be held by virtual teleconference via Zoom and streamed on YouTube.

MONDAY, OCTOBER 11
City Council Meeting, 6 p.m. (CANCELLED DUE TO HOLIDAY)

TUESDAY, OCTOBER 12
Policy & Services Committee Meeting, 7 p.m.

WEDNESDAY, OCTOBER 13
Planning & Transportation Commission Meeting, 6 p.m.

THURSDAY, OCTOBER 14
Historic Resources Board Meeting, 8:30 a.m. (CANCELLED)
Sp. Human Relations Commission Meeting, 6 p.m.

MONDAY, OCTOBER 18
Sp. City Council Meeting, 5 p.m.

TUESDAY, OCTOBER 19
Sp. Finance Committee Meeting, 6 p.m.

THURSDAY, OCTOBER 21
City/School Liaison Committee Meeting, 8:30 a.m.
Architectural Review Board Meeting, 8:30 a.m.
Public Art Commission Meeting, 7 p.m.

MONDAY, OCTOBER 25
Sp. City Council Meeting, 5 p.m.

TUESDAY, OCTOBER 26
Parks & Recreation Commission Meeting, 7 p.m.

WEDNESDAY, OCTOBER 27
Planning & Transportation Commission Meeting, 6 p.m.

MONDAY, NOVEMBER 1
Sp. City Council Meeting, 5 p.m.

TUESDAY, NOVEMBER 2
Sp. Finance Committee Meeting, 6 p.m.

WEDNESDAY, NOVEMBER 3
Utilities Advisory Commission Meeting, 5 p.m.

THURSDAY, NOVEMBER 4
Architectural Review Board Meeting, 8:30 a.m.