Public Works Department

Solid Waste Division

Request for Proposal (RFP) Number 154377 for Professional Services for the Design Construction, Operation, and Maintenance of a Compost Facility for Yard Trimmings and Residential Food Scraps

Pre-Proposal Webinar:	**9:00 a.m., July 16, 2014**
RFP Submittal Deadline:	**3:00 p.m., Tuesday, September 2, 2014**
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Table of Contents

Definitions D-1

1.0 INTRODUCTION 1-1

1.1 Background 1-1
1.2 Intent of Request for Proposals 1-1
1.3 Quantity and Characteristics of Feedstocks 1-2
1.4 3.8-Acre Site 1-5
1.5 RFP Approach 1-6
1.6 Summary of Services Requested 1-7
1.7 Financing 1-8
1.8 Site Lease and Rent 1-9
1.9 Reserved 1-9
1.10 Contract Administration 1-9
1.11 Schedule 1-10
1.12 Evaluation of Proposals 1-10

2.0 DESCRIPTION OF PROPOSED PROJECT, SCOPE OF SERVICES AND SCHEDULE 2-1

2.1 General Description of Project 2-1

2.1.1 Compost Facility 2-2

2.2 Scope of Services and Schedule 2-5

2.2.1 Role of City 2-5
2.2.2 Role of Contractor in General 2-6
2.2.3 Permitting Process 2-7
2.2.4 Utilities 2-7
2.2.5 Schedule for Delivery of Services 2-7

2.3 Compost Facility Requirements 2-8
2.4 General Design and Construction Standards 2-9
2.5 Design Requirements 2-9
2.6 Environmental Design and Performance Requirements 2-9
2.7 Construction Requirements 2-10
2.8 Start-up Test and Acceptance Test Requirements 2-11

2.8.1 Start-up Testing 2-12
2.8.2 Acceptance Test 2-12
2.9 Operation and Maintenance Requirements 2-14
2.10 Records and Reports 2-15

2.11 Staffing 2-15
2.12 Training 2-15
2.13 Community Relations 2-15
2.14 Public Information Program 2-15
2.15 Performance Guarantees 2-16

3.0 KEY TERMS AND CONDITIONS OF CONTRACT 3-1

3.1 Feedstock Delivery Requirements 3-1

3.1.1 Minimum Annual Deliveries 3-1
3.1.2 Maximum Annual Deliveries 3-2
3.1.3 Application of Acceptable Feedstock Tipping Fee(s) and Excess Tonnage Fee 3-2
3.1.4 Minimum and Maximum Deliveries Specified 3-2

3.2 Fees, Payments and Compensation 3-3

3.2.1 Construction Payments to Contractor 3-3
3.2.2 Operations Payments to Contractor 3-3
3.2.3 Contractor Payments and Costs 3-3
3.2.4 Most Favored Pricing 3-3

3.3 Ownership and Financing 3-3
3.4 Design and Construction of the Compost Facility 3-4

3.4.1 Design-Construct Responsibility 3-4
3.4.2 Permits and Licenses 3-4
3.4.3 Applicable Employment Laws 3-4
3.4.4 Site Conditions 3-4
3.4.5 Capital Modifications and Improvements 3-4

3.5 Operations and Maintenance 3-5

3.5.1 Operations Generally 3-5
3.5.2 Maintenance Generally 3-6
3.5.3 Safety and Security 3-6
3.5.4 No Nuisance 3-6

3.6 Performance 3-6

3.6.1 Performance Guarantees 3-6
3.6.2 Compliance and Remedies 3-7
3.6.3 Damage Provisions 3-7

3.7 Default, Termination and Dispute Resolution 3-7

3.7.1 Remedies for Breach 3-7
3.7.2 Events of Default by the Contractor without Further Notice and Cure Opportunity 3-8
3.7.3 Events of Default by the Contractor with Notice and Cure Opportunity 3-8
3.7.4 Events of Default by the City 3-8
3.7.5 No Consequential or Punitive Damages 3-9
3.7.6 City Step-In Rights 3-9

3.8 General Provisions 3-9

3.8.1 Term 3-9
3.8.2 Comprehensive Inspections 3-9
3.8.3 Contract Security – Guaranty 3-10
3.8.4 Contract Security – Construction Performance Bond 3-10
3.8.5 Contract Security – Operations Bond 3-10
3.8.6 Reserved 3-10
3.8.7 Reserved 3-10
3.8.8 Compost Production and Provision to City Residents 3-10
3.8.9 Local Goods and Services 3-10
3.8.10 Required Insurance 3-11
3.8.11 Indemnification by the Contractor 3-12
3.8.12 Assignment 3-12
3.8.13 Reserved 3-12
3.8.14 Ground Lease 3-12
3.8.15 Governing Law 3-12
3.8.16 Forum and Venue 3-12
3.8.17 Reserved 3-12
3.8.18 Product Risks 3-12
3.8.19 Boilerplate Provisions 3-12

4.0 PROCUREMENT PROCESS 4-1

4.1 Overview of Procurement Process 4-1
4.2 General Conditions of Procurement 4-1

4.2.1 Pre-Proposal Webinar and Optional Site Tour 4-1
4.2.2 Proposal Submission 4-2

4.2.2.1 Proposal Deadline and Submittal Format 4-2
4.2.2.2 Completeness 4-2

4.2.3 Contact Person 4-2
4.2.4 Additional Information/Questions 4-3
4.2.5 Access to Site 4-3
4.2.6 Modified Submissions 4-4
4.2.7 Late Submissions/Late Modifications 4-4

4.2.8 RFP Postponement/Cancellation 4-4
4.2.9 Reserved 4-5
4.2.10 Costs Incurred by Proposer 4-5
4.2.11 Oral Presentation/Interview 4-5
4.2.12 Exceptions to this RFP 4-5
4.2.13 Proprietary/Confidential Information 4-6
4.2.14 Rules, Regulations, and Licensing Requirements 4-6
4.2.15 Disclosure 4-7
4.2.16 Personnel 4-7
4.2.17 Responsible Wages and Benefits 4-7
4.2.18 City Rights and Options 4-7

4.3 Procurement Schedule 4-9
4.4 Conflicts of Interest and Lobbying Prohibition 4-10

5.0 PROPOSAL EVALUATION 5-1

5.1 Evaluation Process 5-1
5.2 Minimum Evaluation Criteria 5-2
5.3 Comparative Evaluation Criteria 5-4
5.4 Consolidated Ranking 5-4
5.5 Clarification of Proposals 5-4
5.6 Contract Negotiations 5-5
5.7 Contract Authorization 5-5

6.0 PROPOSAL REQUIREMENTS 6-1

6.1 Proposal Submission 6-1

6.1.1 Proposal Deadline and Submission Address 6-1
6.1.2 Proposers Must Submit Base Case Proposal and Alternative Proposal for Yard Trimmings Only 6-2
6.1.3 Number of Copies, Format and Electronic Version 6-2

6.2 Transmittal Letter, Proposal Security 6-3

6.2.1 Proposal Transmittal Letter and Signature Requirements 6-3

6.3 General Format, Organization and Content of Proposal 6-4
6.4 Volume I: Technical Submittal 6-5

6.4.1 Executive Summary 6-5
6.4.2 Section Two: Technical Qualifications 6-6
6.4.2.1 Experience of Proposer in Permitting, Financing, Design, Construction and Operation of Similar Solid Waste Facilities and Services 6-7
6.4.2.2 Regulatory, Permitting Experience 6-7

6.4.2.3 Regulatory Compliance 6-7
6.4.2.4 Product Sales Experience 6-7
6.4.2.5 Record of Contract Performance 6-8
6.4.2.6 Labor Relations..... 6-8
6.4.2.7 Safety Record..... 6-8
6.4.2.8 References and Reference Project Descriptions 6-8
6.4.2.9 Additional Qualifications Information..... 6-10
6.4.2.10 Proposal Forms 6-10

6.4.3 Section Three: Technical Approach 6-10

6.4.3.1 Project Management and Staffing Plan 6-10
6.4.3.2 Record of Performance and Reliability of Technology Proposed..... 6-11
6.4.3.3 Permitting Plan 6-11
6.4.3.4 Design, Construction and Start-Up Plan..... 6-11
6.4.3.5 Operation and Maintenance Plan 6-13

6.4.3.5.1 Operation and Maintenance..... 6-13
6.4.3.5.2 Repair and Replacement 6-14
6.4.3.5.3 Residuals Management 6-15
6.4.3.5.4 Odor Control 6-15
6.4.3.5.5 Noise Control 6-15
6.4.3.5.6 Light Impact Mitigation..... 6-15
6.4.3.5.7 Fire Prevention Plan 6-15

6.4.3.6 Innovations to Address Environmental Impacts..... 6-16
6.4.3.7 Product Marketing Plan 6-16
6.4.3.8 Community Relations Plan 6-16
6.4.3.9 Proposed Project Schedule 6-16
6.4.3.10 Additional Technical Information..... 6-17
6.4.3.11 Proposal Forms 6-17

6.4.4 Section Four: Business Approach 6-17

6.4.4.1 Proposer's Organization 6-17
6.4.4.2 Conformance to Business and Contractual Terms and Risk Assumed by Proposer 6-17
6.4.4.3 Limits on Guarantor Liability, if Any 6-18
6.4.4.4 Financial Resources and Strength of Proposer/Guarantor..... 6-18
6.4.4.5 Experience as Guarantor..... 6-20
6.4.4.6 Reserved 6-20
6.4.4.7 Additional Business Information – Use of Local Labor, Goods and Services 6-20
6.4.4.8 Proposal Forms – General..... 6-20

8.8 Volume V: Price and Pricing Proposal Forms 6-20

Appendices

Appendix A: Proposal Forms
Appendix B: Pricing Proposal Forms
Appendix C: Site Information
Appendix D: Reserved for Future Use
Appendix E: Quantity of Yard Trimmings
Appendix F: Compost Facility Requirements
Appendix G: Preliminary CEQA Checklist
Appendix H: Reserved for Future Use
Appendix I: Form Lease

Tables

Table 3-1: Minimum Annual Delivery Requirements and Maximum Annual Delivery Thresholds..... 3-3
Table 5-1: Minimum Evaluation Criteria 5-3
Table 5-2: Non-Cost Proposal Comparative Evaluation Criteria 5-6

DEFINITIONS

“Acceptable Feedstock” means source separated food scraps and yard trimmings that are available for delivery to the Compost Facility for processing , and is not unprocessibles, pathological or toxic material, liquid wastes, or any material listed by the State or a Federal agency as hazardous waste. Acceptable Feedstock includes residential, commercial and industrial waste that meets the criteria defined above, and clean wood waste that is not painted or pressure treated.

“Acceptable Feedstock Tipping Fee” or “AFTF” or “Tip Fee” means the amount paid by the City for each ton of City Acceptable Feedstock delivered to the Compost Facility, as set forth in Section 3 of this RFP.

“Acceptance” means approval by the City that the Contractor has successfully performed the Acceptance Tests and successfully met the Acceptance Standards for the Compost Facility.

“Acceptance Date” means the date on which Acceptance of the Compost Facility occurs or is deemed to have occurred.

“Acceptance Standards” or “Acceptance Criteria” means the performance standards for the Compost Facility based on this RFP, the Contractor's response to this RFP and any subsequent Contract, which the Contractor will meet in order to achieve Acceptance.

“Acceptance Tests” means the tests for Acceptance, which will be developed between the parties and incorporated into the Contract.

“Adjustment Factor” means the change in the Consumer Price Index (as such shall be applied to a coming Contract Year) for the preceding 12 months, calculated as of May 1 of every Contract Year, and applied to costs, fees and prices as described in Section 3 of this RFP.

“Annual Feedstock Throughput Guarantee” means the amount of Acceptable Feedstock that the Contractor shall guarantee to be processed annually at the Compost Facility.

“Appendix” means an appendix to this RFP.

“Applicable Law” means any law, rule, code, standard, regulation, requirement, consent decree, consent order, consent agreement, permit, guideline, action, determination or order of, or legal entitlement issued or deemed to be issued by, any Governmental Body having jurisdiction, applicable from time to time to any activities associated with the siting, design, construction, equipping, financing, ownership, start-up testing, Acceptance, operation, maintenance, repair and replacement of any part of the Compost Facility , the transfer, handling, transportation, marketing, disposal or processing of products and Residuals, and any other obligations of the parties under the Contract.

“Availability Guarantee” means the percentage of Rated Capacity of the Compost Facility that shall be available for processing Acceptable Feedstock on average during any Contract Year as guaranteed by the Contractor.

“Bay” means the San Francisco Bay.

“Business Day” means any day when City governmental offices are open to serve the public and which is not a Saturday, Sunday or legal holiday under Applicable Law.

“City” means the City of Palo Alto, California.

“Commencement Date” means the date on which (1) all conditions that must be satisfied by the Contractor and by the City prior to the issuance of a Notice to Proceed to the Contractor to commence service have been satisfied for a particular project activity, including but not limited to the issuance of a Notice to Proceed for that activity, and (2) the Contractor commences services for that activity as described in the Contract.

“Compost Facility” or “Facility” is the aerobic composting facility to be developed by the Contractor, as defined in Section 2 and Appendix F of this RFP.

"Construction" or “Construction Work” means all work and materials for CEQA related mitigation, permitting, financing (if required), design, construction, start-up and acceptance testing of the Compost Facility, and all work required for Acceptance of the Compost Facility, under the terms of the Contract.

“Consumer Price Index” or “CPI” means the Consumer Price Index, as defined by the Department of Labor, U.S. Bureau of Labor Statistics, All Items, Not Seasonally Adjusted, for San Francisco-Oakland-San Jose (Series No. CUURA422SA0LE), or its successor.

“Contract” means the agreement between the City and the Contractor for satisfying the obligations of the parties as specified by this RFP and as further negotiated and made part of the agreement.

“Contract Date” means the date of delivery of the Contract as executed by the parties thereto.

“Contract Principles” means the Contract Principles set forth in Section 3 of this RFP, upon which the Contract will be based.

“Contract Services” means all services necessary to be provided by the Contractor to satisfy the obligations of the Contract.

"Contract Standards" means the terms, conditions, methods, techniques, practices and standards imposed or required by: (1) Applicable Law; (2) the Design Requirements; (3) the Performance Guarantees; (4) Good Engineering and Construction Practice; (5) Good Industry Practice; (6) the Operation and Maintenance Manual; (7) applicable equipment manufacturers' specifications; (8) applicable Insurance Requirements; and (9) any other standard, term, condition or requirement specifically provided in this Contract

to be observed by the Contractor. The Contractor shall be obligated to comply only with those Contract Standards which are applicable in any particular case. Where more than one Contract Standard applies to any particular performance obligation of the Company hereunder, each such applicable Contract Standard shall be complied with. In the event there are different levels of stringency among such applicable Contract Standards, the most stringent of the applicable Contract Standards shall govern.

"Contract Year" means a 365/366-day period commencing on July 1 of each calendar year and ending on June 30 of each succeeding calendar year, except that the first Contract Year shall begin upon the Commencement Date and shall end upon the succeeding June 30, and the final Contract Year shall terminate upon the conclusion of fifteen (15) years of operation, plus any renewals or extensions.

"Contractor" means the entity executing the Contract with the City.

"Day" means a calendar day of twenty-four hours measured from midnight to the next midnight.

"Design Criteria" means the requirements as set forth in Section 2 and Appendix F of this RFP.

"Design Requirements" means the Design Standard of Care, the Design Criteria and all regulatory requirements relating to the design of any such particular work as to which this term may be applied.

"Design Standard of Care" means those methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally accepted as Good Industry Practice in the municipal solid waste industry as practiced in the United States and the State, and are consistent with the same degree of skill and care ordinarily exercised by the members of this profession.

"Design Work" means engineering and architectural design services provided with respect to any portion of the Facility which are by the terms of the Contract required to be undertaken in compliance with the Design Requirements.

"Environmental Performance Guarantee" shall mean the Contractor's guarantee of environmental performance as described in Section 2 of this RFP. It shall include noise, odor, and other environmental performance guarantees.

"Event of Default" has the meaning set forth in the Contract Principles.

"Exit Transition Plan" means the transition services, including plans for temporary, short-term, operational procedures and activities relating to and after contract termination, to be undertaken by the Contractor as more fully specified in Section 2 and Appendix F of this RFP.

"Feedstock Throughput Guarantee" or "Acceptable Feedstock Throughput Guarantee" means the tons of Acceptable Feedstock that the Contractor shall guarantee the Compost Facility shall be capable of processing daily, in accordance with the Rated Capacity.

"Fiscal Year" means a year commencing on July 1st and ending on June 30th.

"Governmental Approval" means any approval by a Governmental Body necessary for the provision of services to be performed by the parties under the Contract.

"Governmental Body" means any government entity with jurisdiction in whole or in part regarding services to be performed by the parties under the Contract. Governmental bodies include, but are not limited to, City, County, State and Federal agencies and all successors thereto.

"Guarantor" means the entity that will execute the Guaranty.

"Guaranty" means the Guaranty Agreement between the Contractor and the Guarantor guarantying the performance by the Contractor of its obligations to the City under the Contract.

"Landfill" means the City Landfill.

"Landfill Site" means the parcel of land at the City Landfill as described in Section 1 of this RFP that is to be leased by the City to the Contractor for purposes of developing and operating the Compost Facility. Such parcel shall be limited to restrictions as included in Measure E, limiting such parcel to the relatively flat 3.8-acre portion of the 10-acre Measure E site. . Any buffer or wildlife/habitat areas created outside of the 3.8 acres but within the 10 acres that may be required CEQA mitigation measures will be maintained by the City.

"Legal Entitlement" means all permits, licenses, approvals, authorizations, consents and entitlements of whatever kind and however described which are required under Applicable Law (of the United States, the State of California, Santa Clara County, the City or other jurisdictions) to be obtained or maintained by any person with respect to the construction of the Compost Facility, operation of the Compost Facility, or the performance of any other obligation of the Contractor under the Contract.

"Maintenance" means those routine and/or repetitive activities required or recommended by the equipment manufacturers or by the Contractor to maximize the service life of the Compost Facility, consistent with Good Industry Practice, and Corrective Maintenance, Preventive Maintenance and Predictive Maintenance.

"Maximum Annual Delivery Threshold" means the amount of Acceptable Feedstock the City shall be allowed to deliver (or cause to be delivered) each Contract Year before incurring Excess Tonnage Fees, as set forth in Section 3 of this RFP.

“Minimum Annual Delivery Requirement” means the amount of Acceptable Feedstock the City shall be required to deliver (or cause to be delivered) each Contract Year, as set forth in Section 3 of this RFP.

“Noise Guarantee” means the guarantee, as included in the Environmental Performance Guarantee and guaranteed by the Contractor based on the Noise Control Plan proposed.

“Notice to Proceed” means the written authorization issued to the Contractor by the City, requiring the Contractor to commence the design and construction of the Compost Facility, the operation of the Compost Facility, or some other activity as applicable.

“Odor Guarantee” means the guarantee, as included in the Environmental Performance Guarantee and guaranteed by the Contractor based on the Odor Control Plan proposed.

“O&M” means Operation, Maintenance and Management of the CompostFacility in accordance with Good Industry Practice, Good and Accepted Operating Practice, and the terms of the Contract.

“Participating Firm” means all firms that will be significant participants in providing the services required by the Contract as set forth in Proposal Form 7.

“Performance Guarantees” has the meaning as set forth in Section 2 and Section 3 of this RFP.

“Plant Manager” means the manager employed by the Contractor to manage the operation and maintenance of the Compost Facility.

“Preferred Proposer” means the Proposer(s) selected by the City with which it intends to enter into Contract negotiations.

“Project Schedule” means the Contractor’s schedule for completing construction; i.e., the scope of work during permitting, financing, design, construction, start-up and acceptance testing for the Compost Facility.

“Proposal” means a document(s) submitted for consideration in response to this RFP.

“Proposal Form” means any one of the proposal forms attached to this RFP in Appendices A and B and which must be included by Proposers in their Proposals.

“Proposer” means the entity submitting a Proposal in response to this RFP, including the Guarantor and all entities sponsoring the Proposal or proposing to act as a Participating Firm.

“Rated Capacity” means the rate (tons per day) at which tons of Acceptable Feedstock can be processed on a continuous basis over a sustained period of time assuming no allowances for scheduled or forced outage.

“Required Insurance” means the insurance coverage set forth in Section 3 of this RFP.

“Residential Food Scraps” means Food Scraps generated by residents. This material may include spoiled or unused food, food soiled paper, tissues, pizza boxes, and compostable plastics. Food scraps include residential food waste co-collected with the residential yard trimmings in one cart. Food scraps also include food soiled paper and compostable plastics. Contamination rates for food scraps are estimated to be around 5 percent.

“Residue” or **“Residuals”** means waste materials or products that result from processing Acceptable Feedstock at the Compost Facility, which the Contractor cannot beneficially use and market and which must be disposed of.

“RFP” or “Request for Proposals” means this Request for Proposals as originally issued and as amended and supplemented.

“Services” means all of the duties, obligations and services to be provided by the Contractor.

“Site” means the Landfill Site.

"Site Lease" means the agreement between the City and the Contractor leasing the Site to the Contractor for the Term of the Contract.

“Spot Market Feedstock” means Acceptable Feedstock delivered to the Compost Facility by or on behalf of parties other than the City as set forth in Section 3 of this RFP.

“Start-up Test” means all the testing required, to the extent practical, of all or any component of the Compost Facility after construction for the purpose of demonstrating that the Compost Facility or the component being tested operates properly over the full range for which it was designed and in accordance with the design specifications.

“State” means the State of California.

“Subcontractor” means any third party engaged by the Contractor in performance of services for this Contract.

“Term” has the meaning set forth in Section 3.8.1 of this RFP.

“Tons” means short tons, 2000 pounds.

“TPD” means tons per day.

“TPY” means tons per year.

“USEPA” or **“EPA”** means the United States Environmental Protection Agency.

“**Yard Trimmings”** means material generated by residential and commercial sources associated with landscaping of gardens and lawns, pruning of trees and shrubs, and other

related activities that generate woody/vegetative debris. Yard trimmings specifically include branches and stumps that are less than six-inches in diameter and shorter than four-feet in length; flowers, plants and shrubs; grass clippings and leaves; holiday trees (seasonal only; undecorated, unflocked, with stands removed and with tree sections not exceeding four-feet in length); and lumber, sawdust, wood chips and wood waste (untreated/unpainted). Yard trimmings currently not include animal waste, bamboo, cactus, dirt, flax, ivy, painted or treated wood, palm, pampas grass, poison oak, sod, stable bedding and yucca. Yard trimmings are also generated by the City's street sweepers (leaf litter) and tree maintenance programs. Yard trimmings may also include "self-haul" from landscaping companies.

"Year" means a calendar year commencing on January 1st and ending on December 31st.

1.0 INTRODUCTION

1.1 Background

In November 2011, voters in the City approved Measure E, allowing a 10-acre parcel at the City Landfill to be considered for use for an Energy/Compost Facility. On July 2, 2012, City Council approved the Action Plan, including preparation of an Energy/Compost Request for Yard Trimmings, Food Scraps, and Biosolids Proposals (E/C RFP), to seek firm technical and price proposals from interested companies to design, build and operate an E/C Facility in the City or to export materials to a facility outside the Sites identified in this RFP (Export). Two Sites were noted as available for an in-City facility, a site at the Palo Alto Regional Water Quality Control Plant (RWQCP) (approximately 1 acre in size after the existing incinerators and related air pollution control equipment are removed) and the site approved by Measure E, a 10-acre parcel at the City Landfill adjacent to the RWQCP. Six teams submitted proposals in response to the City RFP for an E/C Facility or Export. On May 12, 2014, the City Council canceled the E/C RFP as part of the recommendations related to the Organics Facilities Plan in Staff Report 4744 because the City substantially changed its project description and scope.

The City is now issuing several RFPs to replace the E/C RFP. This RFP is the first of those and covers the aerobic composting of residential Yard Trimmings and Residential Food Scraps. For the purpose of this RFP and CEQA analysis, the City has selected the use of the relatively flat 3.8-acre portion of the Measure E (10 acre) site for the Compost Facility. Proposers must submit a price for Yard Trimmings mixed with Residential Food Scraps (Base Case) and for Yard Trimmings only (Required Alternative Proposal). Other Alternative Proposals are allowed as described in Section 1.6 of this RFP.

As further outlined in Section 1.11 and Section 4.3 of this RFP, the City will hold an informational Pre-Proposal Webinar on July 16, 2014. The Proposal Submission Due Date is September 2, 2014. The City will evaluate the proposals received to determine the most beneficial means for the City to manage residential organics collected curbside. Selection of a Compost Facility Proposal will entail contract negotiations followed by implementation of the selected project.

For more background on the development of this project, visit:

Energy/Compost Facility Consideration
http://www.cityofpaloalto.org/energycompost

1.2 Intent of Request for Proposals

Through this RFP, the City is seeking Proposals from interested companies to permit, design, build, operate and maintain (DBOM) a Compost Facility to be located on the relatively flat 3.8-acre portion of the Measure E site. The City will act as owner and financier. The Compost Facility will utilize Aerobic Composting. Up to one thousand (1,000) tons-per-year of compost will be made available to the City and its residents at

no charge. Services are to be provided for a 15-year period following the commencement of full-scale operations, with two, five-year renewal options.

The City's objectives are to contract with an experienced party with a reliable technology and the resources and financial capacity to:

- successfully develop a Compost Facility to provide a reliable, long-term solution for management of either mixed Yard Trimmings and Residential Food Scraps or Yard Trimmings alone;
- reduce landfill disposal of residential food scraps as a means of managing organic materials, thereby increasing diversion;
- operate in an environmentally acceptable manner (including consideration for reduction of greenhouse gas emissions);
- provide services in an economically competitive manner.

This RFP requires that Proposers prepare a Proposal inclusive of technical and financial qualifications, technical approach, business approach, and price. The City will evaluate the Proposals, and if found advantageous, select a Preferred Proposer (or multiple Proposers) with which it will enter into Contract negotiations. The City also has the right to reject all proposals or cancel the RFP.

1.3 Quantity and Characteristics of Feedstocks

Estimated quantities (tons per year-tpy) of Food Scraps and Yard Trimmings to be generated in the City at the start of the Contract are:

- Residential Food Scraps: 1,000 - 3,000, tpy (commingled with yard trimmings)
- Yard Trimmings: 13,000 – 14,000 tpy (commingled with residential food scraps or collected separately)

Commercial Food Scraps generated by Palo Alto commercial customers and currently collected by GreenWaste of Palo Alto are not available as a feedstock for this composting facility.

The City controls two sets of yard trimmings: one, yard trimmings collected primarily from single-family residential refuse service customers in green carts (around 12,000 tons annually) collected by GreenWaste of Palo Alto, which have almost no contamination; and two, City yard trimmings primarily from street sweeping and tree maintenance (around 2,000 tons annually) which contain slightly more contamination due to the composition of the street sweeping materials. The range in the amount of Yard Trimmings is primarily dependent on the duration and intensity of the rainy season (from October to May). The overall Yard Trimmings estimates are expected to remain flat over the Contract period and may even decrease with increased urbanization of Palo Alto.

Note: Staff estimates that “Self-haul” constituted approximately 7,000 tpy of yard trimmings, which were sent to the Palo Alto Landfill Composting Facility when it was open. Staff has not included a self-haul amount in the 13,000 – 14,000 estimate because it is uncertain how much of this would “return” to Palo Alto if a new facility were to open. Staff is hopeful that much of the 7,000 tpy would “return” if competitive pricing can be achieved. Proposers are encouraged to prepare an Alternative Proposal that includes self-haul yard trimmings, including self-haul yard trimmings in their design and/ or operating plan, but in the Base Case Proposal, Proposers will only be required to provide a facility large enough to accommodate and compost the guaranteed quantities listed above located on the 3.8 acre site.

Proposers are also encouraged to “upsize” the facility as part of an Alternative Proposal to compost yard trimmings and food scraps from other communities should such upsizing benefit the City and not result in unacceptable environmental impacts, as further described in Section 1.6 for Alternative Proposals. The City will not guarantee these materials from other cities, but it will assist the Contractor in attracting them to Palo Alto, as long as the facility footprint does not exceed the 3.8 acre limit.

Yard Trimmings collected include the following items:

- Branches and stumps (less than 6-inches in diameter and shorter than 4-feet in length)
- Flowers, plants and shrubs
- Grass clippings and leaves
- Holiday trees (seasonal only; undecorated, unflocked, with stands removed and with tree sections not exceeding 4-feet in length)
- Lumber, sawdust, wood chips and wood waste (untreated/unpainted)

Items not currently accepted with Yard Trimmings and disposed of as waste are animal waste, bamboo, cactus, dirt, flax, ivy, painted or treated wood, palm, pampas grass, poison oak, sod, stable bedding and yucca.

Residential Food Scraps, for the purposes of this RFP, will be co-collected and commingled with Yard Trimmings in the green carts of single-family customers.

The Residential Food Scraps are made up primarily of spoiled or unused food. In addition to the food scraps, the City is looking for a Compost Facility that can compost food soiled paper (paper towels, plates, tissues, “to-go” packaging, and pizza boxes), and compostable plastics (compostable plastic bags, cutlery, and “to-go” packaging). The food scrap estimates may increase over time with increased outreach efforts, potential changes in legislation that would require organics to be kept out of the landfill, new product development to replace fossil-fuel based plastics, and population growth.

Currently, Residential Food Scraps are not collected separately. The Residential Food Scraps are generally placed into the black, garbage cart, sent down a kitchen sink grinder, or composted at home. The City recently completed a Residential Two-Cart

Pilot (Pilot) Program to test if Residential Food Scraps could be collected in compostable bags placed in the green, Yard Trimmings cart. After analyzing the results and hearing from the community, staff concluded that the best method to collect Residential Food Scraps is to place loose food scraps directly into the green, Yard Trimmings cart. Based on results from a City residential food scrap pilot collection program, the anticipated contamination rates in the food scraps should be very low.

Since the City does not currently collect Residential Food Scraps, the quantities and composition of the material are somewhat uncertain. Based on the findings from the Pilot, the quantities of food scraps could range between 1,000 to 3,000 tons per year.

Residential Food Scraps are estimated to be around 30 percent solid with little contamination (plastics, metals, or other refuse). The Proposer is expected to construct a composting facility that can accept the following materials in the Residential Food Scraps:

- Unconsumed food and scraps
- Food soiled paper (including paper plates, paper towels, paper “to-go” packaging, tissues, and pizza boxes)
- Compostable plastics (including bags, cups, containers, and cutlery)
- Spoiled fruit from residents’ trees

The Compost facility would not be required to take pet waste or diapers; however, it may elect to do so.

The City will deliver Acceptable Feedstock to the Compost Facility for processing, in accordance with the Minimum Annual Delivery Requirements and Maximum Annual Delivery Thresholds specified in Section 3 of this RFP. Notwithstanding the requirements and thresholds specified in Section 3, for informational purposes only, the likely projected maximum annual tonnage of Yard Trimmings to be delivered by the City to the Compost Facility is 14,000 tons per year, and the likely projected maximum annual tonnage of Residential Food Scraps is 3,000 tons per year. Yard Trimmings tend to peak annually at the start of the wet season (October – May). For informational purposes, Appendix E includes a summary of Yard Trimmings delivered to the SMaRT Station in 2013.

While the City believes that the most cost effective, community supported, and most likely to be used, Residential Food Scrap collection option is to allow the Residential Food Scraps to be placed in loose with the Yard Trimmings (the Base Proposal), the City also recognizes that this option may present challenges for the preprocessing and composting of the material. For this reason, the City is requiring the Yard Trimmings only Alternative Proposal.

If the Alternative Proposal is selected, the City would investigate a different method to collect Residential Food Scraps so that they are not processed with the Yard Trimmings. These methods could include using compostable bags to separate the Residential Food Scraps from the Yard Trimmings – the method used in the Pilot.

Another more costly collection option would require residents to have an additional cart to be used exclusively for Residential Food Scraps and serviced by a Food Scrap only truck. This collection scheme is somewhat common in Canada where yard trimmings are collected seasonally.

The City will deliver Yard Trimmings only, if the outcome of this RFP indicates that only a Yard Trimmings compost facility is in the best financial and environmental interests of the City.

1.4 3.8- Acre Site

The Measure E Site is located at 2380 Embarcadero Road in the City of Palo Alto, in Santa Clara County, California, east of U.S. Highway 101 and south of Embarcadero Road. The Measure E Site is adjacent to the RWQCP and is located mostly on a portion of the closed City Landfill, which stopped receiving waste in 2011. The Landfill includes a leachate collection and control system and a landfill gas collection system. The Landfill Site is owned by the City of Palo Alto. The Measure E Site footprint consists of approximately 10 acres; however, the Compost Facility shall be restricted to the relatively flat 3.8-acre portion of the measure E Site. The land on which the Measure E Site sits was originally dedicated to Byxbee Park. In November 2011, as a result of a City ballot question (Measure E), approximately 10 acres of land were undedicated from Byxbee Park for the purpose of considering building an E/C Facility.

Use of the Measure E Site is a sensitive issue to local residents since it borders Byxbee Park. Design, construction and operation of a Compost Facility on the Measure E Site shall minimize aesthetic, visual, noise, odor, and lighting impacts on surrounding land users. All compost processing, handling, and storage facilities will need to be enclosed by a structure that ensures the management of all air. Proposers are encouraged to include efficient, inventive, cost-effective, and aesthetically-pleasing structures including those having fabric walls. Proposers should incorporate effective use of buffer areas and utilize other means to address these issues. The buffer area is to be landscaped and may also serve as a Wildlife Corridor on the Northeastern edge of the 3.8 portion of the Measure E Site. This buffer area may extend beyond the 3.8 acre area onto the remaining 6.2-acre portion of the Measure E Site.

The existing Landfill postclosure maintenance facility located on the Landfill Site will be moved (by the City). It should be noted that use of the Measure E Site is a sensitive issue to City residents since it borders Byxbee Park. The City is currently in the process of implementing the closure plan for the Landfill. Integration of the Compost Facility site needs and the Landfill closure are important considerations for the City. For purposes of this RFP, Proposers should assume that the Proposers will prepare, construct, and/or manage:

Uniform costs for all Proposers (not considered in the comparison of Proposals):

- The extension of Embarcadero Way to the facility;
- Utility connections;
- A site pad for use by the Compost Facility that is integrated with Landfill closure;
- CEQA documentation.

Unique features to each Proposal (considered in the comparison of Proposals)

- Foundations;
- Stormwater management features;
- Security and access features;
- A Site grading and landscaping plan, which may include a wildlife/habitat corridor on the Southeastern edge of the 3.8-acre site as a specified CEQA mitigation measure. The wildlife/habitat corridor will allow the movement of animals from the Renzel Wetlands to the Bay side of the Compost facility. The City will maintain the wildlife/habitat corridor, if it is constructed.

Access to the Measure E Site will be via Embarcadero Way from Embarcadero Road. The Contractor will improve the extension of Embarcadero Way to provide access to the Site and improve it consistent with the type and volume of traffic which will be going to the Site. The Contractor will be responsible for connecting utility lines (water, stormwater, sewer, electricity, natural gas) at the Site. Additional information on utilities is provided in Section 2.2.4 of this RFP. The City may require access to the site to monitor or repair landfill gas and leachate lines.

Proposers are limited to the 3.8-acre area shown for the Compost Facility, except that the Landscaping for the buffer area and Wildlife Corridor may extend on to the remainder of the 10-acre Measure E site. This information is to assist the Contractor, but the Contractor is responsible for design and construction of the pad, and the ultimate cost may differ from the City estimate.

Proposers shall give appropriate consideration to requirements for foundations for structures and equipment built on the site pad, not only as a result of building on previously filled and subsequently backfilled material, but also because of the geotechnical properties of the underlying natural sediment of San Francisco Bay. Also, the site pad is located in the Special Flood Hazard Area (Zone AE) with a base flood elevation of 10.5 feet above mean sea level (NAVD88). The site pad configurations provided in Appendix C show the pad is predominantly at elevations at or above 10.5 feet above mean sea level, with limited areas of the site pad at elevations below 10.5 feet. For Proposal purposes, Proposers shall assume that the final pad must be at an elevation of 10.5 feet or higher so as not to trigger requirements for construction within Zone AE.

1.5 RFP Approach

This RFP requires Proposers to provide a proposal for Yard Trimmings and Residential Food Scraps mixed together (Base Case Proposal) and a proposal for Yard Trimmings alone (Alternative Proposal). In addition, Proposers are invited to submit other

Alternative Proposals that can utilize outside materials (e.g. self-haul yard trimmings, or mixed residential organics from other communities). Additional acceptable alternatives that will be considered are identified in Section 1.6 of this RFP. ***Proposers that do not provide Proposals for Yard Trimmings and residential Food scraps mixed together, and Yard trimmings alone will not be considered for additional Alternative Proposals.***

It is intended that this RFP be a performance-based request, and that the Contract that results will be a performance-based contract.

1.6 Summary of Services Requested

The selected private company with which the City will enter into a Contract for the requested Services is referred to herein as the Contractor.

The Compost Facility is anticipated to be an Aerobic Composting Facility as detailed in Section 2 and Appendix F. The processing facility must convert Acceptable Feedstocks into compost. Such a facility may have front-end processing to remove and recover contamination and prepare the feedstock for composting, and/or back-end processing for the removal of contamination.

The City will lease to the Contractor the 3.8 acre portion (or that portion of the 3.8 acres needed) of the Measure E Site, for the Compost Facility.

The City will provide Acceptable Feedstock to the Compost Facility. At its discretion, for the Compost Facility, the City may provide support to the Contractor for product marketing and other activities that are the Contractor's responsibility. For example, the City could, where appropriate, encourage use of suitable Compost Facility products, such as compost, in public projects. Proposers should specify the type of support desired for consideration by the City.

The Contractor will complete the appropriate CEQA documentation. The Contractor will comply with all local, state and federal regulations, obtain the needed permits, and finance, design, build, and operate the Compost Facility. The Contractor will be responsible for the cost associated with transporting and disposing of Residue from the Compost Facility. The Contractor will be responsible for marketing all products and materials generated, recovered or beneficially used. The Contractor will be entitled to revenues for products (with the exception of up to 1,000 tons per year of compost utilized by residents of Palo Alto) and will be responsible for the cost associated with transporting and disposing of any such materials that are not marketed.

The Contractor shall provide a staff of qualified and experienced employees to operate and maintain the Compost Facility and shall give consideration to hiring staff from the local labor force. The Contractor will be responsible for maintaining positive community relations, and shall assist the City with their public information programs by providing information and participating in activities to support those programs.

For the Compost Facility, the Contractor shall be responsible for guaranteeing construction schedule, including time required for Acceptance. Acceptance shall occur by January 1, 2018, after which the Contractor shall be responsible for accepting City Acceptable Feedstock at the Compost Facility, or at another facility acceptable to the City should the Compost Facility not have achieved Acceptance by that time. After Acceptance, there will be a 15-year operating period, with two, five-year renewal options. The project development period, design and construction period and the operating period, including any renewals, shall comprise the Contract Term.

Pricing for the Proposals for the Compost Facility must include both: 1) Yard Trimmings and Residential Food Scraps together (Base Case Proposal), and 2) Yard Trimmings alone (Alternative Proposal). Further instruction regarding pricing is provided in Section 6.5 of this RFP.

Additional Alternative Proposals (beyond accepting Yard Trimmings only from Palo Alto) can be provided at the option of the Proposer. Additional Alternative Proposals will be accepted by the City for the following:

- A larger Compost Facility size for accepting self-haul yard trimmings from Palo Alto. Any such larger facility must fit on the 3.8 acre Site.
- A larger Compost Facility size (Regional Compost Facility), to receive and process Acceptable Feedstock beyond that available from the City, if Contractor is responsible for providing all Acceptable Feedstock not available from the City without recourse to the City if there is a shortfall in such feedstock. Any such larger/Regional Facility must still fit on the 3.8 acre Measure E Site;

The City will consider Alternative Proposals only for those cases identified in this RFP or by Addenda to this RFP. Prior to the deadline for submitting written questions, a Proposer may request approval from the City to submit Alternative Proposals based on technical or business options not listed in this RFP or Addenda. If the City agrees to consider other Alternative Proposals, all parties that have received the RFP will be so informed by an Addendum to this RFP.

1.7 Financing

The City shall finance and own the Compost Facility and all of the equipment (both fixed and mobile) within the Compost Facility. The City will provide a construction allowance of $10 million, which is intended to reimburse the Contractor for all design, permitting (including CEQA), and construction costs. The reimbursed construction costs include all of the costs related to site preparation, utility connections, mitigation measures, buildings, and processing equipment (both fixed and mobile). Any facility construction costs that exceed the $10 million construction allowance will be included as part of the proposed facility tipping fees.

1.8 Site Lease and Rent

Up to 3.8 acres of the Measure E Site will be leased to the Contractor for a Compost Facility. The Site rent shall be subject to negotiation, but for the purposes of this RFP, the amount of the Site Lease Payment should be assumed at $1 per year.

1.9 Reserved

1.10 Contract Administration

The City will provide Contract administration and day-to-day operational oversight of the Contract. The City may retain the services of an engineer, financial analyst and/or legal counsel, as necessary, to assist in monitoring the Compost Facility design, construction and operation for conformance to Contract technical, environmental and financial requirements.

1.11 Schedule

The following project schedule has been established:

- Issue RFP — On or about ,July 1 2014
- Pre-Proposal Webinar (Optional) — 9:00 - 11:00 AM PDT, July 16, 2014
- Optional Site Tour — 1:00 - 2:00 PM PDT, July 16, 2014
- Last Date for Submittal of Written Questions — August 15, 2014
- Proposal Submission Due Date — 3:00 PM PDT, September 2, 2014
- Proposal Evaluation — thru December 2014
- City Council Review — December 2014
- Selection of Preferred Proposer — December 2014
- Completed CEQA Documentation, as needed — By February 2016
- Company Contract Negotiations Completed/Contract approved — By February 2016
- Operations — no later than January1, 2018

There will be a Pre-Proposal Webinar at 9:00 AM, Pacific Daylight Time (PDT) on July 16, 2014 to discuss this RFP. The Pre-Proposal Webinar is not mandatory, but all potential Proposers are encouraged to participate.

Webinar registration information:
Registration URL:
https://attendee.gotowebinar.com/register/4644492506195017986
Webinar ID: 145-584-747

Audio:
Toll: +1 (702) 489-0007
Access Code: 175-438-821
Audio PIN: Shown after joining the webinar

An optional tour of the Measure E Site will be conducted on July 16, 2014 at 1:00 PM PDT. See Section 4.2.1 for further information.

1.12 Evaluation of Proposals

The City will establish an Evaluation Committee to review Proposals. The Evaluation Committee will be supported by legal, technical and financial advisors as the City deems necessary.

Proposals will be evaluated in accordance with the evaluation procedures and the evaluation criteria described in this RFP, Section 5. Proposals must meet Minimum Evaluation Criteria as specified in Section 5. Proposals that do not meet the Minimum Evaluation Criteria will be considered unacceptable and will not be considered responsive and responsible for comparative ranking. Comparative ranking of non-cost elements of Proposals will be completed using a point-based ranking system as described in Section 5. The Proposal prices will be evaluated concurrently with non-cost elements of the Proposals. At the discretion of the City, Proposal prices may be

evaluated separately. A consolidated ranking, including consideration of both non-cost comparative ranking and price will be conducted to determine a single ranking. The City is not obligated to select the top ranked Proposal.

The City is not obligated to select a Proposal based solely on price. In addition to price, the City will consider such factors as the quality of the Proposal, how well Proposals meet the goals and objectives of the procurement, the technical, environmental, and financial resources and experience of the Proposer, the record of performance and reliability of the proposed technology, the soundness of the technical, environmental, and business approaches, conformance to terms and conditions of the Contract (as reflected in the Contract Principles in this RFP, Section 3), the level of risk which the Proposer is assuming and asking the City to assume, and other factors as are further described in this RFP.

The Proposer whose Proposal is found most advantageous, based on the evaluation procedures described in this RFP, will be selected for contract negotiations (Preferred Proposer). If negotiations are not satisfactory, negotiations may be initiated with the next-highest ranked Proposer. Although not currently contemplated, the City reserves the right to conduct simultaneous negotiations with more than one Proposer. The award of the second phase of the Contract is subject to CEQA certification and regulatory approvals, and such award will require City Council approval.

Proposers are encouraged to hire workers from the local labor force and purchase goods and services locally and in the region to the extent practical, as described in Section 4 of this RFP.

The construction phase of this Contract is subject to Prevailing Wages.

End of Section 1

2.0 DESCRIPTION OF PROPOSED PROJECT, SCOPE OF SERVICES AND SCHEDULE

As described in this RFP, the City is soliciting proposals for a Compost Facility at the Site designated in this RFP for Acceptable Feedstock. This section of the RFP establishes the scope of services, schedule and design requirements for the Compost Facility. The scope of services, schedule and design requirements outlined herein for the Compost Facility include: 1) general specifications which must be met by all of the proposed projects; and 2) more detailed specifications, where appropriate, for Aerobic Composting. These more detailed design requirements are included in Appendix F. Appendix F also includes construction requirements, design document review and construction review procedures, testing requirements, and operation and maintenance requirements. A summary of such requirements is included in this Section, along with a general description of the project, schedule requirements, and performance guarantees.

2.1 General Description of Proposed Project

The proposed project is to be a system for managing the City of Palo Alto's Yard Trimmings and Residential Food Scraps (Base Proposal) and Yard Trimmings only (Alternative Proposal), consisting of a Compost Facility to be designed, built, operated and maintained by the Contractor and located on the relatively flat 3.8 acre portion of the Measure E Site. The Compost Facility shall provide for reliable and efficient management of the Acceptable Feedstock and for compliance with environmental standards as required herein.

This RFP requires Proposers to provide a Proposal for Yard Trimmings and Residential Food Scraps (Base Case Proposal) and an Alternative Proposal for Yard Trimmings only. Proposers are also encouraged to submit an Alternative Proposal for self-haul yard trimmings from Palo Alto. In addition, Proposers are invited to submit additional Alternative Proposals that are identified in Section 1.6 of this RFP. If there is a benefit to the City, the City will consider a Regional Compost Facility capable of managing both City Acceptable Feedstock and Acceptable Feedstock from other sources outside of the City.

As proposed, the Compost Facility shall be designed to manage the current and projected quantities of Acceptable Feedstock to be delivered by the City. As further detailed in Section 3 of this RFP, this includes: up to 3,000 tons per year of Residential Food Scraps; and up to 14,000 tons per year of Yard Trimmings. Proposers are encouraged to submit an Alternative Proposal to include capacity and an operating plan for self-haul yard trimmings. In the past 7,000 tpy of “Self Haul” yard trimmings were sent to the City Landfill. Proposers may also accept feedstock from other jurisdictions, with the approval of the City. Proposers may, at their discretion, submit as an Alternative Proposal the price ($ per ton) they would charge, at a higher design capacity of their choosing. If beneficial to the City, the City will assist the Contractor in soliciting this business. In all cases, the Compost Facility must be designed to fit on the 3.8 acre Site.

2.1.1 Compost Facility

The Compost Facility shall utilize Aerobic Composting. The Compost Facility shall not include Alternative Proposals for conventional waste-to-energy combustion, incineration systems, gasification, or anaerobic digestion. The Compost Facility is to be located on the relatively flat 3.8-acre portion of the Measure E site. The City will deliver Acceptable Feedstock to the Compost Facility. The City will provide either a combination of Yard Trimmings and Residential Food Scraps, or Yard Trimmings only.

The Compost Facility shall convert Acceptable Feedstock into marketable compost. The Compost Facility shall include any necessary preprocessing to remove and recover recyclables and other materials and to prepare the Acceptable Feedstock for composting.

The Compost Facility shall make available to the City and its residents, at no charge, up to 1,000 tons per year of compost that meets CalRecycle Compost Standards.

The Compost Facility, including all technologies incorporated into the Compost Facility, must be designed to meet or exceed all applicable Federal, State and local codes, standards, and requirements of Applicable Law for such facilities, including BACT and air emissions requirements. Control of process air emissions and emissions from engines or other energy generation equipment shall meet the requirements of the Bay Area Air Quality Management District and other regulatory agencies.

At a minimum, the Compost Facility shall have an air control system on the feedstock receiving, storage, and processing areas including negative pressure on the receiving area with odor and emissions control of the collected air, and adequate odor control for all other areas of the Compost Facility, to ensure there are no objectionable odor impacts off the Site. The Contractor’s design shall specify the maximum amount of feedstocks and products that may be stored and still meet all regulatory agency requirements. Contractor shall not exceed these storage amounts. There shall be no placement or storage of feedstock, products, or residue outside the areas designed for such storage. All compost processing, handling, and storage facilities will need to be enclosed by a structure that ensures the management of all air. Proposers are encouraged to include efficient, inventive, cost-effective, and aesthetically-pleasing structures including those having fabric walls.

All truck movements and processing areas shall be located on the Site so as to minimize exposure and related impacts on the surrounding area. Equipment shall be located in enclosed buildings or structures with control for noise mitigation. The Compost Facility design and operation shall ensure that noise levels conform to the City Comprehensive Plan, which currently limits noise level to 70 dB as a "normal level" and 70-85 dB as a "conditionally acceptable" level for an industrially-zoned area.

The Compost Facility shall be designed to minimize consumptive water use and use recycled water to the maximum extent possible. The Compost Facility shall be designed to minimize process wastewater discharge (with a goal of zero discharge). To the extent possible, process wastewater shall be reused within the Compost Facility to reduce consumptive water needs. City sewer limits shall be met for any sewer discharge.

The Compost facility shall meet all local, state, and federal water quality regulations for both stormwater and wastewater generated on-site, including but not limited to obtaining permits for construction and operation from the State Water Quality Control Board, on-site treatment and site design measures, and wastewater discharge requirements as specified in the City's Sewer Use Ordinance. Specifically, such requirements include:

Stormwater and Wastewater Related Operational Standards

1. No materials are to be stored within 100 feet from any surface water body.
2. The following feedstocks are prohibited to be accepted, processed or stored onsite.
   a. Animal carcasses;
   b. Any feedstock, additive, or amendment other than those applicable or listed in an approved Notice of Intent;
   c. Liquid wastes other than those of food origin that has been approved by the Executive Officer;
   d. Medical wastes as defined in the Health and Safety Code, section 117690;
   e. Radioactive Wastes;
   f. Septage;
   g. Sludges, including but not limited to sewage sludge, water treatment sludge, and industrial sludge;
   h. Wastes classified as "hazardous" as defined in the Cal. Code Regs., title 22, section 66261.3; and
   i. Wood containing lead-based paint or wood preservatives, or ash from such wood.
3. Additives or amendments are not allowed unless approved in writing by the City.

Stormwater Related Design standards – pads and other surfaces

1. Surfaces must be capable of preventing degradation of waters of the state. Such structures are designed, constructed, and maintained to: (1) sloped to prevent ponding and impede vertical movement of liquid phase constituents of concern; (2) reliably transmit any free liquid laterally to a containment structure; and (3) prevent conditions that could cause a condition of contamination, pollution, or nuisance. Control and manage all run-on, runoff, and precipitation from all operational and storage areas under conditions of a maximum probable 25-year, 24 hour peak storm event. Protect areas from

inundation by surface flows associated with a 25 year, 24 hour peak storm event.

2. Ditches must be sized to convey all precipitation and runoff from a 25-year, 24-hour peak storm event. Ditches must be properly sloped to prevent ponding and kept free and clear of debris to allow for continuous flow of liquid. Ditches must be inspected and cleaned out prior to the rainy season every year.
3. Berms, if used, must prevent run-on to and runoff from the operational area from a 25-year, 24-hour peak storm event.

The applicant will be required to identify, size, design and incorporate permanent storm water pollution prevention measures (preferably landscape-based treatment controls such as bioswales, filter strips, and permeable pavers rather than mechanical devices that require long-term maintenance) to treat the runoff from a specified “water quality storm” prior to discharge to the municipal storm drain system.

The Compost Facility shall be designed, at a minimum, for a 30-year operating life. It shall include redundant design features, as appropriate, to meet the proposed annual availability guarantee and to minimize the need for emergency management of Acceptable Feedstock. It shall include adequate storage of incoming feedstock and outgoing products to meet feedstock delivery schedules and product shipments to markets, and to provide for efficient operation.

The Compost Facility shall be arranged on the Site to minimize aesthetic, visual, noise, odor and lighting impacts on surrounding land users, including effective use of buffer areas. A buffer area must landscaped between the Site and Byxbee Park and must incompliance with CEQA mitigation measure. Areas outside the 3.8 acres, but within the 10 acres, may be used for a buffer area and for the creation of a habitat corridor. The Compost Facility (including its architectural treatment) shall be designed to be compatible with a park setting, with landscaping and buffers to minimize visual impacts. Design of buffer areas shall take into account measures to mitigate noise, lighting and potential odors, as well as visual impacts, including the use of landscaping and/or vegetated berms.

The landscaping buffer on the Southwestern edge of the 3.8 acre area of the Measure E site shall also serve as a wildlife corridor to allow the movement of wildlife from the Renzel Wetlands to the Bay side of the Site. The Compost Facility should minimize use of site space and must be integrated with Landfill capping as well as consideration of minimizing impacts on Byxbee Park. The Contractor will be responsible for design and construction of foundations, as well as providing for routing of on-site utilities, stormwater management, roads and other necessary Site infrastructure and ensuring that these needs are satisfied in a manner to protect the integrity of the Landfill cap. Additional information on environmental mitigation measures is provided in the Preliminary CEQA Checklist (Initial Study) included in Appendix G of this RFP. This Preliminary CEQA Checklist was developed considering earlier City plans for an E/C Facility

or Export. Proposers should utilize information appropriate for the Compost Facility proposed.

2.2 Scope of Services and Schedule

The services and schedule described herein are for the Base Case Proposal. For the Base Case Proposal, Proposers are to propose systems to manage: Yard Trimmings and commingled Residential Food Scraps. The required Alternative Proposal includes Yard Trimmings only. The Compost Facility is to be located on the relatively flat 3.8-acre portion of the Measure E Site. Proposers are required to submit the two Proposals described above, and can submit Alternative Proposals as described in this RFP.

2.2.1 Role of City

For the Base Case Proposals, the City will provide the 3.8 acre portion of the Measure E Site and will lease the Site, to the Contractor for the Term of the Contract. The Contractor is responsible for routing utilities (water, stormwater, sewer, natural gas, and electricity at 75KVA @ 480V) to and on the Site. The City is in the process of implementing the closure of the Landfill. For purposes of responding to this RFP, Proposers should assume that the City will cap the Landfill. The Contractor will prepare a site pad (up to 3.8 acres) for use by the Compost Facility that is integrated with Landfill closure (i.e. the compost facility designed pad shall not cut into the landfill cap). The City will provide a construction allowance of $10 million, which is intended to reimburse the Contractor for all design, permitting (including CEQA), and construction costs. The reimbursed construction costs include all of the costs related to site preparation, utility connections, mitigation measures, buildings, and processing equipment (both fixed and mobile). If the Proposer believes this allowance amount is insufficient, it may include overages as part of its proposed facility tipping fees.

The City will perform the following work

a) Moving the Landfill postclosure facility off the 3.8 acre Site (if determined to be necessary).
b) Rerouting any landfill gas or leachate lines (if found to be necessary),
c) Repairing or replacing the salt water pipeline, (if necessary).

The Contractor will complete CEQA activities for the Compost Facility including preparation of CEQA-related studies, documentation, and applications. The Contractor will be required to construct a habitat corridor (should one be built on the Measure E site as a CEQA mitigation measure). The City will be responsible for maintaining a habitat corridor.

The City will deliver Acceptable Feedstock from the City of Palo Alto to the Compost Facility.

At its discretion, the City may provide support to the Contractor for product marketing and other activities that are the Contractor's responsibility. For example, the City could, where appropriate, encourage use of suitable Compost Facility products, such as compost, in public projects. Proposers should clearly specify the type of support desired for consideration by the City.

The City will, during the course of the Contract, conduct design review and construction monitoring activities, review start-up and acceptance testing and monitor performance during operations.

2.2.2 Role of Contractor in General

For the Compost Facility, the Contractor shall lease the Site from the City and shall be responsible for surface conditions, construction of surface infrastructure, foundations, utility connections, drainage systems, roads and the like, including *new construction* of subsurface infrastructure, such as foundations and utilities, necessary for the Compost Facility and compatible with Landfill capping. The contractor shall improve the driveway extension of Embarcadero Way to the Site to the extent necessary to accommodate the type and volume of traffic anticipated to the Site; and to the extent necessary to satisfy the City.

The Contractor shall accept and process Acceptable Feedstock from the City, prepare CEQA documentation for City approval, permit, design, construct, start-up, acceptance test, own, operate and maintain the Compost Facility, all in accordance with the requirements of this RFP and the Contract to be negotiated; Federal, State and local laws, regulations and policies; Good Industry Practice; Good and Accepted Construction Practice, and Good and Accepted Operating Practice. In addition, the Contractor shall be responsible for marketing all materials recovered or beneficially used, and transporting and disposing of any materials that cannot be marketed (Residue). The Contractor shall be responsible for testing the Residue in accordance with local, State and Federal guidelines to ensure that it meets appropriate disposal requirements.

The Contractor shall be responsible for management of Acceptable Feedstock at all times over the Term of the Contract, during normal operations and during periods when the Compost Facility is inoperable. The Contractor shall provide alternative management/processing locations for periods when the Compost Facility is inoperable, subject to City approval of such alternative facilities.

The Contractor shall be responsible for CEQA compliance through a highly qualified environmental firm acceptable to the City. It is anticipated an EIR will be required. The City shall approve all drafts and the subcontractor shall satisfy all City concerns and comments. The Contractor shall be responsible for implementing all mitigation measures contained in the EIR.

The Contractor shall be responsible for maintaining positive community relations, and shall assist the City with their public information programs by providing information and participating in activities to support those programs.

2.2.3 Permitting Process

As stated previously, the Contractor will complete CEQA activities and will be responsible for permitting activities. The Contractor shall be responsible for obtaining all Federal, State and local permits and approvals needed for construction and operation of the Compost Facility, as applicable. To assist the Proposer to understand key environmental issues, a preliminary CEQA checklist is provided in Appendix G. The information provided in Appendix G is not necessarily all inclusive or specific to the Compost Facility proposed, and the Contractor is responsible for defining permitting requirements specific to its Proposal, obtaining said permits and complying with permit requirements. The City will provide information to support the Contractor in obtaining permits and approvals. Note, however, that the role of the City shall in no way mean implicit approval of local permits and approvals.

2.2.4 Utilities

The Contractor will be responsible for routing utilities (natural gas, water, sanitary sewer, stormwater and electricity) to and on the Site, as needed for the proposed Compost Facility. The following utilities are currently available inside or adjacent to the Landfill Site:

- Natural gas - 4-inch line (capped)
- Potable water - 1-inch line (in use)
- Reclaimed water - 4-inch or 6-inch line (in use)
- Sanitary sewer - 4-inch line and 52-inch main trunk (in use)
- Electricity - 75kVA, 277/280V transformer (3-phase), and 50kVA, 120/240V transformer (in use)

If the Contractor will need the City to supply the utilities identified above to the project, those purchases will be subject to the applicable utility rate schedule. All non-residential rates are available through the following web link:

http://www.cityofpaloalto.org/gov/depts/utl/business/rates.asp

Proposers are advised that Palo Alto is not in PG&E's service territory.

2.2.5 Schedule for Delivery of Services

The Contractor shall complete the CEQA process, permitting, financing, design, construction and Acceptance Testing of the Compost Facility, as applicable, in accordance with a guaranteed schedule to be specified in the Contract. The

schedule shall be based on the schedule proposed by the Proposer and as negotiated with the City. For the Compost Facility, commercial operation is required no later than January 1, 2018. Earlier completion of the Compost Facility is encouraged.

After Compost Facility Acceptance, the Contractor shall be responsible for Facility operations and maintenance for 15 years, with options for two five-year renewals by mutual consent. This operating period is for Base Case Proposals, with options for other operating terms under Alternate Proposals.

2.3 Compost Facility Requirements

The Compost Facility shall include all elements necessary to receive, store, recycle, process, and convert Acceptable Feedstock to marketable products and store products prior to shipping. In general, these elements include:

- an access road to the Site which may share existing Landfill and RWQCP roadways, as applicable;
- a weigh station;
- an enclosed receiving building and storage facilities for Acceptable Feedstock;
- transfer facilities for Residue and marketable materials or products;
- pre-conversion feedstock recycling and processing facilities (as applicable);
- composting, curing, product screening, and product recovery facilities (if applicable);
- product storage area(s) with appropriate odor control;
- interconnection of all necessary utilities to meet Compost Facility needs;
- instrumentation and controls, as needed;
- noise and odor control;
- water use and wastewater reuse and control equipment;
- air pollution control (APC) equipment (as applicable);
- general facility features – buildings and grounds, utility, chemical and supplemental fuel handling;
- stormwater collection and control of all surface water run-off from buildings, impervious surfaces and other disturbed areas, with catch basins that include oil and grease traps and allow for sediment collection;
- maintenance facilities;
- all appurtenances and equipment thereto.

2.4 General Design and Construction Standards

The Compost Facility shall be designed and constructed in accordance with Applicable Law, Good Industry Practice, Good and Accepted Construction Practice, and applicable design and construction codes and standards (see Appendix F). Proposers shall take note of the local climatology, subsurface conditions, seismology and Site-specific characteristics and conditions (see Appendix C), and shall design the Facility accordingly for anticipated conditions and in accordance with related codes and requirements. All materials and equipment shall be new and unused, be of heavy-duty construction and of quality suitable and commonly used for high availability, long-term service in utility applications. The Compost Facility shall be designed and constructed utilizing equipment and processes proven to be reliable in similar applications. The Facility shall be designed and constructed for a minimum useful life of thirty (30) years.

2.5 Design Requirements

Design requirements are provided in Appendix F for specific Compost Facility components.

2.6 Environmental Design and Performance Requirements

The Contractor shall, at a minimum, meet the environmental design and performance specifications as required by all Federal, State and local permits and approvals required to construct and operate the Compost Facility, including any mitigation measures required by CEQA (see Appendix G, Preliminary CEQA Checklist, for additional information on potential mitigation measures). If not required by a permit or approval, the Compost Facility shall still, at a minimum, meet the requirements specified herein.

For Proposal purposes, the requirements described below shall be <u>the minimum basis</u> for design and performance.

AIR EMISSIONS <u>Specification:</u>

- Compliance with Federal, State and local permit requirements.
- Implementation of Best Management Practices and BACT as applicable during construction and operations

ODOR <u>Specification:</u>

- Feedstock receiving and storage area, recycling and pre-processing area, intermediate storage area(s) (if any), product storage areas, and Residue handling and storage areas shall meet odor and other permit requirements;
- Composting and curing areas, as applicable, shall comply with all federal, state, and local regulations;
- Conformance to Odor Impact Minimization Plan or Odor Management Plan, as applicable, to be prepared during permitting, with no

		objectionable odor beyond site boundary.
NOISE	Specification:	– Compliance with noise standards as established during permitting by appropriate State and local agencies, including conformance to City Comprehensive Plan currently limiting noise level to 70 dB as a "normal level" and 70-85 dB as a "conditionally acceptable" level for an industrially-zoned area.
AESTHETICS/ LIGHTING	Specification:	– Design and arrangement of the Facility, including use of buffer areas and integration of landscaping and/or vegetated berms, shall minimize aesthetic, visual and lighting impacts on surrounding land users. – Any lighting shall be hooded and directed onto the project site.
WATER USE	Specification:	– Design must minimize water use .Use Recycled Water to the maximum extent possible.
WASTEWATER	Specification:	– Design must minimize process wastewater discharge. – Sanitary discharge to be treated and reused or discharged to the sewer in accordance with City sewer limits.
STORMWATER	Specification:	– Design must include stormwater collection for surface water run-off from buildings, impervious surfaces and other disturbed areas, with on-site treatment and control Catch basins shall include oil and grease traps and allow for sediment collection. – Development and compliance with a Stormwater Pollution Prevention Plan.
RESIDUE	Specification:	– Residue must be routinely tested and disposed of appropriately.
COMPOST	Specification:	– Compost must meet CalRecycle Compost Standards.

2.7 Construction Requirements

The Contractor shall perform the Construction Work in accordance with the Design Work and using Good and Accepted Construction Practice and shall have exclusive responsibility for providing all construction means, methods, techniques, sequences, start-up, and Acceptance Tests, and all procedures necessary and desirable for the correct, prompt and orderly conduct and completion of the Construction Work as

required by the Compost Facility. Construction shall be scheduled and conducted, as practical, to minimize impacts and disruptions on existing operations at Byxbee Park, the RWQCP and other surrounding land users.

The Contractor's exclusive responsibility to provide all construction means shall include, but is not limited to, providing the following construction requirements: temporary power, light and other utilities; temporary offices and construction trailers; a room for on-site, project review meetings; a furnished office with telephone and computer hook up for use by the City's on-site resident engineer; required design certifications; required approvals; field document control and filing system for the control of all submittals and project communications; quality control and testing; independent laboratory testing services; weather protection for stored materials; site cleanup and housekeeping; construction trade management; temporary parking; safety and first aid facilities; correction or compensation for defective work or equipment; equipment and materials storage areas; workshops and warehouses; temporary fire protection for the construction site; site security; sanitary needs; potable water; telephone and portable two-way communication; subcontractor coordination and control; receipt and unloading of delivered materials and equipment; erection rigging; temporary supports, and coordination of all construction activities of the Contract.

The Contractor warrants to the City that materials and equipment incorporated in the Compost Facility will be new unless otherwise specified, and in conformance with the Contract documents.

The Contractor shall fully cooperate with the City and its designated representatives to allow the City to monitor and review construction progress, design documents and any proposed changes to design.

The Contractor shall apply Federal, State and local wage and hour laws to the extent required by Applicable Law. For purposes of its Proposal, the Proposer should assume that prevailing wages will be required. The Contractor shall make a good faith effort to employ staff from the local and regional labor markets.

Appendix F specifies requirements for Construction Work Monitoring, Testing and Observation; correction of Construction Work; provision of record drawings and documents; procedures for design document review and construction review; and start-up requirements.

2.8 Start-Up Test and Acceptance Test Requirements

Testing of equipment and systems installed, as part of the Compost Facility, will occur in two phases: the start-up testing and the Acceptance Test. The City will provide Acceptable Feedstock during both test(s), upon receipt of reasonable notice from the Contractor.

2.8.1 Start-up Testing

In the initial phase, start-up testing of equipment and systems will be completed to demonstrate that each is installed correctly, functions as intended and meets the applicable conditions specified. Start-up testing will occur once the equipment or system has been installed and is mechanically and electrically complete. The City or its representatives shall have the right to observe any start-up testing.

2.8.2 Acceptance Test

Upon successful completion of the start-up testing, the Acceptance Test will occur. The Contractor shall prepare an Acceptance Test Plan and conduct an Acceptance Test. The Acceptance Test is to demonstrate that the Compost Facility functions as intended to meet Performance Guarantees, including permit limits. The Acceptance Test Plan is defined here as a plan for conduct of the Acceptance Test, which is to include sequencing of operations, test methodologies, and scheduling of the testing.

No temporary equipment will be allowed to operate during the Acceptance Test. The Acceptance Test shall be repeated in its entirety at the Contractor's expense if there are any permit violations, or if the Contractor is forced to use temporary equipment to maintain operation.

A Draft Acceptance Test Plan shall be submitted to the City a minimum of 120 days prior to the start of the Acceptance Test. A Final Acceptance Test Plan shall be submitted to the City a minimum of 30 days prior to the start of the Acceptance Test. Acceptance Testing shall not commence prior to receipt of the City's approval of the Final Acceptance Test Plan. Note that prior to conducting the Environmental Compliance Test, EPA and State and local regulatory agencies, as appropriate, must approve the environmental testing component of the Acceptance Test Plan.

The Contractor must satisfy the following Acceptance Test requirements, as applicable to the proposed technology:

- Reliability Test – a test to be conducted over a continuous 30-day period (or alternate duration, as appropriate for the technology and as agreed to by the City) to demonstrate that the Compost Facility can operate as intended while processing Acceptable Feedstock over a sustained period of time. During the Reliability Test, the Facility shall process ninety five percent (95%) of the Rated Capacity of Acceptable Feedstock over a continuous 30-day period (or alternate duration, as appropriate for the technology and as agreed to by the City), on a batch or continuous operating schedule depending on the design and intended operation of the Facility. If applicable for an Alternative Proposal, the fuel and/or power generation equipment shall be on-line,

producing (and exporting, as applicable) energy for a minimum of 95% of the duration of the Reliability Test.

- Capacity Test – a test to be conducted over a continuous 48-hour period (or alternate duration, as appropriate for the technology and as agreed to by the City), to demonstrate that the Compost Facility can process one hundred percent (100%) of the Rated Capacity of Acceptable Feedstock during that time. The Capacity Test shall be conducted simultaneously with the Material Recovery Test and the Diversion Test, as appropriate for the technology. During the Capacity Test, the Facility shall operate in compliance with parameters as measured by the continuous emission monitoring system, if applicable.
- Material Recovery Test – a test to be conducted over a continuous 48-hour period (or alternate duration, as appropriate for the technology and agreed to by the City), to demonstrate the Compost Facility can meet the contractual performance proposed and included in the Contract for quantity and quality of materials and products recovered by the pre-processing, conversion, and post-processing systems of the Compost Facility, as applicable. The Material Recovery Test shall be conducted simultaneously with the Capacity Test, as appropriate for the technology.
- Regulatory Environmental Compliance Test – a test to demonstrate that the Compost Facility can meet air emissions compliance limits in its permits and other environmental approvals as well as contractual performance proposed and included in the Contract. The Environmental Compliance Test shall be conducted using standard State and EPA testing methods and/or methods otherwise approved in advance by the City, the EPA, and applicable State and local regulatory agencies. The appropriate regulatory agency(ies) shall approve the environmental testing component of the Acceptance Test Plan prior to conducting the Environmental Compliance Test.
- Ambient Noise – a test to be conducted while all equipment is operating, consisting of ambient noise measurements taken at appropriate locations to demonstrate that noise levels are in compliance with all State and local regulations and in accordance with the requirements of this RFP and the Contract.
- Ambient Odor – a test to be conducted while all equipment is operating, consisting of ambient odor measurements taken at appropriate locations to demonstrate that no objectionable odors from the Compost Facility are detectable beyond the Site boundaries in accordance with the requirements of this RFP and the Contract.

The duration and sequencing of the Acceptance Test procedures shall be as described above or otherwise as appropriate for the type of technology used in the Compost Facility, and as agreed to by the City. In all cases, the schedule and sequencing shall allow for proper administration and complete documentation of the tests, and shall be customary for industry practices for the technology used. The Contractor shall propose the schedule and sequencing of the Acceptance

Test in the Acceptance Test Plan, which shall be subject to review and approval by the City.

2.9 Operation and Maintenance Requirements

Operation and maintenance (O&M) requirements for the Compost Facility, as applicable, are provided in Appendix F. These requirements include the following, which are applicable unless otherwise noted:

- providing services necessary for a smooth start-up for operation and maintenance of the Compost Facility;
- providing continuous, full-service operation and maintenance services and asset management for the Compost Facility, in accordance with an approved O&M manual and in accordance with the Contract and Good Industry Practices, whichever is most stringent;
- providing a staff of qualified and experienced employees, and providing appropriate training of staff;
- acquiring and holding all required Federal, State and local approvals, licenses, and certifications necessary to operate, maintain and manage the Compost Facility;
- administering operation and maintenance activities for the Compost Facility using computerized operations and maintenance management system provided by the Contractor;
- maintaining records and preparing reports;
- preparing an Emergency Preparedness Plan (EPP) in accordance with Federal and State regulations governing emergency action and fire prevention plans and in cooperation with Federal, State and local officials and public safety departments;
- preparing and implementing a technical and safety training plan and program in accordance with OSHA requirements, Good Industry Practice and the Contractor standard practices, whichever are most stringent;
- meeting the requirements of Applicable Law and minimizing noise impacts on surrounding land use for the Compost Facility;
- managing odors from the Compost Facility such that no objectionable odor can be detected beyond the Site boundaries, and investigating and satisfying odor complaints and correcting any odor problems should they occur;
- performing all required sampling, testing and laboratory analyses and preparing and filing the required reports;
- providing information and other support to assist the City in their public education programs;
- maintaining positive community relations, and

- preparing an Exit Transition Plan and providing services necessary for a smooth, uninterrupted transition of service to the City or its designated contractor (at the end of the Contract, whether at its stated expiration or by earlier termination for whatever reason).

2.10 Records and Reports

The Contractor shall maintain records and prepare reports as described in Appendix F, operation and maintenance of the Compost Facility, regulatory activities, and other relevant information. Reports shall include a monthly and an annual operations and maintenance report, a monthly complaint log reporting any and all complaints relating to the Compost Facility and a description of the response, and a monthly statement verifying payments due and/or owed (with supporting information).

2.11 Staffing

As further described in Appendix F, the Contractor shall provide a staff of qualified and experienced employees in accordance with the plan for staffing and shall provide such additional third-party support as may be needed to perform its duties and obligations.

2.12 Training

The Contractor shall provide, as appropriate, overall career development and support to its staff through the use of training programs. Training programs shall cover specialized areas such as safety, community relations, and emergency preparedness. As described in Appendix F, the Contractor shall notify the City in advance of any such training programs held by the Contractor, and shall allow participation by the City up to the class size prescribed by the Contractor's training policy.

2.13 Community Relations

As further described in Appendix F, the Contractor shall maintain positive community relations within the community. At a minimum, the Contractor will provide a 24-hour telephone hotline and email address for those who wish to comment on areas of concern, and will report to the City any complaints related to the Compost Facility.

2.14 Public Information Program

The Contractor shall be responsible for assisting the City with their public information programs by providing information to support those programs. The Contractor shall describe its proposed efforts, which may include activities such as:

- Creation of a Web Page informing the public of the status of the Compost Facility and various public education materials and programs available associated with the Compost Facility.
- Providing a repository of publications pertaining to policies, programs and related information associated with generation and management of Food

Scraps (if applicable) and Yard Trimmings, including information on products generated from the management of such feedstock. Such publications shall be available to interested parties at the Compost Facility or another location agreed to by the City. Such repository shall be inclusive of information or guides generated and provided by the City.

- Hosting of Compost Facility open houses and scheduled tours for interested members of the public.

2.15 Performance Guarantees

The Contractor shall meet Performance Guarantees for the Compost Facility, no less stringent than the limits specified below and as proposed by the Proposer on Proposal Form 10 (provided in Appendix A). Confirmation for agreeing to meet these guarantees shall be provided by completing, signing and submitting the Guarantor Acknowledgement (Proposal Form 4) and Compost Facility Performance Guarantees (Proposal Form 10) provided in Appendix A.

Feedstock Throughput Guarantee
The Contractor shall guarantee that the Compost Facility shall be capable of processing the Rated Capacity of Acceptable Feedstock, as specified by the Proposer and included in the Contract.

Availability Guarantee
The Contractor shall guarantee that the percentage of Rated Capacity of the Facility available during any Contract Year shall be at least eighty-five percent (85%). Availability shall be measured as a percentage of Rated Capacity.

Annual Feedstock Throughput Guarantee
The Contractor shall guarantee that the Compost Facility shall process an annual quantity of Acceptable Feedstock that is no less than the Availability Guarantee (which shall be no less than 85%) multiplied by the Rated Capacity of Acceptable Waste per year.

Environmental Performance Guarantee
The Contractor shall guarantee that the Compost Facility is operated and maintained in compliance with Applicable Law and all Environmental Performance Requirements included in the Contract. It shall include noise, odor, and other required environmental performance guarantees.

Scheduled Acceptance Date Guarantee
The Contractor shall guarantee the successful completion and Acceptance of the Compost Facility by the Acceptance Date, as proposed by the Proposer. The Acceptance Date proposed by the Proposer shall be based on the Proposer's schedule to permit, design and construct the Compost Facility, as agreed to by the City, and shall not be any later than January 1, 2018.

End of Section 2

3.0 KEY TERMS AND CONDITIONS OF CONTRACT

Key terms and conditions (the Contract Principles) of the Contract are presented in this Section. The Contract Principles presented below have been developed as a summary of the significant cost and risk provisions that the City expects will be included in the Contract. The Contract will be subject to negotiations between the City and the top Proposer. These terms should be used by the Proposer as a guide to the responsibilities that are to be undertaken by the Contractor, to enable the Proposer to assess the risks associated with specific performance obligations and to develop pricing. The City expects that the Proposer will include in its Business Proposal any comments, exceptions or requested modifications regarding the Contract Principles, and the City shall assume that the Proposer's pricing is based on the Contract Principles and any requested modifications. The extent of deviation from the provisions of this RFP will be an important Proposal evaluation consideration. Certain provisions of the RFP are required. These provisions are listed in Section 4.2.12.

As described in this RFP, the City is soliciting proposals for a Compost Facility at the Site designated in this RFP.

As described elsewhere in this RFP, the Contractor will be responsible for CEQA, permitting, designing, constructing and operating a Compost Facility. For the Base Case Proposal, Acceptable Feedstock includes: Yard Trimmings and Residential Food Scraps, and for the mandatory Alternative Proposal Yard Trimmings alone. This Section of the RFP addresses associated terms and conditions of Contract for the Base Case and Alternative Proposals.

It is expected that the Contract will consist of two phases. The first phase will cover the preliminary design, CEQA and entitlement/permitting costs. In the event the City does not certify the Environmental Impact Report or the permitting authorities deny required permits, the first phase of the Contract will terminate. If the City certifies the EIR and the Proposer obtains the necessary City entitlements/regulatory permits, the City shall have the option of entering into the second phase of the Contract for the further design, construction, operation and maintenance upon the principle business terms set forth below.

3.1 Feedstock Delivery Requirements

3.1.1 Minimum Annual Deliveries

The City shall be required to deliver (or cause to be delivered) a minimum quantity of Acceptable Feedstock each Contract Year (the Minimum Annual Delivery Requirement), or shall be subject to a Shortfall Charge. If the Contractor accepts Spot Market Feedstock in response to the City's inability to meet its Minimum Annual Delivery Requirement, any Shortfall Charge that may be due from the City shall be reduced by the total amount of revenues realized by the Contractor from any such Spot Market Feedstock.

3.1.2 Maximum Annual Deliveries

The City shall be allowed to deliver (or cause to be delivered) in each Contract Year a quantity of Acceptable Feedstock up to the Maximum Annual Delivery Threshold before incurring Excess Tonnage Fees, as described in this Section.

3.1.3 Application of Acceptable Feedstock Tipping Fee(s) and Excess Tonnage Fee

As described under "Annual True-Up/Settlement Process," below, all tonnage in excess of the Maximum Annual Delivery Thresholds shall be subject to the Excess Tonnage Fee, should there be one.

3.1.4 Minimum and Maximum Deliveries Specified

The Minimum Annual Delivery Requirements and Maximum Annual Delivery Thresholds are identified in Table 3-1.

While the Contractor may accept and process all types of Acceptable Feedstock, such as clean wood waste that is not painted or pressure treated, and agricultural waste suitable for the process utilized, these materials shall not be included in the City's Minimum Annual Delivery Requirement or Maximum Annual Delivery Threshold, and the City shall have no obligations or liabilities regarding the delivery to the Contractor of such materials, or the amounts or characteristics of such materials.

Table 3-1

MINIMUM ANNUAL DELIVERY REQUIREMENTS AND MAXIMUM ANNUAL DELIVERY THRESHOLDS

Participant	Contractual Requirements	
	Minimum Annual Delivery Requirement (Tons/Year)	Maximum Annual Delivery Threshold (Tons/Year) (1)
Food Scraps	1,000	3,000
Yard Trimmings	13,000	14,000

(1) Self–haul could increase the yard trimmings amount by as much as 7,000 tons per year. If competitive pricing can be achieved for the Compost Facility,

it is believed that former self-haul traffic, or some portion thereof, will return when the Compost Facility opens. The City encourages Proposers to submit an Alternative Proposal to accept self-haul yard trimmings.

3.2 Fees, Payments and Compensation

3.2.1 Construction Payments to Contractor

The City will provide a construction allowance of $10 million, which is intended to reimburse the Contractor for all design, permitting (including CEQA), and construction costs. The reimbursed construction costs include all of the costs related to site preparation, utility connections, mitigation measures, buildings, and processing equipment (both fixed and mobile). Any facility construction costs anticipated by the Proposer to exceed the $10 million construction allowance may be included as part of the proposed facility tipping fees.

3.2.2 Operations Payments to Contractor

For the Compost Facility, the Contractor shall be compensated monthly through a Tipping Fee Revenue from the City to be adjusted annually using the CPI or may be adjusted using a more industry-specific CPI as defined in the contracting process.

3.2.3 Contractor Payments and Costs

For RFP purposes, the following Measure E Site lease payments shall be assumed for use of this site: Lease Payment of $1.00 per year. The full lease payment shall be determined by Council and added to the project cost, but is not to be paid by the Contractor. Thus the full lease payment, if any additional, shall be added to the Contractor's tipping fee for ratepayer billing purposes. The Contractor shall prepare a 20 percent design for the Compost Facility at its own cost. Subsequent to that milestone, all design, permitting (including CEQA), and construction related expensed up to the $10 million allowance will be reimbursed by the City on a pass through basis on terms to be set forth in the Contract.

3.2.4 Most Favored Pricing

If the Compost Facility has the capacity to accept and process Acceptable Feedstock from parties other than the City, the Contractor shall not, without the prior agreement of the City, enter into processing service agreements with parties other than the City that include pricing that is more favorable to such parties than the then prevailing Acceptable Feedstock Tipping Fee that is being charged to the City.

3.3 Ownership and Financing

The City shall finance and own the Compost Facility and improvements to the Site that it has made. The Contractor shall be solely responsible for the cost of operation and maintenance of the Facility and all components thereof.

3.4 Design and Construction of the Compost Facility

3.4.1 Design-Construct Responsibility

The Contract shall set forth the minimum design requirements for the Compost Facility based on the technical requirements set forth in Section 2 of this RFP and the Contractor's Proposal, as negotiated. The Contractor shall complete all design requirements for full capacity operation of the Facility, and shall complete the Facility according to its final design. Construction shall be of the quality required by the Design Requirements and the Construction Requirements set forth in Section 2 and Appendix F of this RFP using Good and Accepted Construction Practice as defined by the definition section of this RFP, and the Facility shall have a minimum useful life of 30 years. The Contractor shall be responsible for complying with all requirements imposed by Applicable Law relating to the development of the Compost Facility. For purposes of responding to this RFP, it should be assumed that the City will: close and cap the landfill; relocate existing landfill leachate and landfill gas lines (if needed); relocate the Landfill post closure maintenance facility (if necessary), repair or replace the salt water line (if necessary), and provide for removal of existing manmade subsurface structures or pipes (if needed).

3.4.2 Permits and Licenses

The Contractor shall be responsible for CEQA and all necessary permits and licenses to provide Services.

3.4.3 Applicable Employment Laws

The Contractor shall apply federal, State and local wage and hour laws to the extent required by Applicable Law. For purposes of its Proposal, the Proposer should assume that prevailing wages will be required for the Compost Facility.

3.4.4 Site Conditions

The Contractor shall be responsible for maintaining surface conditions, construction of surface infrastructure, foundations, drainage systems, roads and the like, including *new construction* of subsurface infrastructure, such as foundations, necessary for the Compost Facility and compatible with landfill capping.

3.4.5 Capital Modifications and Improvements

City approval shall not be required for small-scale capital modifications or improvements under a Contract-specified cost ($2,000), provided that such will

not reduce the capacity of or otherwise adversely affect the aesthetics, environmental impacts, operational integrity or performance of the Compost Facility. City approval shall be required for all other capital modifications or improvements, including the financing approach and costs for such capital modifications.

If modifications or improvements are made in response to events or causes as may be specified in the Contract, such as an Uncontrollable Circumstance or Change in Law, Contractor service fees will be appropriately adjusted as per Section 3.2.9 of this RFP. If modifications or improvements are made at the City's request, Contractor compensation shall be appropriately adjusted. If modifications are made at the Contractor's request, as approved by the City, Contractor compensation shall be appropriately adjusted. If modifications or improvements result in cost savings, the Contract will specify standards for City/Contractor sharing of cost savings.

3.5 Operations and Maintenance

3.5.1 Operations Generally

Operation of the Compost Facility shall occur no later than the date for such operation as set forth in the Contract between the City and the Contractor, unless otherwise agreed to by the parties. Operation of the Compost Facility is described in Section 2 of this RFP.

The Contractor, at its expense, shall provide uninterrupted operation of the Compost Facility in accordance with Applicable Law, Good Industry Practice, Good and Accepted Operating Practice, the Operation and Maintenance Manual, the Operations and Maintenance Standards set forth in the Contract, the Performance Guarantees, and any other applicable requirements of the Contract. At no time shall the Contractor use or permit the use of the Compost Facility for any purpose other than those contemplated by the Contract. Should the Compost Facility not be operable, for planned outage or unplanned outage, the Contractor shall be responsible after the dates specified in the Contract for alternative processing of Acceptable Feedstocks. In such an event, the Contractor shall transport and process Acceptable Feedstocks at facilities approved by the City. Such facilities shall meet the same processing requirements as those specified for the primary facilities, unless the City approves alternative processing requirements.

The Contractor shall make a good faith effort to employ staff from the local and regional labor markets.

The Contractor shall be responsible for arranging for the disposal of Compost Facility residuals and of unprocessed or by-passed Acceptable Feedstock received. Disposal sites and/or facilities shall be subject to the approval of the City, whether the sites and/or facilities are those originally contracted for by the

Contractor or subsequently selected by the Contractor as replacements for the original sites and/or facilities.

3.5.2 Maintenance Generally

As set forth in further detail in Section 4 of this RFP, the Contractor, at its own expense, shall maintain the Compost Facility in good and acceptable condition in accordance with Applicable Law, Good Industry Practice, Good and Accepted Operating Practice, the Operations and Maintenance Manual, the Operations and Maintenance Standards set forth in the Contract, the Performance Guarantees, and any other applicable requirements of the Contract. The Contractor shall also be responsible for maintenance of the Site utilized by the Contractor, including all Site infrastructure, grass cutting, brush-cutting, and cleanup of litter on the Site, and for cleanup of any spills, leaks or contamination to the Site(s) resulting from construction and operation of the Compost Facility. The City will maintain the any buffer areas specified as mitigation requirements. Other buffer areas will be maintained by the contractor,

3.5.3 Safety and Security

The Contractor shall maintain the safety of the Compost Facility at a level consistent with Applicable Law, all Required Insurance, the safety plan and Good Industry Practice. The Contractor shall provide for safe and orderly vehicular movement. The Contractor shall be responsible for maintaining the security of the Compost Facility and the Site, and shall take all responsible actions to prevent vandalism to the Facility and the Site.

3.5.4 No Nuisance

The Contractor shall be responsible for keeping the Compost Facility and the Site organized, clean, and litter-free at all times, to ensure that the operation of the Compost Facility does not create any impermissible odor, litter, noise, lighting, fugitive dust, vector or other adverse environmental effects constituting, with respect to each of the foregoing, a nuisance condition. Should any nuisance condition occur, the Contractor shall expeditiously remedy the condition, pay any regulatory fines and indemnify the City from any third-party nuisance claims.

3.6 Performance

3.6.1 Performance Guarantees

For the Compost Facility, the Contractor shall be responsible for meeting the Performance Guarantees as set forth in Section 2 of this RFP.

3.6.2 Compliance and Remedies

The City may at any time it possesses reasonable cause to believe that the Contractor is not performing in accordance with the Performance Guarantees, require the Contractor to provide reasonable assurances of compliance. The Contractor shall at all times comply with the Performance Guarantees, except to the extent compliance is prevented or excused by Uncontrollable Circumstances or Change in Law. If the Contractor fails to comply with any Performance Guarantee and is not prevented or otherwise excused from performance, the Contractor shall: (1) notify the City within 24 hours of the Contractor's having knowledge of any such non-compliance; (2) provide the City within 24 hours with copies of any notices sent to or received from any Governmental Body having regulatory jurisdiction with respect to any violations of Applicable Law; (3) pay any resulting direct damages, fines, judgments or awards, including liquidated damages, levies, assessments, impositions, penalties or other charges resulting therefrom; (4) at its own cost and expense, take any commercially practicable action (including, without limitation, making repairs, replacements and operating and management practices changes) necessary, in light of the nature, extent and repetitiveness of such noncompliance, in order to comply with such Performance Guarantee, to continue or resume performance hereunder and eliminate the cause of, and to reasonably assure that such non-compliance will not recur; (5) promptly prepare all public notifications required by Applicable Law, and submit such notifications to the required party and the City for publication; and (6) assist the City with all public relations matters necessary to adequately address any public concern caused by such non-compliance, including, but not limited to, preparation of press releases, attendance at press conferences, and participation in public information sessions and meetings.

3.6.3 Damage Provisions

The Contract will provide for reasonable compensatory, consequential, and liquidated damage provisions between the parties consistent with comparable contracts for major works of public improvement under California law.

3.7 Default, Termination and Dispute Resolution

3.7.1 Remedies for Breach

Except where damages for specific instances of breach or default are specified, the City may, in the event that the Contractor breaches any provision of the Contract, exercise any legal rights it has under the Contract, under the security instruments and under Applicable Law to recover damages or to secure specific performance.

3.7.2 Events of Default by the Contractor without Further Notice and Cure Opportunity

The City shall have the right to terminate the Contract without additional notice and cure opportunity, and to the extent not excused by Uncontrollable Circumstances, upon the occurrence of the following events of default:

- Abandonment of the Compost Facility;
- Repeated failure by the Contractor to accept Acceptable Feedstock from the City;
- Default of Guarantor;
- Bankruptcy or insolvency of the Contractor or Guarantor;
- Failure to maintain any financial security instrument;
- Any intentional misrepresentation of information and facts relating to the Contractor's performance obligations and performance.

3.7.3 Events of Default by the Contractor with Notice and Cure Opportunity

The City shall have the right to terminate the Contract with notice and cure opportunity, upon the occurrence of the following events of default:

- Materially false or inaccurate representations or warranties made under the Contract or Guaranty.
- Failure to pay amounts owed to the City within time specified in the Contract.
- Failure to perform a material obligation under the Contract.

3.7.4 Events of Default by the City

The following shall constitute an Event of Default by the City: Repeated and persistent failure or refusal by the City to perform its material obligations under the Contract, provided that: (i) the Contractor shall have given prior written notice of the breach of the Contract giving rise to the default, which is not excused by an Uncontrollable Circumstance or the fault of the Contractor, and (ii) such breach has not been corrected or the City has not taken reasonable steps to correct such breach within thirty (30) days of such notice. If the default results from the City failing to meet its Minimum Annual Delivery Requirements, then the default may be remedied by accounting for deliveries of other Acceptable Feedstock. In no event shall the City be in default for failure to meet Minimum Delivery Requirements in the event that the Contractor is able to offset such amounts through other deliveries, including Spot Market Feedstock.

3.7.5 No Consequential or Punitive Damages

No consequential or punitive damages shall be payable on any claim arising out of the performance or non-performance of obligations under the Contract by the City.

3.7.6 City Step-In Rights

For the Compost Facility, in the event of default and termination of the Contractor, subject to approval of lenders and surety, the City shall have the right to step in and assume completion and/or operation of the Compost Facility (or engage a successor contractor and assume outstanding obligations to lenders), with full assignment of rights to use any proprietary or licensed technology involved (including any licensor technical support). The Contractor shall have "winding down" obligations during the transition to City completion and/or operation or completion and/or operation by a successor contractor.

The City's step-in rights shall enable a temporary City step-in to resolve specific difficulties or problems (with eventual return to Contractor activities).

3.8 General Provisions

3.8.1 Term

The Contract shall consist of two distinct phases. The term of the first phase shall consist of the preliminary design, CEQA review and entitlements and permits. If the Proposer fails to secure CEQA compliance or required entitlements/permits, the Contract shall terminate. If the City approves the CEQA review and the necessary entitlements and regulatory permits are obtained, the parties shall enter into the second phase of the Contract. Unless otherwise provided for, the Initial Term of the Second Phase Contract shall commence on the Contract Date and shall remain in effect until the completion of fifteen (15) years of operation. The City shall have the right to extend the Initial Term of the Contract for two additional five-year periods, under mutually agreeable terms and conditions.

3.8.2 Comprehensive Inspections

The City or its designees, may periodically perform a comprehensive inspection of all facilities operated or controlled by the Contractor at the Site, or in the case of export if the Facility is not functional, at facilities utilized by the Contractor for provision of Services, and relevant records of the Contractor, to determine compliance with the Contract and Applicable Law. The Contractor shall cooperate fully with such inspections, which shall not interfere unreasonably with the Contractor's performance of the Contract Services.

3.8.3 Contract Security – Guaranty

The Guaranty (which shall be signed by the owner of the parent company) shall provide that the Guarantor shall guarantee to the City in accordance with the Form of Guarantee (to be provided by the City as appropriate for the Compost Facility), that the Contractor will: (1) expeditiously make all payments required to be made or credited to the City under the Contract and (2) perform and observe all of the covenants and agreements it entered into under the Contract.

3.8.4 Contract Security – Construction Performance Bond

As further security for the performance of the Contract, the Contractor shall provide a construction payment and performance bond in the amount of the estimated full cost of construction of the Compost Facility, securing the construction of the Compost Facility, in a form acceptable to the City. Such bond shall be in standard AIA form, and shall be issued by a surety company or companies rated "A" or better pursuant to current AM Best Company ratings and listed in the United States Treasury Department's Circular 570. Such surety shall be an admitted surety in California.

3.8.5 Contract Security – Operations Bond

As further security for the performance of the Contract, the Contractor shall provide an operations payment and performance bond in the amount of the estimated full cost of annual operations and maintenance of the Compost Facility, securing the operations and maintenance of the Facility, in a form acceptable to the City, and with the City named as a co-beneficiary, if agreed to by the surety. Such bond shall be in standard AIA form, and shall be issued by a surety company or companies rated "A" or better per current AM Best Company ratings and listed in the United States Treasury Department's Circular 570. Such surety shall be an admitted surety in California.

3.8.6 Reserved

3.8.7 Reserved

3.8.8 Compost Production and Provision to City Residents

The Contractor shall make available for use by City residents or the City up to 1,000 tons per year of compost at no cost. Compost for City and City resident use shall meet CalRecycle standards. If the Compost Facility intends to directly market and beneficially utilize compost, it shall be subject to CalRecycle standards for such use, including those currently under development by CalRecycle.

3.8.9 Local Goods and Services

For the Compost Facility, the Contractor shall take all commercially reasonable steps to purchase materials, goods and services from in-City and regional vendors and businesses.

3.8.10 Required Insurance

The Contractor shall procure no later than start of construction for the Compost Facility and maintain at its expense until termination of the Contract insurance in the amounts shown below with insurance companies authorized to do business in the State of California. The Contractor shall name the City, and its employees, agents and contractors as additional insured parties on such insurance policies.

Insurance coverage limits shall include:

Design and Construction

a. General Liability*: $2 million per occ/$5 million agg
b. Workers Comp/Employers Liability: statutory limits
c. Automobile Liability: $2 million
d. Errors and Omissions (Professional Liability): $5 million per occ/ $5 million agg
e. Environmental/Pollution Liability: $5 million per occ/$10 million agg
f. Property-All Risk Replacement Cost Coverage during construction: full value of construction

*The City must be named as an additional insured.

Operations

a. General Liability*: $2 million per occ/$5 million agg
b. Workers Comp/Employers Liability: statutory limits
c. Automobile Liability: $2 million
d. Errors and Omissions (Professional Liability): $1 million per occ/ $2 million agg
e. Environmental/Pollution Liability: $5 million per occ/$10 million agg
f. Property – All Risk Replacement Cost Coverage: full value of improvements and trade fixtures

* The City must be named as an additional insured. The City must be named as “loss payees” on the property policy

All policies are required to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the City. Any deductible or Self-Insured Retention (SIR) over $10,000 requires approval by the City.

3.8.11 Indemnification by Contractor

The Contract will require the Contractor to indemnify the City to the fullest extent permitted by law.

3.8.12 Assignment

The Contractor may not assign the Contract without the express written consent of the City.

3.8.13 Reserved

3.8.14 Ground Lease

The Contractor and the City shall enter into a ground lease for the Site in the form of Appendix I. For the purposes of this RFP, rent payments made by the Contractor to the City shall be assumed at $1 per year.

3.8.15 Governing Law

The Contract shall be governed by and construed in accordance with the Laws of the State of California, without regard to the conflicts of laws or rules thereof.

3.8.16 Forum and Venue

All legal actions and proceedings relating to the Contract or to any rights or any relationship between the parties arising therefrom shall be governed solely by the laws of California and shall solely and exclusively be initiated and maintained subject to the venue of the Santa Clara County Superior Court, State of California, or the United States District Court, Northern District.

3.8.17 Reserved

3.8.18 Product Risks

The Contractor shall bear all risks associated with product quantity, quality and marketability, without recourse to the City. The Contractor shall bear all comparable risks regarding feedstocks from non-City sources, if any, with no recourse to the City. All revenues earned from the sale of products shall be and remain the property of the Contractor. The Contractor shall bear all risks related to declines in product prices.

3.8.19 Boilerplate Provisions

The Contract shall contain boilerplate provisions regarding Changes in Law, dispute resolution, auditing rights, and City's inspection of Contractor and Affiliated Entity records.

End of Section 3

4.0 PROCUREMENT PROCESS

4.1 Overview of Procurement Process

This RFP is being issued to procure the Services of and will provide the basis for selecting the Preferred Proposer and negotiating a contract with said Preferred Proposer.

The City will evaluate all responsive Proposals containing the information requested and prepared in the format required by this RFP. Upon evaluation of the Proposals submitted in response to this RFP, it is the intent of the City to enter into a Contract with the Proposer whose Proposal is responsive to this RFP, and is deemed most advantageous to the City. Although price is an important factor, it will not be the sole determining factor when identifying the Preferred Proposer.

The City reserves the right to waive minor informalities in Proposals or to reject all Proposals or parts thereof, if deemed in the best interest of the City. The City reserves the right to solicit further Proposals if it deems such action to be in its own best interest. In the selection of a Preferred Proposer, the City reserves the right to waive portions of the RFP or to reject any and all Proposals or parts thereof for any reason deemed appropriate by the City in order to serve its best interests.

As set forth in Proposal Form 1, by submitting a Proposal, a Proposer agrees, if selected as a Preferred Proposer, to negotiate in good faith and enter into the Contract based on this RFP and the Contract Principles as set forth in Section 3 herein.

Neither the City, its staff, nor any of its consultants or advisors, shall be liable in regard to the completeness and/or accuracy of any data and information presented during this procurement. The Proposer shall conduct all reviews, studies, inspections and fieldwork it believes necessary to verify information or gather new information necessary to prepare its Proposal.

4.2 General Conditions of Procurement

4.2.1 Pre-Proposal Meeting and Optional Site Tour

Proposers are encouraged to participate in a Pre-Proposal Webinar, which will be held from 9:00 AM to 11:00 AM PDT on July 16, 2014. Attendance at the Webinar is not mandatory.

Webinar registration information:
Registration URL:
https://attendee.gotowebinar.com/register/4644492506195017986
Webinar ID: 145-584-747

Audio:
Toll: +1 (702) 489-0007
Access Code: 175-438-821

Audio PIN: Shown after joining the webinar

The Pre-Proposal Webinar will be followed by an optional tour of the Site, which will be held from 1:00 PM to 2:00 PM PDT on July 16, 2014. Proposers interested in participating in the optional tour should meet at the Administrative Building of the Regional Water Quality Control Plant (RWQCP) promptly at 1:00 PM PDT on July 16, 2016. The RWQCP is located at 2501 Embarcadero Way in the City of Palo Alto. The tour will include a survey of the area within the Landfill property designated for potential development of a Compost Facility. For planning purposes, Proposers planning to participate in the tour are requested to notify the Contact Person by July 10, 2014, providing the names of the people who are planning to attend. This notification is for planning purposes only, and can be changed by the Proposer as necessary.

4.2.2 Proposal Submission

A Proposal submitted in response to this RFP must fully conform with and satisfy the submission requirements described in Section 6 of this RFP.

4.2.2.1 Proposal Deadline and Submittal Format

All Proposals, including all attachments, must be received by the City, as described in Section 6, in a sealed package no later than 3:00 p.m. (local time) on September 2, 2014 (Proposal Submission Due Date). All Proposals submitted after the Proposal Submission Due Date will be marked "Received Late" and will be returned unopened to the Proposer along with an explanation of the reason for rejection.

4.2.2.2 Completeness

Each of the instructions set forth in Sections 4, 5 and 6 of this RFP must be followed for a Proposal to be deemed responsive to this RFP. In all cases, the City reserves the right to determine, in their sole discretion, whether any aspect of the Proposal meets the submission requirements of this RFP and to waive minor informalities in Proposals. The City further reserves the right to reject any Proposal or part thereof which, in its sole judgment, does not comply with these Proposal requirements.

4.2.3 Contact Person

The City's Purchasing and Contracts Administration will serve as the designated Contact for this RFP:

Contact Person

Ms. Michelle Nolen
Contracts Administrator
250 Hamilton Ave. Mezzanine

Palo Alto, CA 94301
Tel: (650) 329-2319
Email: michelle.nolen@cityofpaloalto.org

Any explanation(s) desired by the Proposer(s) regarding the meaning or interpretation of information in this RFP must be requested from the Contact Person in writing, as is further described below.

Only written responses from the Contact Person, in the form of an addendum to this RFP, shall be considered official responses concerning the meaning or interpretation of information in this RFP. Proposers shall not rely on any representations, statements, or explanations unless same are conveyed in such a written response from the Contact Person.

In order to maintain a fair and impartial process, the City will adopt procedures to assure that communications with Proposers during the Proposal preparation and evaluation periods involve all Proposers. The City will prepare summaries of all questions received and all answers given, without identifying the entity asking the question, and will send this information to all RFP recipients.

4.2.4 Additional Information/Questions

Requests for additional information or clarifications may be discussed with the Contact Person, but must be made in writing (by mail or email) no later than the date specified in this RFP schedule.

Please address all such written requests to the designated Contact Person as specified in Section 4.2.3.

An email request must contain the RFP name, Proposer's name, address, and telephone number.

The Contact Person will issue responses to inquiries and any other corrections or amendments deemed necessary by the City in written addenda prior to the Proposal Submission Due Date. Proposers should not rely on any representations, statements, or explanations other than those made in this RFP or in any written addenda to this RFP. Where there appears to be a conflict between this RFP and any addenda issued, the last addendum issued that addresses that specific issue will prevail.

It is the Proposer's responsibility to assure receipt of all addenda. Prior to submitting its Proposal, the Proposer should verify with the designated Contact Person that all addenda have been received. Acknowledgement of receipt of addenda should be made with the Proposal in Proposal Form 1.

4.2.3 Access Site

Proposers shall be provided access to the Measure E Site by appointment only. Appointments will be made on a first-come, first-served basis, and will be limited to Monday through Thursday between the hours of 9:00 a.m. and 4:00 p.m. To arrange for access, Proposers shall contact:

Mr. Matthew Krupp, AICP
Zero Waste Administrator
City of Palo Alto
MSC, Building C
3201 E. Bayshore Road
Palo Alto, California 94303
Tel: 650-496-5958
Email: Matthew.Krupp@CityofPaloAlto.org

Requests for access to the Measure E Site shall be made in writing (email is acceptable) and shall include the date and time requested, an alternate date and time should the first request be unavailable, the purpose of the visit, the names and affiliations of Proposer representatives that will participate in the visit, and contact information (name, phone number, email address) of the person coordinating the visit on behalf of the Proposer. Written requests for access to the Measure E Site shall provide at least three (3) business days advance notice for coordination and confirmation of an appointment. Copies of all written requests for access to the Measure E Site shall be emailed to the Contact Person identified in Section 4.2.3.

4.2.6 Modified Submissions

A Proposer may submit a modified Proposal to replace all or any portion of a previously submitted Proposal up until the Proposal Submission Due Date. Only the latest version of the Proposal will be considered, and it must be received in complete, final form as of the date of the last version.

4.2.7 Late Submissions/Late Modifications

Proposals and/or modifications received after the Proposal Submission Due Date and time will not be considered.

4.2.8 RFP Postponement/Cancellation

The City may, at its sole and absolute discretion, reject any and all, or parts of any and all Proposals; postpone or cancel at any time, this RFP process; or waive any minor irregularities in this RFP or in the responses received as a result of this RFP.

4.2.9 Reserved

4.2.10 Costs Incurred by Proposer

All costs involved with the preparation and submission of responses to this RFP, or any work performed in connection therewith, clarifications requested, interviews, and negotiations that result therefrom shall be borne by the Proposer. No payment will be made for any responses received, or for any other effort required of or made by the Proposer, prior to commencement of work, as defined by the Contract.

4.2.11 Oral Presentation/Interview

The City may require Proposers to make oral presentations in support of their Proposal or otherwise demonstrate the information contained therein. The City also reserves the right to visit facilities designed, constructed and/or operated by the Proposer and facilities utilizing the proposed technology.

4.2.12 Exceptions to this RFP

Proposers may take exceptions to terms of this RFP, unless the RFP specifically states that exceptions may not be taken. All exceptions taken MUST BE specific, and the Proposers must indicate clearly what alternative is being offered and why it is being offered to allow the City a meaningful opportunity to evaluate Proposals. Any potential cost impacts (increases or decreases), or increased or decreased financial or other risks to the City, that are associated with or would result from the City's acceptance of such exceptions must be enumerated by the Proposer.

There are certain provisions of this RFP that are required, including:

- that Proposers submit Base Case Proposals for Yard Trimmings combined with Residential Food Scraps, and a Required Alternative Proposal for Yard Trimmings only ;
- that only Alternative Proposals as specified in this RFP and Addenda will be considered;
- that the Contractor provide all Services requested within the schedule and cost structure described in this RFP and Addenda;
- that the Contractor meet all Performance Guarantees;
- that required insurance, bonding and other financial security means be provided by the Contractor regarding design, construction and operation of the Compost Facility, with surety/insurance company letters of intent provided with the Proposal (see Proposal Forms 5 and 6, Appendix A);

- that the required Guaranty Agreement be provided by the Contractor, the Contractor's parent company or a third-party guarantor, with Proposers including the Guarantor Acknowledgement (Proposal Form 4) with the Proposal.

If there is any question as to whether the City will consider an exception, it is suggested that Proposers provide a written list of proposed exceptions to the Contact Person prior to submitting their Proposals. The Contact Person will respond to all such questions or requests for clarification.

Where exceptions are permitted, the City shall determine the acceptability of the proposed exceptions. The City, after completing evaluations, may accept or reject said exceptions.

4.2.13 Proprietary/Confidential Information

Proposers are hereby notified that, except as more fully explained below, all information submitted as part of, or in support of Proposals, may be subject to the California Public Records Act, California Government Code section 6250 *et seq. (PRA).* Certain confidential and other proprietary and trade secret information may be exempt from disclosure under the PRA, and Proposers should, therefore, familiarize themselves with the applicable requirements and exemptions under the PRA. Any information submitted that a Proposer reasonably believes is exempt from disclosure under the PRA should be clearly identified as "confidential" or "proprietary and trade secret." To the extent permitted by the PRA, the City will not voluntarily disclose such information so identified to persons other than the City's employees, directors, members of an evaluation committee and any consultants or advisors involved in the evaluation of Proposals. In the event that any third party requests such information under the PRA, the Contact Person designated in this RFP or the City Attorney will promptly advise the Proposer of such request. The Proposer may thereafter, at its own expense, seek to legally enjoin the disclosure of such requested information; provided, however, the Proposer shall be obligated to indemnify the City from any and all liability, including attorneys' fees, occasioned by the failure of the City in complying with the PRA based upon the Proposer's assertion that the information requested is "confidential" or "proprietary and trade secret."

4.2.14 Rules, Regulations, and Licensing Requirements

The Proposer agrees to comply with Applicable Law. The Proposer shall obtain and maintain, entirely at its own expense, all licenses, certifications, permits, and inspections required for services to be provided in accordance with any forthcoming Contract and shall comply with all laws, ordinances, and regulations applicable to the Services.

Damages, penalties, and fines imposed on or incurred by the City, or the Proposer, for failure by the Proposer to obtain and keep current required licenses

or permits, or to comply with laws, ordinances, or regulations, shall be borne by the Proposer.

The Proposer agrees to abide and be governed by Federal, State, City and other local laws, regulations and/or ordinances, which may have a bearing on the work contemplated hereunder.

4.2.15 Disclosure

A Proposer shall prepare a Disclosure Affidavit (Proposal Form 9) stating that except as disclosed, neither the Proposer nor its officers, principals, stockholders, and affiliates are debarred by the State of California which would prohibit them from entering into a Contracts with the City or are debarred by any state in the United States or its political subdivisions from entry into contracts with such government entities. Further, the Proposer must state that it will not use any contractors or subcontractors who are so debarred.

Any Proposer who fails to prepare a Disclosure Affidavit shall not be considered by the City. Any person who willfully fails to disclose the required information or who knowingly discloses false information can be punished by civil or criminal penalties, or both, as provided for in the law, and will not be awarded a contract.

4.2.16 Personnel

In submitting their Proposals, Proposers are representing that the personnel in their Proposal shall be available to perform the services described, barring illness, accident, or other unforeseeable events of a similar nature, in which case the Proposer must be able to provide a qualified replacement.

4.2.17 Responsible Wages and Benefits

Per Section 3 of this RFP, Proposers are advised that the Contractor will be responsible for applying Federal, State, City and other local wage and labor laws to the extent required by Applicable Law. For Proposal purposes, the Proposer shall use prevailing wages in preparation of its Proposal.

4.2.18 City Rights and Options

The City reserves, holds and may exercise, at its sole discretion, the following rights and conditions with regard to this RFP. By responding to this RFP, Proposers acknowledge and consent to the following conditions relative to the procurement process and the selection of the Preferred Proposer to negotiate the Contract:

- This RFP does not obligate the City to procure or contract for any services.
- The City reserves the right to change or alter the schedule for any events associated with this procurement upon notice to the Proposers, and a

Proposer by submitting a Proposal agrees to be bound by any modification made by the City.

- All costs incurred by a Proposer in connection with responding to this RFP, the evaluation and selection process undertaken in connection with this procurement, and any negotiations entered into in connection with developing the Contract will be borne by the Proposer.
- The City reserves the right to reject, for any reason, any and all Proposals and components thereof and to eliminate any and all Proposers responding to this RFP from further consideration for this procurement.
- The City reserves the right to eliminate any Proposer who submits incomplete or inadequate responses or is not responsive to the requirements of this RFP.
- The City reserves the right, at any time, to determine that any or all Proposers will not be selected for further consideration and to notify such Proposers of the City's determination.
- The City may require Proposers to send representatives to its offices for interviews and presentations.
- The City reserves the right to discontinue negotiations with any Proposer.
- The City reserves the right to negotiate with one or more Proposers, sequentially or concurrently.
- The City may conduct clarification discussions, at any time following the submission of Proposals, with one or more Proposers.
- The City reserves the right to receive questions concerning this RFP from Proposers and to provide such questions, and the City's responses, if any, to all Proposers.
- The City reserves the right, without prior notice, to supplement, amend or otherwise modify this RFP, or otherwise request additional information.
- Any and all responses not received by the Proposal Submission Due Date, shall be rejected and returned unopened.
- All Proposals become the property of the City and will not be returned.
- All activities related to the project shall be subject to Applicable Law.
- Neither the City, its staff, its representatives, nor any of its consultants or agents will be liable for the completeness or accuracy of any data or other information presented at any time and in any form in connection with this RFP. The Proposer shall be responsible for conducting any and all studies, investigations and tests necessary to prepare its Proposal.
- Neither the City its staffs, its representatives, nor any of its consultants or agents will be liable for any claims or damages resulting from the solicitation, collection, review or evaluation of responses to this RFP.

- The City (including its staff, representatives, consultants and agents) reserves the right to visit and examine any of the facilities referred to by the Proposer in its Proposal and to observe and investigate the operations of such facilities.
- The City reserves the right to conduct investigations of the Proposers and their responses to this RFP and to request additional evidence to support the information included in any such response.
- The City reserves the right to contact references and parties knowledgeable of the Proposer and its performance.
- The City reserves the right to investigate the Disclosure Affidavit provided by the Proposer.
- The City reserves all rights with respect to the evaluation, clarification, selection and negotiation process set forth in this RFP.
- By submitting a Proposal, the Proposer waives its right to sue the City in the event the City does not select the Proposer.

4.3 Procurement Schedule

A summary of the major activities associated with the procurement of the services described in this RFP is presented below.

Please note that the dates indicated are subject to change. The City reserves the right to modify this schedule, as it may deem necessary, in its sole discretion. All changes to this RFP schedule will only be made by a formal, written addendum.

ACTIVITY	DATE
• Release RFP	On or about July 1, 2014
• Pre-Proposal Webinar (Optional)	9:00 AM, PDT, July 16, 2014
• Optional Site Tour	1:00 PM, PDT, July 16, 2014
• Last date for submitting written questions	August 10, 2014
• Written responses from the City on questions received and Addenda to RFP	As questions received
• Proposal Submission Due Date	3:00 PM., PDT September 2, 2014
• Review and evaluation of Proposals	September through December, 2014
• Proposer Interviews (if required)	October, 2014
• Selection of Preferred Proposer	By December 2014

- Anticipated CEQA Approval By February 2016
- Complete Contract Negotiations By February 2016

As described in Section 4.2.1, participation in the Pre-Proposal Webinar is not mandatory. However, Proposers are encouraged to participate. Information on registering for the Pre-Proposal Webinar is provided in Section 4.2.1. The Pre-Proposal Webinar will be followed by an optional tour of the Measure E Site. For planning purposes, Proposers are requested to notify the Contact Person by July 14, 2014, providing the names of the people who are planning to participate in the tour. This notification is for planning purposes only, and can be changed by the Proposer as necessary.

Proposers should also check the City of Palo Alto website under the Current Solicitations section: http://www.cityofpaloalto.org/gov/depts/asd/solicitations.asp and/ or the designated Contact Person to verify whether they have received all addenda.

4.4 Conflicts of Interest and Lobbying Prohibition

The proposed project is an important public project subject to significant political and public scrutiny. Transparency in the selection of the Contractor for this important public project is essential.

In view of the potential conflicts of interest pursuant to California Government Code §1090 *et seq.*, the inherent potential for lobbying and undue influence, and the need to preserve and protect confidential and trade secret information submitted in connection with the Proposals for the RFP, it is imperative that the RFP process be managed through a centrally managed communication process. Consequently, all communications from vendors and Proposers shall only be directed to the designated project point of contact or the City's designated representatives. The designated representative for purposes of all communication from vendors and Proposers shall be the Contact Person identified in Section 4.2.3.

Proposers shall complete Proposal Form 1 (Proposal Transmittal Letter) and Proposal Form 1A (Acknowledgement of Conflicts of Interest and Lobbying Prohibition) indicating the Proposer has reviewed and understands the requirements stated within this Section 4.4.

End of Section 4

5.0 PROPOSAL EVALUATION

The City will establish an Evaluation Committee to review Proposals. The Evaluation Committee will be supported by legal, technical and financial advisors as the City deems necessary. Proposals received will be evaluated by the procedures and criteria described in this section for the purpose of determining which Proposal best meets the City's objectives, is in the best interest of and is most advantageous to the City. Base Case Proposals and Alternative Proposals will be evaluated using the same evaluation process and criteria.

5.1 Evaluation Process

Proposals received in response to this RFP will be evaluated based upon the Minimum Evaluation Criteria and Comparative Evaluation Criteria (see Sections 5.2 and 5.3). The City will establish an Evaluation Committee to review and evaluate the Proposals. The Evaluation Committee will be assisted by its consultants and advisors, as appropriate. The Evaluation Committee and/or City staff will prepare a report as to the ranking of Proposals and the selection of the Preferred Proposal.

Proposals will be reviewed in two phases:

- **Phase 1 Review.** Compliance with Minimum Evaluation Criteria (see Section 5.2, Table 5-1), to confirm that a Proposal is responsive and responsible. A Proposal that does not meet the Minimum Evaluation Criteria will be considered "unacceptable" and will not be considered for comparative review.

- **Phase 2 Review.** For Proposals that meet the Minimum Evaluation Criteria, a comparative review generally following the Comparative Evaluation Criteria (see Section 5.3, Table 5-2) and the procedures described herein.

Comparative ranking of non-cost elements of Proposals will utilize a point-based ranking system with weighting as identified below:

Quality of Proposal:	5% (5 points)
Proposer's Technical Resources and Experience:	5% (5 points)
Financial Resources and Strength of Proposer:	5% (5 points)
Record of Performance and Reliability of Technology:	15% (15 points)
Technical Approach:	25% (25 points)
Environmental Approach	40% (40 points)
Business Proposal (excluding price):	5%(5 points)
TOTAL:	100% (100 points)

The comparative review and evaluation will be based on all information submitted by a Proposer, inclusive of the Proposal, and, as applicable, responses to questions and requests for clarification, information provided in an interview, information provided by references and visits to reference facilities. The comparative review and evaluation will consider the qualifications of "Participating Firms". "Participating Firms," as used in this

RFP, include as applicable for the Compost Facility: (1) the Proposer; (2) the Guarantor; (3) a new company, if any, to be formed for the sole purpose of executing and performing the Contract; (4) the firm(s) that will actually operate, maintain and manage the Compost Facility; (5) the firm that will design the Compost Facility; (6) the firm that will construct the Facility; (7) the firm that will market the products; and (8) any other significant participant(s) in the transaction, including those who will complete CEQA requirements , permit and those who will finance the project.

Proposal prices will be evaluated concurrently with non-cost elements of Proposals. Prices included in the Proposals will be reviewed and ranked based on price and economic benefit to the City, using pricing information provided by the Proposers. A net present value analysis of annual projected cash flow, as proposed in the Pricing Proposal Forms will be completed, assuming an annual escalation factor of 2.50% and a discount factor of 4.00%. Consideration will be given to City costs to implement the Facility, including the cost to move the Landfill post closure maintenance facility and the need to remove or relocate any underground existing utility systems, or the Landfill leachate collection system and methane collection system. These costs will be added by the City to the Proposal pricing when comparing individual Proposals for a Compost Facility. The analysis will be conducted for the initial Term of the Contract, excluding Contract renewal options.

Upon completion of the comparative review and ranking of non-cost Proposal elements and review and ranking of price, a consolidated ranking will be conducted. The City is not obligated to select a Proposal based solely on price. In addition to price, the City will consider such factors as the quality of the Proposal, how well Proposals meet the goals and objectives of the procurement, the technical, environmental, and financial resources and experience of the Proposer, the record of performance and reliability of the proposed technology, the soundness of the technical, environmental, and business approaches, conformance to terms and conditions of the Contract (as reflected in the Contract Principles in this RFP, Section 3), the level of risk which the Proposer is assuming and asking the City to assume, and other factors as are further described in this RFP.

The Proposer whose Proposal is found most advantageous, based on the evaluation procedures described in this RFP, will be selected for contract negotiations (Preferred Proposer). If negotiations are not satisfactory, negotiations may be initiated with the next-highest ranked Proposer. Although not currently contemplated, the City reserves the right to conduct simultaneous negotiations with more than one Proposer. Subsequent award of a Contract will be made after CEQA certification, and such award will require City Council approval.

5.2 Minimum Evaluation Criteria

In order for a Proposal to be considered responsive and responsible, it must meet the Minimum Evaluation Criteria identified in Table 5-1.

Table 5-1. Minimum Evaluation Criteria	
1.	Any considered facility must be capable of processing the Maximum Annual Delivery Threshold of the City specified in Section 3.1.4, Table 3-1, for Residential Food Scraps and Yard Trimmings
2.	Any considered facility must be capable of operating for a minimum of 30 years.
3.	Any considered facility must be compatible with City solid waste management programs, including recycling and organics programs.
4.	Any considered facility must be capable of diverting at least 80% by weight of the Acceptable Feedstock received from Landfill disposal.
5.	Any considered facility must produce end products that have probable, identifiable or existing markets.
6.	Any considered facility must conform to Applicable Law.
7.	Any considered facility must have been demonstrated at a minimum of one facility of similar size, and shall have been in operation for at least six months (as of the Proposal Submission Due Date) processing Acceptable Feedstock. Demonstration facilities that have operated intermittently, but processed at least 1,000 tons of Acceptable Feedstock over a one-year period, will be considered to meet the requirement of this minimum criterion.
8.	Any considered facility must have a project team that has experience financing, designing, building and operating a solid waste management facility, either individually or as a team.
9.	The Proposer must not be debarred from contracting in California
10.	The Proposer has submitted Base Case Proposals
11.	If the Proposal is an Alternative Proposal, such Alternative Proposal was specified as allowable in the RFP or an Addendum to the RFP.
12.	The Proposal is based on the Contractor providing all Services required within the schedule and cost structure described in the RFP and any Addenda to the RFP.
13.	The Contractor will agree to substantially meet Performance Guarantees.
14.	For the Compost Facility, the Proposer must have bonding ability equal to the estimated cost of facility design and construction, and, during operation, equal to the estimated annual operating cost; must not be in bankruptcy; must provide evidence that it can acquire the letter of credit and facility demolition/site restoration financial assurance required; and, must provide a financing plan that reasonably demonstrates that it can offer private project financing.

Table 5-1. Minimum Evaluation Criteria
15. Assurance that the required insurance, bonding and other financial security means, as required in Section 3 of this RFP for the Facility will be provided by the Contractor, with Proposal Forms 5 and 6 completed and included with the Proposal.
16. The required Guaranty Agreement will be provided by the Contractor, the Contractor's parent company or a third-party guarantor, with the Guarantor Acknowledgement (Proposal Form 4) included with the Proposal.

5.3 Comparative Evaluation Criteria

Comparative Evaluation Criteria are identified in Table 5-2, located at the end of this Section 5.

The Comparative Evaluation Criteria will be applied to evaluate, not only project approach, reliability of the technology, Site use and integration with surrounding land uses, environmental issues (including an analysis of greenhouse gas emissions and potential odor and noise impacts), the potential for beneficial use of organic materials and diversion from landfilling, but also the experience, capability, qualifications and resources of the Proposer and each Participating Firm, based on the role proposed for the Participating Firm in the Proposal and the nature of the commitment that the Participating Firm is expected to make in ultimately performing the Services. The Proposal shall clearly distinguish among Participating Firms, where appropriate, in order to make clear whose qualifications are being offered and how the work will be divided.

5.4 Consolidated Ranking

The results from the qualitative scoring and cost ranking will be consolidated into a single ranking.

	Qualitative Scoring Weight	Cost Ranking Weight	Total
Percent	60%	40%	100%

Staff is not obligated to recommend and Council is not obligated to select the top ranked Proposal.

5.5 Clarification of Proposals

The Evaluation Committee may, at its sole discretion, prepare a written request for clarification to some or all Proposers for the purpose of clarifying any information submitted in a Proposal. The request may seek written clarification from the Proposer of any ambiguities in its Proposal and additional information the Evaluation Committee

believes is necessary to complete the evaluation process. The Evaluation Committee may, at its sole discretion, require some or all Proposers to attend individual interviews to clarify Proposals. The Evaluation Committee, or certain members thereof, may, at its sole discretion, visit reference facilities and speak with Proposers' references.

The Evaluation Committee will complete its evaluation utilizing all of the information submitted by the Proposers, including the Proposals themselves, responses to questions and requests for clarification, information presented at interviews, and information gained in the process of conducting reference plant visits and calling Proposer's references.

5.6 Contract Negotiations

Once the Preferred Proposer has been selected, the City will enter into contract negotiations with the Preferred Proposer. Simultaneous negotiations with more than one Preferred Proposer may be conducted, although it is not currently the intent to do so.

The City, may, in its sole discretion and at any time, exclude a Proposer from further participation in the negotiation process if it determines that any proposed Contract with such Proposer would not be in the best interest of the City. Negotiations with another Proposer may be initiated, if negotiations with the Preferred Proposer are not satisfactory in the sole judgment of the City. The Preferred Proposer will receive written notification of any decision to discontinue negotiations with any such Proposer.

5.7 Contract Authorization

The Contract must be approved by the City Council. The City Council expressly reserves the right to reject any and or all Proposals.

Table 5-2

NON-COST PROPOSAL COMPARATIVE EVALUATION CRITERIA

CRITERIA
1. Quality of Proposal (5%, 5 points)
2. Proposer's Technical Resources and Experience (5%, 5 points) ***Note: Proposer means the entity submitting a Proposal in response to this RFP, including, as applicable, the Guarantor and all entities sponsoring the Proposal or preparing to act as a Participating Firm.***
2.1 Experience of Proposer in Project Development, Permitting, Design and Construction of Municipal Solid Waste Facilities
2.2 Experience of Proposer in Operation of Municipal Solid Waste Facilities
2.3 Experience of Proposer as Team with Municipal Solid Waste Facility Development, Design, Construction and Operation
2.4 Depth and Location of Resources
2.5 Regulatory, Permitting Experience
2.6 Record of Regulatory Compliance
2.7 Experience in Selling Compost
2.8 Record of Contract Performance
2.9 Record of Labor Relations
2.10 Safety Record
2.11 References and Reference Project Descriptions
3. Financial Resources and Strength of Proposer (5%, 5 points) ***Note: Proposer means the entity submitting a Proposal in response to this RFP, including, as applicable, the Guarantor and all entities sponsoring the Proposal or preparing to act as a Participating Firm.***
3.1 Financial Strength of Proposer/ Guarantor
3.2 Experience in Project Financing
3.3 Experience as Guarantor
3.4 Record of Business Integrity
4. Record of Performance and Reliability of Technology (15%, 15 points)
5. Technical Approach (25%, 25 points)
5.1 Project Management Plan
5.2 Permitting Plan (including CEQA)
5.3 Design, Construction, Start-up Plan
5.4 Operation and Maintenance Plan
5.5 Spot Market and/or Regional Acceptable Feedstock Acquisition Plan (as applicable)
5.6 Product Marketing Plan
5.7 Community Relations Plan
5.8 Proposed Project Schedule
6. Environmental Approach and Quality of Design (40%, 40 points)
6.1 Air Quality Impacts
6.2 Odor Impacts
6.3 Aesthetics and Visual Impacts
6.4 Noise Impacts
6.5 Water Quality Impacts
6.6 Greenhouse Gas Emissions
6.7 Traffic Impacts

CRITERIA
7. Business Proposal (5%, 5 points)
7.1 Proposer's Organization
7.2 Conformance to Business and Contractual Terms
7.3 Strength of Financial Security
7.4 Financing Plan
7.5 Use of local labor, goods and services

End of Section 5

6.0 PROPOSAL REQUIREMENTS

6.1 Proposal Submission

A Proposal submitted in response to this RFP must conform with and satisfy the submission requirements described in this Section of the RFP.

6.1.1 Proposal Deadline and Submission Address

All Proposals, including all attachments, must be received by the City, as described in this Section, in a sealed package no later than 3:00 p.m. (local time) on September 2, 2014 (Proposal Submission Due Date). All Proposals submitted after the Proposal Submission Due Date will be marked "Received Late" and will be returned unopened to the Proposer along with an explanation of the reason for rejection.

Each Proposal shall be comprised of a Technical Submittal (Volume I, as described herein) and a Price Proposal (Volume II, as described herein). The Price Proposal shall be submitted with the Technical Submittal, but shall be enclosed in a separate, sealed, opaque envelope or package and shall be clearly labeled “Price Proposal”. Cost information shall be presented only in the Price Proposal, and shall not be included in the other volume that comprises the Technical Submittal.

As described in detail in Section 6.1.3 of this RFP, the original Proposal (clearly marked as the original and containing the original signature forms and other original documents) and five (5) copies of the Proposal shall be sent to the City at the following address:

Ms. Michelle Nolen
Contracts Administrator
250 Hamilton Ave. Mezzanine
Palo Alto, CA 94301
michelle.nolen@cityofpaloalto.org

The Proposal shall also be submitted electronically on a CD or a flash drive.

6.1.2 Proposers Must Submit Base Case Proposal and Alternative Proposal for Yard Trimmings Only

Proposers are required to submit the Base Case Proposal as further described in this RFP: Yard trimmings and Residential Food Scraps, and a required alternative for Yard Trimmings only.

Proposers who do not provide these two Proposals will not have any additional Alternative Proposals submittal considered.

Additional Alternative Proposals that can be provided at the option of the Proposer as described in Section 1.6 of this RFP.

The City will consider Alternative Proposals only for those cases identified in this RFP or by Addenda to this RFP. Prior to the deadline for submitting written questions, a Proposer may request approval from the City to submit Alternative Proposals based on technical or business options not listed in this RFP or Addenda. Such requests must be made in writing to the designated Contact Person. If the City agrees to consider additional Alternative Proposals, all Proposers will be informed by an Addendum to this RFP.

Alternative Proposals need only include those volumes that are impacted by the alternative aspects of the Proposal. Proposers may refer to the Base Case Proposal sections for information that does not change.

Alternative Proposals will be evaluated using the same procedures and evaluation criteria for the Base Case Proposal, as appropriate.

6.1.3 Number of Copies, Format and Electronic Version

The Proposer shall submit One (1) copy shall be bound and clearly marked as the original and contain the original signature forms and other original documents. The remaining five (5) copies can be reproductions. Proposers shall number each set of documents in sequential order on the upper right corner of each cover. The Proposer shall also submit a CD or flash drive for Volume I of the Proposal with each copy of the Proposal, and a separate CD or flash drive for Volume II, the Price Proposal with each copy of the Proposal.

The Proposal documents shall be printed on double sided 8-1/2 inch by 11 inch paper, except for figures or maps at such a scale to require preparation at a larger size in order to be legible. Oversize maps and figures greater than 11 inches by 17 inches shall be organized in Appendices whenever possible. Each volume and all related information shall be bound as a single document (loose-leaf binders are acceptable), unless that is impractical, in which case an appendix document accompanying the volume may be submitted.

The responses shall be clear, concise, factual, and complete with a minimum of extraneous material and the information provided shall reference, to the extent practicable, the section of the RFP being addressed.

The Proposal volumes shall be indexed and sectioned and shall be prefaced with a table of contents. To the extent possible, cross-referencing to other Proposal volumes should be avoided.

The Proposer should thoroughly review Section 4 and the evaluation criteria in Section 5 to ensure that the Proposal addresses each of the requirements and evaluation criteria.

The delivery of the Proposal by the Proposal Submission Due Date (and time) is solely and strictly the responsibility of the Proposer. The City shall not, under any circumstances, be responsible for delays caused by the United States Postal Service or any private delivery service, or for delays caused by any other occurrence.

6.2 Transmittal Letter, Proposal Security

6.2.1 Proposal Transmittal Letter and Signature Requirements

Together with each Proposal, the City must receive one fully executed Proposal Transmittal Letter (Proposal Form 1) from the Proposer acknowledging, among other things, that the Proposer has completely reviewed and understands and agrees to be bound by the requirements of this RFP. The Proposal Transmittal Letter commits the Proposer, if selected, to carry out the provisions of the Proposal and shall further state that: (a) all information submitted in support of the Proposal is accurate and factual; (b) all representations made regarding the Proposer's willingness to meet the required Performance Guarantees, and the Proposer's concurrence with the proposed business arrangement and terms and conditions of contract, are true; (c) the Proposal is provided fairly, without collusion or fraud; and (d) the Proposer will, if chosen as the Contractor, perform the Scope of Services set forth in the Proposal. Finally, the Proposal Transmittal Letter must designate a contact person for all communications to and from the City with respect to this procurement. The Proposal Transmittal Letter must also designate the individuals who will be the Proposer's key technical and business negotiators and who shall be available to respond, in a timely fashion, to inquiries submitted by the City, its designated Contact Person, or its consultants.

The Proposal Transmittal Letter must be signed by an officer of the Proposer who is empowered to sign such material and to commit the Proposer to the obligations contained in the Proposal (the "Designated Signatory"). The Certificate of Authorization (Proposal Form 2) attesting to such authorization must also be submitted with the Proposal. If the Proposer is a partnership, the Proposal shall be signed by one or more of the general partners. If the Proposer is a corporation, the authorized officer shall sign his or her name and indicate his

or her title beneath the full corporate name. Anyone signing the Proposal as agent must file with it legal evidence of his or her authority to execute such Proposal. All forms which require the signature of the Proposer shall be signed by the Designated Signatory.

6.3 General Format, Organization and Content of Proposal

In general, each Proposal shall contain all information which may be of importance to the Evaluation Committee in selecting a Preferred Proposer. The information submitted shall include all information specifically requested by this RFP, and any information not specifically requested by this RFP, including favorable and/or unfavorable information, which may have a reasonable bearing on the Evaluation Committee's selection.

Proposals submitted in response to this RFP shall consist of the two volumes with the following section headings.

Volume I: TECHNICAL SUBMITTAL

Section One – Executive Summary

1. Table of Contents
2. Introduction and Overview
3. Summary of Technical Qualifications Proposal
4. Summary of Technical Approach Proposal
5. Summary of Business Proposal
6. Summary of Key Information in Proposal Forms
7. Confirmation of Compliance with Minimum Evaluation Criteria
8. Proposal Forms 1, 1A, 2 and 3
9. CD or flash drive providing an electronic copy of the Proposal, Volume I. (Note: A separate CD shall be provided for Volume II, the Price Proposal, with each copy of the Price Proposal.)

Section Two – Technical Qualifications

1. Experience of Proposer in Permitting, Financing, Design, Construction and Operation of Similar Solid Waste Management Facilities
2. Regulatory and Permitting Experience
3. Regulatory Compliance
4. Product Sales Experience
5. Record of Contract Performance
6. Labor Relations
7. Safety Record
8. References and Reference Project Descriptions
9. Additional Qualifications Information
10. Proposal Forms 4, 5, 6, 7, 8 and 9

Section Three – Technical and Environmental Approach

1. Project Management and Staffing Plan
2. Record of Performance and Reliability of Technology Proposed
3. Permitting Plan

4. Design, Construction and Start-up Plan
5. Operations and Maintenance Plan
6. Innovations to Address Environmental Impacts
7. Product Marketing Plan
8. Community Relations Plan
9. Proposed Project Schedule
10. Additional Technical Information
11. Proposal Form 10

Section Four – Business Approach

1. Proposer's Organization
2. Business and Contractual Terms and Risk Assumed by Proposer
3. Limits on Guarantor Liability, if any
4. Financial Resources and Strength of Proposer/Guarantor
5. Experience as Guarantor
6. Additional Business Information – Use of Local Labor, Goods and Services
7. Proposal Form 11

Volume II: Price Proposal

1. Pricing Proposal Forms, as required in Section 6.5 as well as related cost discussion and information, as applicable, including a CD or flash drive for the Price Proposal.

6.4 Volume I: Technical Submittal

6.4.1 Executive Summary

The Executive Summary shall summarize, in clear and concise language, the information contained in the Technical Qualifications, Technical Approach, and Business Proposals and shall include an Introduction and Overview section. Proposal Forms 1, 1A, 2 and 3 shall be included with the Executive Summary. In addition, the Executive Summary shall contain a CD or flash drive providing an electronic copy of the Proposal, Volume I.

The Executive Summary shall also summarize the information contained in the Proposal Forms. This shall include, for each Participating Firm, the form of business organization, ownership and firm description; proposed role in the transaction; and information as to criminal conviction, debarment from entering into contracts, regulatory violations, bankruptcies, lawsuits and contract disputes.

The Executive Summary shall identify any Alternative Proposals and briefly summarize the benefits of such alternatives (excluding price).

The Executive Summary shall include confirmation by the Proposer of its compliance with each of the Minimum Evaluation Criteria (see Section 5.2, Table 5-1).

The Executive Summary should be drafted so that it may be easily understood by persons not having a technical background. The Executive Summary shall be no longer than necessary to convey a meaningful summary of the Proposal. It is suggested that the Executive Summary be limited to approximately 25 pages of text, plus any renderings, tables, drawings and graphs, and Proposal Forms.

6.4.2 Section Two: Technical Qualifications

A Proposal submitted in response to this RFP must contain a Technical Qualifications Proposal that fully conforms with and satisfies the format and content requirements of this RFP, and sets forth the Proposer's qualifications, experience and capability to perform the Services. The Technical Qualifications section shall contain only information pertaining to the Proposer's past performance unrelated to this project. (Note, the Proposer's technical approach to this project shall be presented in Section Three (Technical Approach), not Section Two).

A Proposer is requested to include in its Technical Qualifications Proposal all information necessary to permit the City to make an informed evaluation under each appropriate criterion, stated in Section 5 and Tables 5-1 and 5-2. The Proposer shall provide the information necessary for the City to determine the experience, capabilities, and resources of the Proposer and all Participating Firms.

Failure to provide any of the requested information that is available to the Proposer may be grounds for disqualification. If the requested information does not exist or cannot be provided, the Proposer shall state so with an explanation as to why such information has not been provided.

By submission of its Proposal, the Proposer grants the City and its representatives the right to contact and visit any of the named projects, as well as any projects not named, for the purpose of evaluating the Proposer's performance or for validation of information provided in the Proposer's Proposal. This includes contacting any person who is or was associated with each project.

6.4.2.1 Experience of Proposer in Permitting, Design, Construction and Operation of Similar Solid Waste Facilities and Services

The Proposer shall provide a list of representative projects for which it has provided permitting, design, construction and operational services in the past 10 years. The list shall include the name, location, address, size, and commencement date of each facility or service. The nature of the services provided and the name, address, phone number and email address of a contact person representing the service recipient shall be provided. Information to be provided in Section 6.5.8 further describes Reference Projects.

The Proposer shall also highlight where its team of companies has worked together before on similar contracts, particularly if for a Compost Facility with a permitting, design, construction and operating contract, and for which the Proposer was owner and provided private financing.

Information should also be provided regarding the depth of resources available to support permitting, financing, design, construction and operating contracts, and product marketing.

The Proposer shall describe the nature and depth of corporate professional resources and those available at other facilities which it operates which will be available to it and provide support as needed in performing the Contract. The description shall include a discussion of the accessibility of such resources, including whether the resources are under common and affiliated management or are available by contract, license or other means. The Proposer shall also describe the nature of the Proposer's historical and planned long-term commitment to solid waste management.

6.4.2.2 Regulatory, Permitting Experience

The Proposer shall describe its experience and effectiveness in dealing with governmental agencies regulating solid waste facilities. This description should highlight experience working with environmental regulatory agencies, including the USEPA, USEPA Region 9, and local and State agencies. Experience with CEQA and in permitting similar compost facilities should be highlighted, particularly that within California.

6.4.2.3 Regulatory Compliance

The Proposer shall describe its experience and record of compliance with permits, licenses, approvals, consent decrees or agreements, and other regulatory actions applicable to solid waste facilities. The Proposer shall identify any major incidents of noncompliance within the past three (3) years, and shall include a description of the speed and efficacy of corrective actions taken for such incidents, the present status of compliance, and whether regulatory agency sanctions were imposed. This description should highlight such records with USEPA, including Region 9, and State and local agencies. For Proposal purposes, a major incident of noncompliance is defined as one that resulted in a court order, a regulatory consent order, fines totaling over $5,000 in any calendar year, or noncompliance instances that persisted for more than one year without full resolution.

6.4.2.4 Product Sales Experience

The Proposer shall describe its experience in negotiating agreements for and selling marketable products, to include compost and other products, as applicable.

6.4.2.5 Record of Contract Performance

The Proposer shall identify any cases where the Proposer or any Participating Firm failed to complete any work which it was contracted to perform or had a contract terminated by a government agency due to the quality of its work. If this has occurred, indicate when, where, and the reasons for such termination. If the Proposer or any other Participating Firm has paid any liquidated damages, fines or penalties in connection with the design, construction or contract operation of any solid waste facility, the Proposer shall indicate when, where, and under what circumstances such payment was made.

6.4.2.6 Labor Relations

The Proposer shall describe its experience with and approach to labor relations. A clear mission statement with examples of human resource and training programs to reduce the potential for turnover and grievances shall be included. The Proposer shall identify the turnover rate and number of grievances per year, as well as the speed and efficacy of resolution of such grievances, for each Reference Project.

6.4.2.7 Safety Record

The Proposer shall discuss its overall safety program including any violations cited by governmental safety agencies or OSHA, recognized safety awards, and the Proposer's lost-time accident record compared with industry standards, all within the past three (3) years.

6.4.2.8 References and Reference Project Descriptions

The Proposer shall describe relevant solid waste facilities and services, including facilities and services similar to that proposed, not exceeding ten in number that the Proposer has been involved with as a service provider (the Reference Projects"). A brief description of each Reference Project shall be provided, including a description of the Proposer's specific involvement with these projects. For each of the Reference Projects identified, provide the following information, as applicable:

- the name and location;
- the owner and operator of the facility;
- a description of the services performed;
- relevance of the Reference Project to the requested services;

- description of facilities, equipment and processes, including design concept, size and capacity of the facilities, types of feedstock processed, recyclables recovered and compost produced;
- history of construction, including number of months for design, construction, facility acceptance;
- history of operations, including start-up date and years of service as well as quantity and types of feedstock processed;
- history of permitting (and CEQA experience if in California) and regulatory compliance;
- safety record;
- a record of contract performance;
- a description of the record of labor relations;
- if the Proposer is or was a single-source guarantor of the contract or if other arrangements were made to provide the project guarantees;
- a description of experience with providing operation and maintenance services;
- a description of experience with odor and noise control;
- a description of experience with recovery and marketing of products;
- a description of experience providing repair and replacement services, including major repair and replacement services;
- a description of any services provided for design and construction of capital modifications;
- the cost of designing and constructing the facility, the size of the financing and method of financing;
- operating and maintenance costs;
- contract value;
- name of the division or legally affiliated company which is responsible for the project if different from the Proposer;
- a summary of significant accomplishments (e.g., cost savings results, actions taken to ensure environmental compliance, neighborhood programs to enhance facility acceptance and reduce odor, noise or other complaints, private financing);
- the names, titles, telephone, and e-mail addresses of key managerial-level contact persons of the community or agency served for each facility identified;
- the names, titles, telephone, fax numbers and e-mail addresses of key managerial-level contact persons of the Proposer for each facility identified; and

- the names, titles, telephone, and e-mail addresses of key environmental regulatory agency staff contact persons for each facility identified.

6.4.2.9 Additional Qualifications Information

Provide any additional qualifications information that would further help the City fully evaluate Proposer Qualifications.

6.4.2.10 Proposal Forms

Complete and provide Proposal Forms 4, 5, 6, 7, 8 and 9.

6.4.3 Section Three: Technical Approach

A Proposal submitted in response to this RFP must contain a Technical Approach that fully conforms with and satisfies the format and content requirements described herein, and sets forth the Proposer's technical approach to performing the Services for this project. Experience that the Participating Firms and key staff have with U.S. and overseas projects should be identified. Any experience in California should be noted.

In evaluating the Technical Approach Proposal, the Evaluation Committee will apply the appropriate Evaluation Criteria set forth in Section 5 and Tables 5-1 and 5-2. Accordingly, the Proposer is requested to include in its Technical Approach Proposal all information necessary to permit the Evaluation Committee to make an informed evaluation under each appropriate evaluation criteria. The Proposer shall provide the information necessary for the Evaluation Committee to determine the technical merit of the Proposer's Technical Approach Proposal.

6.4.3.1 Project Management and Staffing Plan

The Proposer shall provide a Project Management Plan which presents the Proposer’s project organization, identifying all Participating Firms and their role and responsibilities. Also, key management staff should be identified by name and full resumes provided. The Proposer should clearly state the amount of time that each key staff person will be assigned to the project.

6.4.3.2 Record of Performance and Reliability of Technology Proposed

The Proposer shall describe where the proposed technology for the Compost Facility has been used to process compostable municipal solid waste such as yard trimmings and food scraps, the size of the facility (tons per day), the number of units at the facility, the number of years the facility has been in commercial operation, its record of performance (including annual availability, ability to meet performance guarantees and environmental permit limits, its maintenance record and need for repairs or equipment replacement) and its

acceptability in the host community, particularly in regard to traffic, noise and odor issues.

6.4.3.3 Permitting Plan

The Proposer shall prepare a Permitting Plan identifying Federal, State and local permits and approvals needed to construct and operate the proposed Compost Facility , the permitting authority, the time required for permitting, and key issues that would need to be addressed and the approach that will be taken to do so. The Permitting Plan should include both CEQA compliance and applicable permits needed for construction and operation.

6.4.3.4 Design, Construction and Start-Up Plan

The Proposer shall submit a Proposed Design, Construction and Start-up Plan that will contain adequate information, data, specifications, equipment descriptions and design drawings to clearly and completely demonstrate that the Compost Facility will, at a minimum, achieve the required Performance Guarantees. This plan must describe, in detail, the proposed technical concept for the Compost Facility, including a description of how the Facility will work from receipt of Acceptable Feedstock to processing of such feedstock through the Compost Facility and production of products.

In order to facilitate the review of the design portion of the Compost Facility, the Proposer is required to explain, in detail, its design concepts for the Facility. Any additional information that will assist the City in understanding the Proposer's approach should be included. In addition, Proposers shall outline their proposed approach to preparing detailed design plans and specifications, construction, start-up and acceptance testing. Measures that will be taken by the Contractor to assure quality control during design and construction should be discussed as should the Contractor's plan to interact with the City and its engineers during the design and construction phases of the project. This includes a plan for and discussion of proposed project documentation and reports to be made available to the City.

In addition to the above, the Proposer shall, at a minimum, provide:

- a description of the Compost Facility design throughput capacity (Rated Capacity) and annual availability (including, Annual Waste Throughput Guarantee);
- a description of the type of feedstocks to be received and processed;
- a description of the size and number of process lines (including preprocessing, composting, curing, conversion (if applicable for Alternative Proposals) and post-processing);
- a description of recyclables to be recovered and marketable products to be produced;

- an architect's rendering of the proposed Compost Facility, showing integration with Byxbee Park, and a description of the architectural treatment;
- a plan view, showing site access from the roadway, scale house, scales, all buildings, outside equipment, road and traffic flow, electrical and fuel interconnections, utility connections, security fencing, stormwater management basins, site buffer areas, landscaping plans;
- elevation drawings – four sides, showing how the Facility and Landscaping will look from Byxbee Park and other vantage points;
- a cross section drawing of the site; ;
- foundation plan ;
- schematic process flow diagram and description of the process for receiving and storing feedstock, recovering recyclables, preprocessing of the feedstock before composting, composting, curing, post processing of compost, and product production and storage;
- equipment and general arrangement drawings;
- P & ID drawings;
- assumptions made on incoming feedstock, including contamination levels, HHV and BMP, as applicable for Alternative Proposals;
- massbalances;
- a description of the storage requirements on-site for products;
- a description of interconnection requirements for sale of electricity, natural gas or other products, if applicable for Alternative Proposals;
- a description of the post-composting process on site to clean products or improve their marketability;
- a description of noise mitigation, odor control and air pollution control measures;
- a calculation of annual greenhouse gas emissions (CO_2 equivalents for emissions of carbon dioxide, methane, nitrous oxide, others, if applicable, considering both biogenic and anthropogenic emissions for construction and operation of facilities) from stationary sources, mobile equipment and vehicles. Emissions estimates should be prepared consistent with methodologies established by the California Air Resources Board. ;
- a description of means to minimize consumptive water use and process wastewater discharge;
- a description of proposed utility connections for potable water, recycled water, sanitary sewer, stormwater, electricity, natural gas;
- a description of the proposed stormwater management plan, describing collection, control, treatment, including catch basin design for sediment, oil

and grease collection, and inclusion of any stormwater retention ponds and use of the City stormwater system;

- a description of design features to qualify for LEED certification;
- a description of proposed Performance Guarantees; and
- a description of Acceptance Tests that will be performed to demonstrate compliance with Acceptable Standards.

6.4.3.5 Operation and Maintenance Plan

Each Proposer shall submit, as part of its Technical Approach, each of the following technical plans and narratives to demonstrate its ability to provide the Scope of Services. All of the items presented in Section 2, Scope of Services, and Appendix F shall be addressed for the Compost Facility.

6.4.3.5.1 Operation and Maintenance

Prepare an Operation and Maintenance Plan to outline the Proposer's overall approach to performing the operation and maintenance responsibilities, as set forth in this RFP. The outline should include the management philosophy of the Proposer and any management procedures or policies that will be followed:

- Explain the Proposer's approach to and the instrumentation that will be used for inspecting Acceptable Feedstock at delivery and for diverting, separating and properly handling and disposing of Residue, as specifically required by State and local regulations.
- Explain the Proposer's technical approach to performing such operation and maintenance responsibilities, including training and inspection procedures, monitoring measures and preventative, corrective and predictive maintenance programs.
- Describe the frequency of sampling and the laboratory procedures to be undertaken by the Proposer, including compliance sampling and analysis in order to ensure compliance with permits and the Performance Guarantees.
- Describe, generally, the manner by which the Proposer will produce all reports required in the Contract.
- Describe the procedures for monthly and annual reviews with the City of operations, reports, ongoing cost information, and key upcoming projects and operations, which may impact any Services.
- Describe proposed Preventative, Predictive and Corrective Maintenance activities, including related record-keeping activities.
- Discuss what quality assurance and quality control procedures will be used to monitor any aspect of the operation and maintenance of

the facilities. Describe the frequency of calibration of weigh scales and the procedures to be used in the event scales are found to be out of calibration.

- Identify and describe the Proposer's planned computerized management system, including the maintenance system and the operating system and the tie in to continuous, real time monitoring of process and environmental performance data.
- Provide estimates for the expected annual usage of electricity, chemicals, fuel, water and other consumables required for operation of the Facility.
- Describe how the Proposer will maintain the Compost Facility in a neat, clean, and litter-free manner at all times, ensuring the operation of these assets does not create impermissible odor, litter, noise, fugitive dust, vector or other adverse environmental effects.
- Describe how the Proposer will manage emergencies that may arise at the Facility and interact with the City and the applicable fire, police, and emergency management personnel during such emergency.
- Briefly describe the Proposer's general safety program, including staff training, preventative maintenance, and safety procedures for OSHA compliance program requirements. Essential elements of such program shall include regularly scheduled safety training sessions for all personnel, standard operating procedures for chemical storage and handling, confined space entry and emergency response, lockout/tagout, right-to-know, and the care and use of proper safety equipment.
- Provide a complete staffing plan, identifying job title, function and number of personnel. Describe how the Proposer will utilize the local and regional labor pool to satisfy labor needs as part of the staffing plan.

6.4.3.5.2 Repair and Replacement

- Outline the Proposer's approach to performing repair and replacement, including major repair and replacement for the Compost Facility.
- Discuss what quality assurance and quality control procedures will be used to monitor any and all aspects of the repair and replacement, including major repair and replacement, of the Facility.
- Provide a specific, itemized list of all major maintenance, repair and replacement activities that the Proposer plans to perform throughout the life of the Contract for the Facility, and state the

dollar amount budgeted and the implementation schedule for each item, activity and piece of equipment. Note that this list, as negotiated, will be incorporated into the Contract so as to assure that proper maintenance, repair and replacement is performed, and that the City is not left with depleted assets requiring a major overhaul when the Contract expires.

6.4.3.5.3 Residuals Management

- Describe how Residuals will be handled and disposed (Residuals Management Plan).
- Describe how Residuals will be tested.

6.4.3.5.4 Odor Control

- Describe the odor control measures proposed by the Proposer (Odor Control Plan) to prevent odors beyond the Site boundary for the Compost Facility. Describe guarantees for odor control (Odor Guarantee) to be made by the Contractor and penalties to be paid for nonperformance (to be incorporated in the Environmental Performance Guarantee).
- Identify other facilities operated by the Proposer using methods and technologies similar to the proposed Odor Guarantee, as well as their performance record and overall effectiveness in odor reduction.

6.4.3.5.5 Noise Control

- Describe noise control measures proposed (Noise Control Plan) at the Compost Facility to comply with the City's Comprehensive Plan and to prevent off-site noise complaints. Describe guarantees for noise control (Noise Guarantee) to be made by the Contractor and penalties to be paid for nonperformance (to be incorporated in the Environmental Performance Guarantee).
- Identify other facilities operated by the Proposer using similar methods and technologies similar to the proposed Noise Guarantee, as well as their performance record and overall effectiveness in noise reduction.

6.4.3.5.6 Light Impact Mitigation

Describe measures to be taken to reduce lighting impacts on the Site and surrounding land uses.

6.4.3.5.7 Fire Prevention Plan

Describe measures to be taken to prevent fires, including the maximum amounts of all piles and containers of feadstocks, products, and residuals along with the maximum temperatures of each. They shall also include the monitoring plans and fire suppression systems.

6.4.3.6 Innovations to Address Environmental Impacts

Describe the design and operations implemented to sufficiently capture and manage all foul air minimize environmental impacts.

6.4.3.7 Product Marketing Plan

Describe the quantities and characteristics of compost products, regulatory, environmental and market hurdles for sale of products, potential markets – the terms, current pricing and future viability and pricing, and contingency plans if products cannot be marketed. Provide copies of any letters of intent to purchase products.

6.4.3.8 Community Relations Plan

Describe how the Proposer will develop and maintain professional, responsible, and responsive working relationships with its neighbors, service recipients, the general public, the media, the City, municipal and other government representatives, public sector advisors or consultants, regulatory agencies, and other entities that have relationships with the City.

Include an outline of the approach and specific tasks to be implemented to ensure that good relations are developed and maintained with such customers, departments, representatives, advisors, consultants, or agencies such as: (1) periodic communications and meetings with the City and/or their advisory board, regulatory agencies, and the public; (2) monthly progress reports to the City; (3) access to information and site tours for interested public groups; (4) other public outreach activities such as public education on recycling and proper solid waste management; (5) participation in community affairs, as a community member; and (6) how nuisance complaints, such as noise and odor, or other performance issues will be resolved with the community.

Describe how the Proposer will assist the City with their public information programs, including, but not limited to, the activities specified in Appendix F.

6.4.3.9 Proposed Project Schedule

The Proposer shall provide a detailed project schedule from receipt of Notice to Proceed to the Acceptance Date for commercial Compost Facility operation. Key milestones should be shown on the schedule and critical path items should be identified.

6.4.3.10 Additional Technical Information

Provide any additional technical information that will assist the City more fully understand the technical approach.

6.4.3.11 Proposal Forms

Complete and provide Proposal Form 10 regarding Performance Guarantees.

6.4.4 Section Four: Business Approach

A Proposal submitted in response to this RFP must contain a business approach that fully conforms with and satisfies the format and content requirements described herein, and sets forth the Proposer's business terms and price to perform the Services. In evaluating the business approach, the Evaluation Committee will apply the evaluation criteria set forth in Section 5, and Tables 5-1 and 5-2. Accordingly, Proposers are requested to include in their business approach all information necessary to permit the Evaluation Committee to make an informed evaluation under each evaluation criterion. The Proposer shall provide the information necessary for the Evaluation Committee to determine the business merit of the Proposer's business approach.

6.4.4.1 Proposer’s Organization

Describe the Proposer’s project organization, identifying the Proposer, the Guarantor and all Participating Firms. Describe the roles of each party, to include project development, permitting, financing, design, construction, operations, product marketing and public outreach.

The Proposer shall: 1) describe whether it is a corporation, joint venture, L.L.C., special purpose corporation, or some other entity; 2) identify the Guarantor, if it is a party other than the Proposer; 3) describe, as appropriate, the relationship of the Proposer to its parent company and the Guarantor; and 4) identify if the parent company will also provide the Guarantee, or provide a Guarantee in addition to the Guarantee provided by the Proposer.

6.4.4.2 Conformance to Business and Contractual Terms and Risk Assumed by Proposer

The Proposer shall indicate its willingness to enter into the Contract which will be developed based upon the terms and conditions described in Section 3. The Proposer shall indicate its willingness to accept the terms and conditions as stated, or indicate specific provisions to which it takes exception and offer alternative contract language which it would accept.

The Proposer shall provide a markup of or comment memorandum as to the Contract Principles (Section 3 of RFP). Proposers shall clearly indicate their

acceptance or requested modification of each provision of the Contract Principles. To the extent that any Proposer wishes to add to or modify any such provision, the specific text of the proposed addition or requested modification shall either be clearly marked on the document or appended to the document in clearly typed riders. Proposers shall provide justification for taking exceptions. Any matter of significance to Proposers that is not addressed by the Contract Principles must be raised clearly and separately in the business approach. The Proposer's response to the Contract Principles will be used in evaluating the advantageousness of the Proposal in the business approach evaluation.

In discussing exceptions taken to the Contract Principles, the Proposer shall describe the degree of risk which it is willing to assume and that which it believes the City is better able to assume and to what benefit.

6.4.4.3 Limits on Guarantor Liability, if Any

The Proposer shall submit a Guarantor Acknowledgment signed by an officer of its parent or third party Guarantor, if applicable, in the form of Proposal Form 4. The Guarantor will be required to sign a Guaranty Agreement with the City in which it will guarantee all of the financial and performance obligations of the Contractor under the Contract. The Proposer shall clearly state the financial limit, if any, of its Guarantor's liability under the Guarantee Agreement.

The Proposer shall provide a markup of or comment memorandum as to the Form of Guarantee (see Appendix J). The Proposer's response will be used in evaluating the advantageousness of the Proposal in the Business Proposal Evaluation.

6.4.4.4 Financial Resources and Strength of Proposer/Guarantor

For the Proposer, the Guarantor, and Participating Firms, the Proposal shall include completed Proposal Form 11 – Financial Resources Data. In addition, the Proposer, the Guarantor, and all other key Participating Firms shall provide the financial information referenced below. If the Proposer, Guarantor or Participating Firm is not a public company, it can provide independently audited financial statements and may request that the information be treated confidentially by the City. If the Proposer, Guarantor or Participating Firm has been in existence less than the three years indicated on Proposal Form 11 – Financial Resources Data, the information shall be provided for the period of its existence:

1. Evidence of the ability of the Proposer(s) (e.g., letters from surety licensed to conduct business in California) to provide the required payment and performance bond in an amount equal to the estimated

cost for Facility construction, an operations bond in the amount of the estimated annual cost of the Facility operation and maintenance, financial assurance regarding Facility removal and restoration of the Landfill Site, and a letter of credit as specified in Section 3 of this RFP;

2. Annual audited financial statements (annual report) for the most recent fiscal year, prepared in accordance with Generally Accepted Accounting Practices, and all relevant notes;
3. Description of any material adverse changes in financial position within the past three years; any material changes in the mode of conducting business; and any bankruptcy proceedings, mergers, acquisitions, takeovers, joint ventures, and/or divestitures within the past three years. In addition, provide a clear and definitive statement of whether or not the Proposer, and any predecessor organization and/or Guarantor has declared bankruptcy within the last three years;
4. Description of the financial impact of any past or pending legal proceedings and judgments that could materially affect the Proposer's financial position or ability to provide services to the City;
5. The prospectus or offering statement for any security or equity offering by the Proposer in the past three years;
6. A statement of contingent liabilities, financial commitments, contractual commitments, and/or guarantees to other projects that will affect the Proposers and the Guarantor's ability to meet its obligations to the City;
7. An enumeration of all liabilities for similar projects (such as guaranties or letters of credit), and a list of equity contributions due to, but not yet disbursed to, any similar project; and
8. Any additional information which the Proposer believes is appropriate to fully reflect the financial strength of the Proposer.

All information shall be provided in the English language, and all financial information shall be expressed in U.S. dollars, with identification of the currency exchange rate assumed. If the audited financial statements and other information of the Proposer, Guarantor and Participating Firms are not in the English language, then a certified English translation shall be provided (including numeric conversion of amounts into U.S. dollars).

Under a joint venture or other partnership arrangement, all of the above information shall be provided for all parties to the arrangement. The Proposer shall provide binding letters from each party in the joint venture or other partnership arrangement stating its role and its willingness to meet the requirements of this RFP and any contract that will be executed. The partners shall be jointly and severally liable to meet the Proposer's obligations.

6.4.4.5 Experience as Guarantor

The Proposer and Guarantor shall describe its experience in providing guarantees for projects, including any such role for each of the Reference Projects. Describe if there was a limit of the Guarantor's liability, and if so, what it was. Describe if the Guarantor has been asked to step up to perform for any such contract.

6.4.4.6 Reserved

6.4.4.7 Additional Business Information – Use of Local Labor, Goods and Services

The Proposer is to describe the use of local labor, goods and services during Compost Facility construction and operation, including efforts to be made to meet labor needs from local and regional labor pools. Efforts to utilize local and regional labor, goods and services during operations should be described. In addition, describe use of materials, goods, equipment, products and services originating in or manufactured in the United States.

6.4.4.8 Proposal Forms – General

Proposal Form 11, Financial Resources Data, is to be completed and provided.

6.5 Volume II: Pricing Proposal Forms

Appendix B of this RFP provides Pricing Proposal Forms (PPFs), as follows:

Part 1 – Compost Facility Pricing Proposal Forms

Part 2 – Other pricing forms

In completing the Pricing Proposal Forms, Proposers should note:

1. Proposers must complete all Pricing Proposal Forms included in Parts 1 and 2 for the Base Case Proposal (Yard Trimmings and Residential Food Scraps) and required Alternative Proposal (Yard Trimmings only).

2. With respect to proposed per ton tipping fees, for Proposal evaluation purposes the City will escalate the tipping fees by the assumed annual escalation rate of 2.50% (see RFP Section 5) from the date of Proposal submission to the Acceptance Date (to establish a "Year 1" price), then will escalate the tipping fees each year of the proposed operating period by 2.5% in order to conduct a net present value analysis (see RFP Section 5).

3. The City expects that the Proposer will include in its business approach (Volume I, Section Four) any comments, exceptions or requested modifications regarding the Contract Principles, and shall assume that the Proposer's pricing in Volume II is based on the Contract Principles, as the Proposer may request to modify. The Proposer shall enumerate the cost impacts of any Contract Principles to which it takes exception and/or offers amendments, alternatives or modifications. Each Pricing Proposal Form must be signed by the party so designated on the form.

4. As stated in Section 5.1 of this RFP, the costs to be incurred by the City in the preparation of the Site , if required by the Proposer , will be calculated and included by the City in the comparative analysis of price Proposals. Proposers are not to include such costs in their Pricing Proposal Forms.

5. In addition to the Proposals provided for on the Pricing Proposal Forms as described above, Proposers may also offer additional alternative Compost Facility Proposals. If such Proposals are offered, Proposers should complete the appropriate Pricing Proposal Forms (for example, PPF 1.1 First Year $/Ton), clearly noting on the form that the prices are for Yard Trimmings and Residential Food Scraps together, or and Yard Trimmings only.

Proposers are reminded that Volume II: Price and Pricing Proposal Forms shall be submitted with the Proposal Volume I, but in a separate, sealed, opaque envelope or package. Price and related cost information must not be included in Volume I.

End of Section 6

APPENDICES

Appendix A: Proposal Forms
Appendix B: Pricing Proposal Forms
Appendix C: Site Information
Appendix D: Reserved for Future Use
Appendix E: Quantity of Yard Trimmings
Appendix F: Compost Facility Requirements
Appendix G: Preliminary CEQA Checklist
Appendix H: Reserved for Future Use
Appendix I: Lease Form

APPENDIX A

PROPOSAL FORMS

Proposal Form 1: Proposal Transmittal Letter
Proposal Form 1A: Acknowledgement of Conflicts of Interest and Lobbying Prohibition
Proposal Form 2: Certificate of Authorization
Proposal Form 3: Reserved
Proposal Form 4: Guarantor Acknowledgement
Proposal Form 5: Surety Letter of Intent
Proposal Form 6: Insurance Company Letter of Intent
Proposal Form 7: Participating Firms
Proposal Form 8: Participating Firm Information
Proposal Form 9: Disclosure
Proposal Form 10: Facility Performance Guarantees
Proposal Form 11: Financial Resources Data

PROPOSAL FORM 1

PROPOSAL TRANSMITTAL LETTER

(To be typed on Proposer's Letterhead)

City of Palo Alto
250 Hamilton Ave. Mezzanine
Palo Alto, CA 94301
Attn: Ms. Michelle Nolen

Dear Ms. Nolen:

_____(the "Proposer") hereby submits its proposal (the "Proposal") in response to the Request Proposals for Professional Services for Compost Facility, issued by the City of Palo Alto, California, July 2014.

As a duly authorized representative of the Proposer, I hereby certify, represent and warrant as follows in connection with the Proposal:

1. The Proposer acknowledges receipt of the RFP and the following addenda:

No.	Date
_____	_____
_____	_____
_____	_____

2. The submittal of the Proposal has been duly authorized by, and in all respects is binding upon, the Proposer. Proposal Form 2 is a Certificate of Authorization which evidences my authority to submit the Proposal and bind the Proposer.

3. The Proposer's obligations under this Contract will be guaranteed absolutely and unconditionally by _____, as evidenced by the Guarantor's acknowledgment certificate submitted as Proposal Form 4.

4. The Performance Bonds as required by this RFP as security for performance of the Contract will be provided by _____, a surety licensed to conduct business in California, as evidenced by such surety's letter of intent submitted as Proposal Form 5.

5. The insurance coverage required by this RFP will be provided or brokered by _____, as evidenced by such firm's letter of intent submitted as Proposal Form 6.

6. All firms that will be significant participants in providing services under the Proposal (the "Participating Firms") are identified in Proposal Form 7.

7. The Proposer, the Guarantor and each other Participating Firm have submitted certain information required by this RFP by completing Proposal Form 8. To the best knowledge of the Proposer, all such information is correct and complete.

8. All information and statements contained in the Proposal are current, correct and complete, and are made with full knowledge that the City will rely on such information and statements in selecting the Preferred Proposer and executing the Contract.

9. The Proposal has been prepared and is submitted without collusion, fraud or any other action taken in restraint of free and open completion for the services contemplated by this RFP.

10. The Proposer has reviewed the requirements of this RFP regarding conflicts of interest and lobbying prohibition, as evidenced by submittal of Proposal Form 1A.

11. Neither the Proposer, the Guarantor nor any Participating Firm is currently suspended or debarred from doing business with any governmental entity.

12. The Proposer has reviewed all of the engagements and pending engagements of the Proposer and the Guarantor, and represents that no potential exists for any conflict of interest or unfair advantage.

13. No person or selling agency has been employed or retained to solicit the award of the Contract under an arrangement for a commission, percentage, brokerage or contingency fee or on any other success fee basis, except bona fide employees of the Proposer or the Guarantor.

14. The individuals who will be the Proposer's key technical and business negotiators are set forth below:

Name	Title	Address	Phone
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

15. The contact person who will serve as the interface between the City and the Proposer is:

NAME: _____

TITLE: _____

ADDRESS: _____

PHONE: _____

FAX: _____

E-MAIL: _____

16. The Proposer has carefully examined all documents comprising this RFP and the addenda thereto and, being familiar with the work and the conditions affecting the work contemplated by this RFP and such addenda, offers to furnish all plant, labor, materials, supplies, equipment, facilities and services which are necessary, proper or incidental to carry out such work as required by and in strict accordance with this RFP and the Proposal, all for the prices and terms set forth in the Pricing Proposal Forms.

17. The Proposer has reviewed and understands the requirements of this RFP (including the Performance Guarantees and the Contract Principles) and all addenda thereto and, if selected as the Preferred Proposer, agrees to negotiate in good faith to enter into a Contract which reflects all substantive terms and conditions of this RFP and the Proposal.

_____
Name of Proposer

_____
Name of Designated Signatory

_____
Signature

_____
Title

_____
Date

_____
(Notary Public)

State of _____

County of _____

On this _____ day of _____, 2014, before me appeared _____, personally known to me to be the person described in and who executed this Proposal, including the Proposal Transmittal Letter, and acknowledged that (she/he) signed the same freely and voluntarily for the uses and purposes therein described.

In witness thereof, I have hereunto set my hand and affixed my official seal the day and year last written above.

_____
Notary Public in and for the State of

_____
(seal)

_____
(Name printed)

Residing at

_____

My commission expires _____

PROPOSAL FORM 1A

ACKNOWLEDGEMENT OF CONFLICTS OF INTEREST AND LOBBYING PROHIBITION

As a duly authorized representative of the Proposer, I hereby certify, represent and warrant review of and compliance with the following requirements regarding conflicts of interest and lobbying prohibition:

The proposed project is an important public project subject to significant political and public scrutiny. Transparency in the selection of the Contractor for this important public project is essential. In view of the potential conflicts of interest pursuant to California Government Code §1090 *et seq.*, the inherent potential for lobbying and undue influence, and the need to preserve and protect confidential and trade secret information submitted in connection with the proposals for the RFP, it is imperative that the RFP process be managed through a centrally managed communication process. Consequently, all communications from vendors and Proposers shall only be directed to the designated project point of contact or the City's designated representatives. The designated representative for purposes of all communication from vendors and Proposers shall be the Contact Person identified in Section 4.2.3.

_____
Name of Proposer

_____
Name of Designated Signatory

_____
Signature

_____
Title

_____
Date

PROPOSAL FORM 2

CERTIFICATE OF AUTHORIZATION*

I, _____, a resident of _____ in the State of _____, DO HEREBY CERTIFY that I am the Clerk/Secretary of _____, a corporation duly organized and existing under and by virtue of the laws of the State of _____; that I have custody of the records of the corporation; and that as of the date of this certification, _____ holds the title of _____ of the corporation, and is authorized to execute and deliver in the name and on behalf of the corporation the Proposal submitted by the corporation in response to the to the Request for Proposals for Professional Services for a Compost Facility, issued by the City of Palo Alto, California, July 2014, and all documents, letters, certificates and other instruments which have been executed by such officer on behalf of the corporation in connection therewith.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the corporation this _____ day of _____, 2014.

(Affix Seal Here)

_____
Clerk/Secretary

***** Note: Separate certifications shall be submitted if more than one corporate officer has executed documents as part of the Proposal.

PROPOSAL FORM 4

GUARANTOR ACKNOWLEDGEMENT

(to be typed on Guarantor's Letterhead)

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for Professional Services for a Compost Facility , issued by the City of Palo Alto, California, July 2014.

The Guarantor has reviewed the Proposer's Proposal which will form the basis of the Contract. The Guarantor hereby certifies that it will guarantee the performance of all of the obligations of the Proposer set forth in the Proposal in the event the Proposer is selected for final negotiations and execution of the Contract, and that it will execute a separate Guaranty Agreement substantially in the form described in Appendix J.

_____
Name of Guarantor

_____
Name of Authorized Signatory

_____
Signature

_____
Title

_____
Date

PROPOSAL FORM 5

SURETY LETTER OF INTENT

(to be typed on Surety's Letterhead)

City of Palo Alto
250 Hamilton Ave. Mezzanine
Palo Alto, CA 94301
Attn: Ms. Michelle Nolen

Dear Mr. Montenero:

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for Professional Services for a Compost Facility , issued by the City of Palo Alto, California, July 2014.

Surety hereby certifies that in the event that Proposer is awarded the Contract it intends to provide bond(s) in amounts required in this RFP for construction and for operation of the Compost Facility, whichever is proposed. In addition, it intends to provide bonds in the amounts required in this RFP for removal of the Compost Facility from the Site and restoration of the Site to a reasonably equivalent condition as existed prior to start of construction of the Compost Facility. *[Proposer may provide an alternate form of financial security for Facility removal/Potential Site restoration; see RFP Section 3.10.6]*.

_____
Name of Surety

_____
Name of Authorized Signatory

_____
Signature

_____
Title

_____
Date

In the event that individual Sureties are proposed for the separate construction and operations Performance Bonds, and for financial security for the Compost Facility removal and restoration of the Site, individual letters shall be provided by each such Surety.

(Authority of Surety(s) to execute bonds to be inserted here or attached hereto).

PROPOSAL FORM 6

INSURANCE COMPANY LETTER OF INTENT

(to be typed on Insurance Company's Letterhead)

City of Palo Alto
250 Hamilton Ave. Mezzanine
Palo Alto, CA 94301
Attn: Ms. Nolen

Dear Ms. Nolen:

_____ (the "Proposer") has submitted herewith a Proposal in response to the Request for Proposals for Professional Services for aCompost Facility, issued by the City of Palo Alto, California, July 2014.

The Insurance Company hereby certifies that it is duly authorized to conduct business in California and intends to provide all required insurance set forth in this RFP in the event the Proposer is awarded the Contract.

_____
Name of Insurance Company

_____
Name of Authorized Signatory

_____
Signature

_____
Title

_____
Date

PROPOSAL FORM 7

PARTICIPATING FIRMS

All firms that will be significant participants in providing services pursuant to the Proposal (the "Participating Firms") are identified below.

For the Compost Facility, such firms shall include, as applicable (1) the Proposer; (2) the Guarantor, (3) the new company, if any, to be formed for the sole purpose of executing and performing the Contract; (4) the firm that will prepare CEQA documentation and permit the Compost Facility, (5) the party providing financing, (6) the firm that will design the Compost Facility; (7) the firm that will construct the Compost Facility; (8) the firm that will operate the Compost Facility; (9) the firm that will market products, and (10) any other significant participant.

(1) _____

(2) _____

(3) _____

(4) _____

(5) _____

(6) _____

(7) _____

(8) _____

(9) _____

(10) _____

Include a summary of the services and responsibilities of each Participating Firm, limited to one page or less in length for each firm.

_____
Name of Proposer

Name of Designated Signatory

Signature

Title

Date

PROPOSAL FORM 8

PARTICIPATING FIRM INFORMATION

This Proposal Form shall be completed separately for the Proposer, the Guarantor and each other Participating Firm.

1. Name in Full of Participating Firm:

   _____

   Principal Business Address:

   _____

2. Principal Contact Person(s), and phone, fax and E-mail contact information:

   _____

   _____

3. Form of Business Concern:
   (Corporation, Partnership, Joint Venture, Other):

   _____

   _____

4. State in which organized, and date of organization:

   _____

5. If a partnership, give names of partners; if a corporation, give names of officers with authority to sign in name of corporation (or identify the location in any pre-printed materials submitted with the Proposal where such officers are identified):

   NAME TITLE ADDRESS

6. All information and statements contained in the Proposal made by or concerning the Participating Firm are current, correct and complete, and are made with full knowledge that the City will rely on such information and statements in selecting the Preferred Proposer and executing the Contract.

7. The Participating Firm is committed to performing the services and undertaking the responsibilities which the Proposer has described as to be performed by the Participating Firm on Proposal Form 7.

8. To the best knowledge of the Participating Firm, the Proposal has been prepared and is submitted without collusion, fraud or any other action taken in restraint of free and open competition for services contemplated by this RFP.

9. The Participating Firm is not currently suspended or debarred from doing business with any governmental entity.

10. The Participating Firm has reviewed all of its engagements and pending engagements, and no potential exists for any conflict of interest or unfair advantage.

11. To the best knowledge of the Participating Firm, no person or selling agency has been employed or retained to solicit the award of the Contract under an arrangement for a commission, percentage, brokerage or contingency fee or on any other success fee basis, except bona fide employees of the Proposer or the Guarantor.

12. The Participating Firm is authorized to do business in the State of California

13. The Participating Firm has filed all State of California and federal tax returns and paid all other taxes required by law.

    California Taxpayer Identification Number: _____

    Federal Taxpayer Identification Number: _____

14. The Participating Firm is duly organized and validly existing in good standing and is duly qualified to transact business in each and every jurisdiction where such qualification is required to enable the Participating Firm to perform is obligations contemplated by the Proposal.

15. The performance of all obligations of the Participating Firm contemplated by the Proposal has been authorized by all required action of the Proposer, including any action required by any charter, by-laws, and partnership agreement, as the case may be, and any Applicable Laws which regulate the conduct of the Participating Firm's affairs.

16. The performance of all obligations of the Participating Firm contemplated by the Proposal does not conflict with and will not constitute a breach of or event of default under any charter, by-laws or partnership agreement, as the case may be, of the Participating Firm or any agreement, indenture, mortgage, contract or instrument to which the Participating Firm is a party or by which it is bound.

17. There is no action, suit or proceeding, at law or in equity, before or by any court or similar governmental body against the Participating Firm wherein an unfavorable decision, ruling or finding would materially adversely affect the performance by the Participating Firm of its obligations hereunder or the other transactions contemplated by the Proposal, or which, in any way, would materially adversely affect the validity or enforceability of the obligations proposed to be undertaken by the Participating Firm, or any agreement or instrument entered into by the Participating Firm in connection with the transaction contemplated hereby.

18. No corporation, partnership, individual or association, officer, director, employee, manager, parent, subsidiary, affiliate or principal shareholder of the Participating Firm has been adjudicated to be in violation of any State of California, State or Federal environmental law, or charged with or convicted of bribery, fraud, collusion, or any violation of any State of California, State or Federal anti-trust or similar statute within the preceding five years, or previously adjudged in contempt of any court order enforcing such laws.

19. The Participating Firm acknowledges and agrees that neither the City nor any of its affiliates, employees, agents, consultants, attorneys, representatives or contractors makes any representation or warranty as to the accuracy or reliability of any information or statements contained in this RFP, and releases and discharges the City and each such person from any and all claims which it has or may have arising out of any such information or statements.

_____
Name of Participating Firm

_____
Name of Authorized Signatory

_____
Signature

_____
Title

_____
Date

PROPOSAL FORM 9

DISCLOSURE

City of Palo Alto
250 Hamilton Ave. Mezzanine
Palo Alto, CA 94301
Attn: Ms. Michelle Nolen

Re: Disclosure

Dear Ms. Nolen:

Neither ____[Proposer]_____ nor its officers, principals, stockholders and affiliates are debarred by the State of California, which would prevent the company from entering into a contract with the City. In addition, neither __[Proposer]__ nor its officers, principals, stockholders and affiliates are debarred by any state in the United States or its political subdivisions from entering into contracts with such government entity. Furthermore, __[Proposer]__ will not use any contractors or subcontractors who are so debarred.

_____
Name of Proposer

_____
Name of Designated Signatory

_____
Signature

_____
Title

_____
Date

PROPOSAL FORM 10

COMPOST FACILITY PERFORMANCE GUARANTEES

Feedstock Throughput Guarantee (Rated Capacity)

The Contractor and Guarantor guarantee that the Compost Facility shall be capable of processing [_____] TPD of Acceptable Feedstock (Rated Capacity).

Availability Guarantee

The Contractor and Guarantor guarantee that the percentage of Rated Capacity of the Compost Facility available during any Contract Year shall be at least [__] % [SHALL BE NO LESS THAN 85%].

Annual Feedstock Throughput Guarantee

The Contractor and Guarantor guarantee that at the Availability Guarantee the Compost Facility shall process [__] tons of Acceptable Feedstock per year. [PROPOSER TO COMPLETE AS APPROPRIATE FOR PROPOSED TECHNOLOGY].

Environmental Performance Guarantee

The Contractor and Guarantor guarantee that the Compost Facility will be operated and maintained in compliance with Applicable Law and all Environmental Performance Requirements included in the Contract. The Environmental Performance Guarantee shall include noise, odor and other environmental performance requirements as specified in this RFP

Scheduled Acceptance Date Guarantee

The Contractor and Guarantor guarantee the successful completion and Acceptance of the Compost Facility by the Acceptance Date of [_____]. [PROPOSER TO IDENTIFY PROPOSED ACCEPTANCE DATE. ACCEPTANCE DATE TO BE BASED ON SCHEDULE TO OBTAIN CEQA APPROVAL, PERMIT, DESIGN AND CONSTRUCT THE COMPOST FACILITY AS PROVIDED BY PROPOSER AND AGREED TO BY THE CITY, BUT SHALL BE NO LATER THAN JANUARY 1, 2018.]

Service Fee Prices

The Contractor and Guarantor shall guarantee the Prices as provided in its Proposal.

_____
Name of Proposer

_____
Name of Authorized Signatory

_____
Signature

_____
Date

PROPOSAL FORM 11

FINANCIAL RESOURCES DATA

(To be completed for Proposer, Guarantor and Major Participating Firms*)

Name of company completing form

Name of individual completing form

Signature

1. Bond/Debt Information

Current bond ratings on two most recent senior debt issues, if applicable.

	Issue Description	Moody's Rating	S&P's Rating
Issue 1			
Issue 2			

2. Financial Indicators

Please complete the following table.

Fiscal Year End: _____

		1	2	3
		2011	2012	2013
A.	Total Revenues	$	$	$
B.	Net Income	$	$	$
C.	Total Assets	$	$	$
D.	Current Assets	$	$	$
E.	Total Liabilities	$	$	$
F.	Current Liabilities	$	$	$
G.	Equity (C-E)	$	$	$

* Major Participating Firms include those whose participation amounts for 15% or more of the Construction Cost or the Annual Operations and Maintenance Cost.

Using the information provided in the table, calculate:

A. Revenue Growth Percentages.

2012: (A2-A1)/A1 _____%
2013: (A3-A2)/A2 _____%

B. Profitability Percentages.

Return on Revenue

2011: B1/A1 _____%
2012: B2/A2 _____%
2013: B3/A3 _____%

Return on Assets

2011: B1/C1 _____%
2012: B2/C2 _____%
2013: B3/C3 _____%

C. Net Worth

2011: C1-E1 $_____
2012: C2-E2 $_____
2013: C3-E3 $_____

D. Liquidity Ratio

2011: D1/F1 _____
2012: D2/F2 _____
2013: D3/F3 _____

APPENDIX B

PRICING PROPOSAL FORMS

Appendix B provides Pricing Proposal Forms (PPFs), as follows:

Part 1 – Composting Facility Pricing Proposal Forms

Part 2 – Other Pricing Proposal Forms

In completing the Pricing Proposal Forms, Proposers should note:

1. Proposers for the Composting Facility must complete all Pricing Proposal Forms included in Parts 1 and 2 for the Base Case Proposal (Yard Trimmings and Residential Food Scraps) and required Alternative Proposal (Yard Trimmings only)

2. With respect to proposed per ton tipping fees, for Proposal evaluation purposes the City will escalate the tipping fees by the assumed annual escalation rate of 2.50% (see RFP Section 5) from the date of Proposal submission to the Commercial Operation Date (to establish a "Year 1" price), then will escalate the tipping fees each year of the proposed operating period by 2.5% in order to conduct a net present value analysis (see RFP Section 5).

3. Pricing must take into account payments to the City for the Site Lease Payments commencing with project financing.

4. The City expects that the Proposer will include in its Business Approach (Volume I Section Four) any comments, exceptions or requested modifications regarding the Contract Principles, and shall assume that the Proposer's pricing in Volume I, Section Two is based on the Contract Principles, as the Proposer may request to modify. The Proposer shall enumerate the cost impacts of any Contract Principles to which it takes exception and/or offers amendments, alternatives or modifications. Each Pricing Proposal Form must be signed by the party so designated on the form.

5. As stated in Section 2.1 of this RFP, the costs to be incurred by the City in the preparation of the Site, if required by the Proposer , will be calculated and included by the City in the comparative analysis of price Proposals. <u>Proposers are not to include such costs in their Pricing Proposal Forms</u>.

6. In addition to the Proposals provided for on the Pricing Proposal Forms as described above, Proposers may also offer additional alternative Compost Facility Proposals as identified in Section 1.6 of the RFP. If such Proposals are offered, Proposers should complete the appropriate Pricing Proposal Forms (for example, PPF 1.1 First Year $/Ton), clearly noting on the form that the prices are for the specific Alternative Proposal.

<u>Proposers are reminded that Volume II: Price and Pricing Proposal Forms shall be submitted with the other Proposal Volumes, but in a separate, sealed, opaque envelope or package. Price and related cost information must not be included in Volume I</u>.

APPENDIX B – PART 1
COMPOST FACILITY PRICING PROPOSAL FORMS

PRICING PROPOSAL FORM 1.1

COMPOST FACILITY BASE CASE
$/TON PRICES FOR SERVICES
YARD TRIMMINGS AND RESIDENTAIL FOOD SCRAPS

The undersigned hereby proposes to furnish the City with Acceptable Feedstock management services (the "Services") in accordance with the RFP dated July 2014 and the undersigned's Proposal dated _____ __, 2014, for the prices presented below.

Guaranteed Fixed Prices, expressed in 2014 dollars*:

Fee	Proposed Price $/Ton
Commingled Yard Trimmings and Residential Food Scraps Tipping Fee	

*Note: For the purposes of Proposal evaluation, the guaranteed prices proposed on this form will be adjusted by the assumed annual inflation rate of 2.50% (see Section 5) up to the Commercial Operation Date to establish Year 1 prices. Then the prices will be adjusted by the assumed annual inflation rate of 2.50% for each year of the proposed operating period.

_____
Authorized Signature

_____
Company

_____
Date

PRICING PROPOSAL FORM 1.2

COMPOST FACILITY
$/TON PRICES FOR SERVICES
YARD TRIMMINGS ONLY

The undersigned hereby proposes to furnish the City with Acceptable Feedstock management services (the "Services") in accordance with the RFP dated July 2014 and the undersigned's Proposal dated _____ __, 2014, for the prices presented below.

Guaranteed Fixed Prices, expressed in 2014 dollars*:

Fee	Proposed Price ($/Ton)
Yard Trimmings Tipping Fee	

*Note: For the purposes of Proposal evaluation, the guaranteed prices proposed on this form will be adjusted by the assumed annual inflation rate of 2.50% (see Section 5) up to the Commercial Operation Date to establish Year 1 prices. Then the prices will be adjusted by the assumed annual inflation rate of 2.50% for each year of the proposed operating period.

_____
Authorized Signature

_____
Company

_____
Date

PRICING PROPOSAL FORM 1.3

ESTIMATED COMPOST FACILITY DEVELOPMENT COST
FOOD SCRAPS AND YARD TRIMMINGS

Estimated Compost Facility Development Cost

The Estimated Compost Facility Development Cost, expressed in 2014 dollars, is as follows:

Component	Cost
CEQA, Permitting	
Design	
Construction	
a) Site Improvements and Preparation	
b) Buildings	
c) Foundations	
d) Pre-Processing Equipment	
e) Processing Equipment (list major systems separately): 1. 2. 3. 4. Other	
f) Product Handling Equipment	
g) Residue Handling Equipment	
h) Air Pollution Control Equipment	
i) Odor Control Equipment	
j) Control and Monitoring Equipment	
k) Vehicles	
l) Other (include post processing equipment and other items not included above)	
Start-Up and Acceptance	
Other Contractor Costs (please describe)	
b) Other	

PRICING PROPOSAL FORM 1.3 (CONT.)

Component	Cost
Contingency	
Total Estimated Cost	

_____
Authorized Signature

_____
Company

_____
Date

PRICING PROPOSAL FORM 1.4

ESTIMATED COMPOST FACILITY DEVELOPMENT COST
YARD TRIMMINGS ONLY

Estimated Compost Facility Development Cost

The Estimated Compost Facility Development Cost, expressed in 2014 dollars, is as follows:

Component	Cost
CEQA and Permitting	
Design	
Construction	
a) Site Improvements and Preparation	
b) Buildings	
c) Foundations	
d) Pre-Processing Equipment	
e) Processing Equipment (list major systems separately): 1. 2. 3. 4. Other	
f) Product Handling Equipment	
g) Residue Handling Equipment	
h) Air Pollution Control Equipment	
i) Odor Control Equipment	
j) Control and Monitoring Equipment	
k) Vehicles	
l) Other (include any post processing equipment and other items not included above)	
Start-Up and Acceptance	
Other Contractor Costs (please describe)	
b) Other	

PRICING PROPOSAL FORM 1.4 (CONT.)

Component	Cost
Contingency	
Total Estimated Cost	

_____
Authorized Signature

_____
Company

_____
Date

PRICING PROPOSAL FORM 1.5

ESTIMATED OPERATING & MAINTENANCE COSTS
COMPOST FACILITY, FOOD SCRAPS AND YARD TRIMMINGS

Estimated Annual O&M Cost for Compost Facility

The following presents the Estimated Annual O&M Costs, expressed in 2014 dollars:

Cost Component	Annual Cost ($/Year)
Labor	
Utilities	
Chemicals	
Fuel	
Supplies	
Laboratory & Other Contract Services	
Residuals Transportation & Disposal	
Insurance	
Routine Maintenance & Repair	
Capital Repair & Replacement	
Annual Site Rent Payment ($1 per acre per year)	
Other Costs (please describe)	
Contingency	
Total Estimated O&M Cost	

Guaranteed Utility Consumption

The following presents the Proposer's estimated annual consumption of City-provided utilities:

Water consumption: _____ MGY
Wastewater generation: _____ MGY
Power Consumption: _____ kWh/year
Natural Gas Consumption: _____ MMBtu/year

PRICING PROPOSAL FORM 1.5 (CONT.)

_____
Authorized Signature

_____
Company

_____
Date

PRICING PROPOSAL FORM 1.6

ESTIMATED OPERATING & MAINTENANCE COSTS
COMPOST FACILITY, YARD TRIMMINGS ONLY

Estimated Annual O&M Cost for Compost Facility

The following presents the Estimated Annual O&M Costs, expressed in 2014 dollars:

Cost Component	Annual Cost ($/Year)
Labor	
Utilities	
Chemicals	
Fuel	
Supplies	
Laboratory & Other Contract Services	
Residuals Transportation & Disposal	
Insurance	
Routine Maintenance & Repair	
Capital Repair & Replacement	
Annual Site Rent Payment ($1 per acre per year)	
Other Costs (please describe)	
Contingency	
Total Estimated O&M Cost	

Guaranteed Utility Consumption

The following presents the Proposer's estimated annual consumption of City-provided utilities:

Water consumption: _____ MGY
Wastewater generation: _____ MGY
Power Consumption: _____ kWh/year
Natural Gas Consumption: _____ MMBtu/year

PRICING PROPOSAL FORM 1.6 (CONT.)

_____
Authorized Signature

_____
Company

_____
Date

APPENDIX B – PART 2
OTHER PRICING PROPOSAL FORMS

PRICING PROPOSAL FORM 2.1

ESTIMATED ANNUAL PRODUCT REVENUES – 2014
(ALL PROPOSALS)

Products & Materials for Sale

Material	Percent of Incoming Feedstock	Annual Quantity (Tons)	Sale Price per Ton	Transportation Cost per Ton	Annual Revenues (Net of Transportation)

_____
Authorized Signature

_____
Company

_____
Date

APPENDIX C

SITE INFORMATION

Figures

Figure 1: Vicinity Map

Figure 2: Access Route

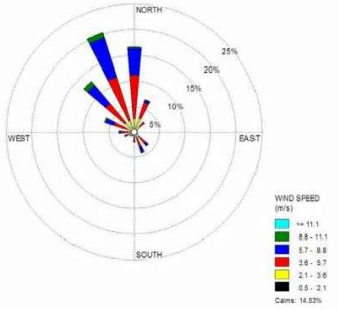
Figure 3: Location of Landfill Maintenance Facility on Measure E Site

Figure 4: Utility Map

Figure 5: Revised Final Cover Grading Plan, 3.8-acre Development Area

Figure 1. Vicinity Map

CITY OF PALO ALTO



Wind direction at Palo Alto Airport (ID24937, NCDC); measured www.arb.ca.gov, Appendix F Wind Roses and Statistics for Surface Meteorological Stations

N

Vicinity Map

Measure E Site and Surroundings

Palo Alto, CA

SCALE	DRAWING
1" = 1000'	A
PLOT DATE	
6/11/2014	
FILE NAME	
PALF vicinity.dwg	

Figure 2. Access Route

Appendix C Figure 2

CITY OF PALO ALTO

0 100 200 400 Feet
1:3600

NORTH

DRAWING
C
6/13/14

Access Route

Measure E Site

Palo Alto, CA

Figure 3. Location of Landfill Maintenance Facility on Measure E Site

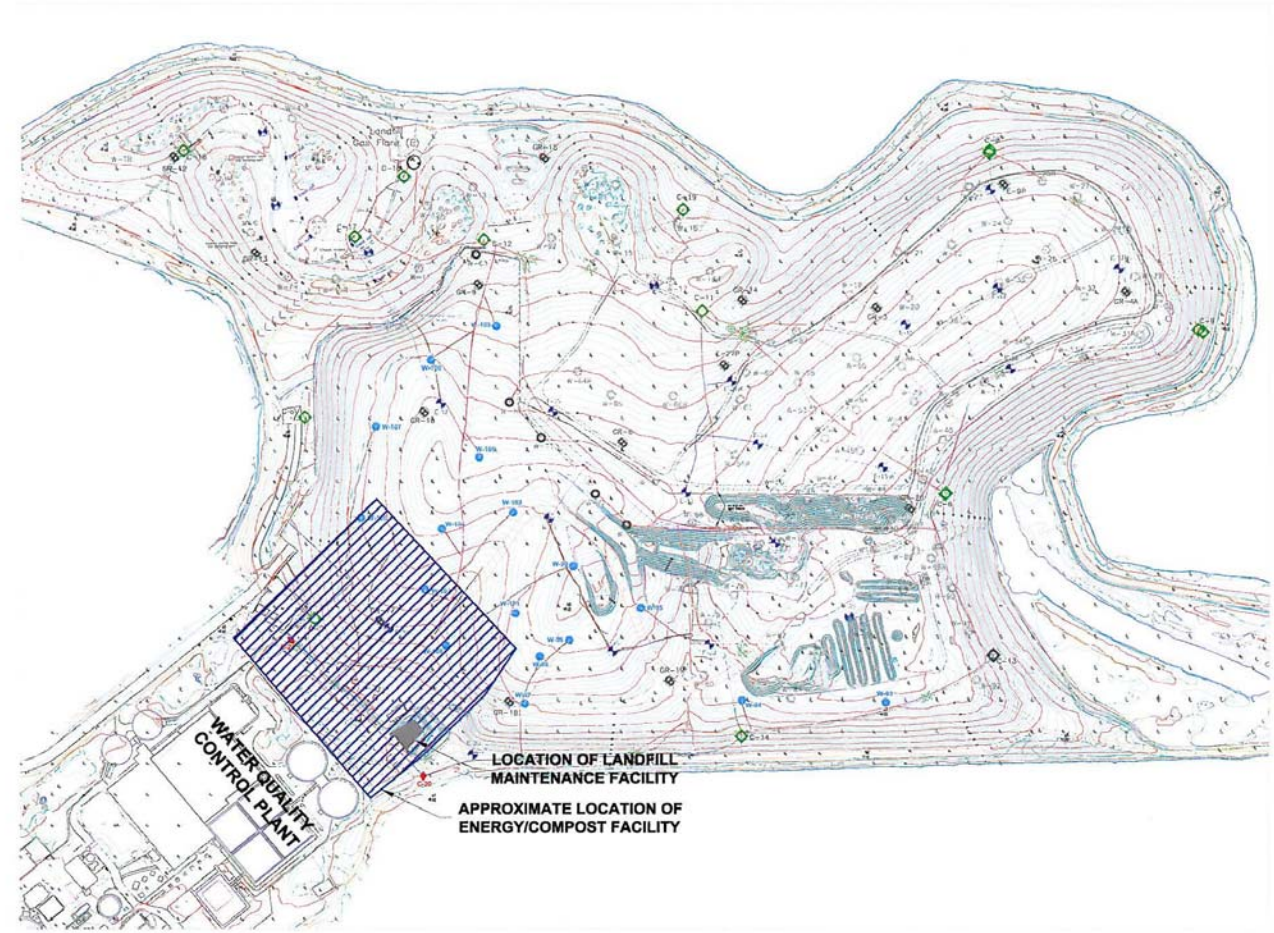
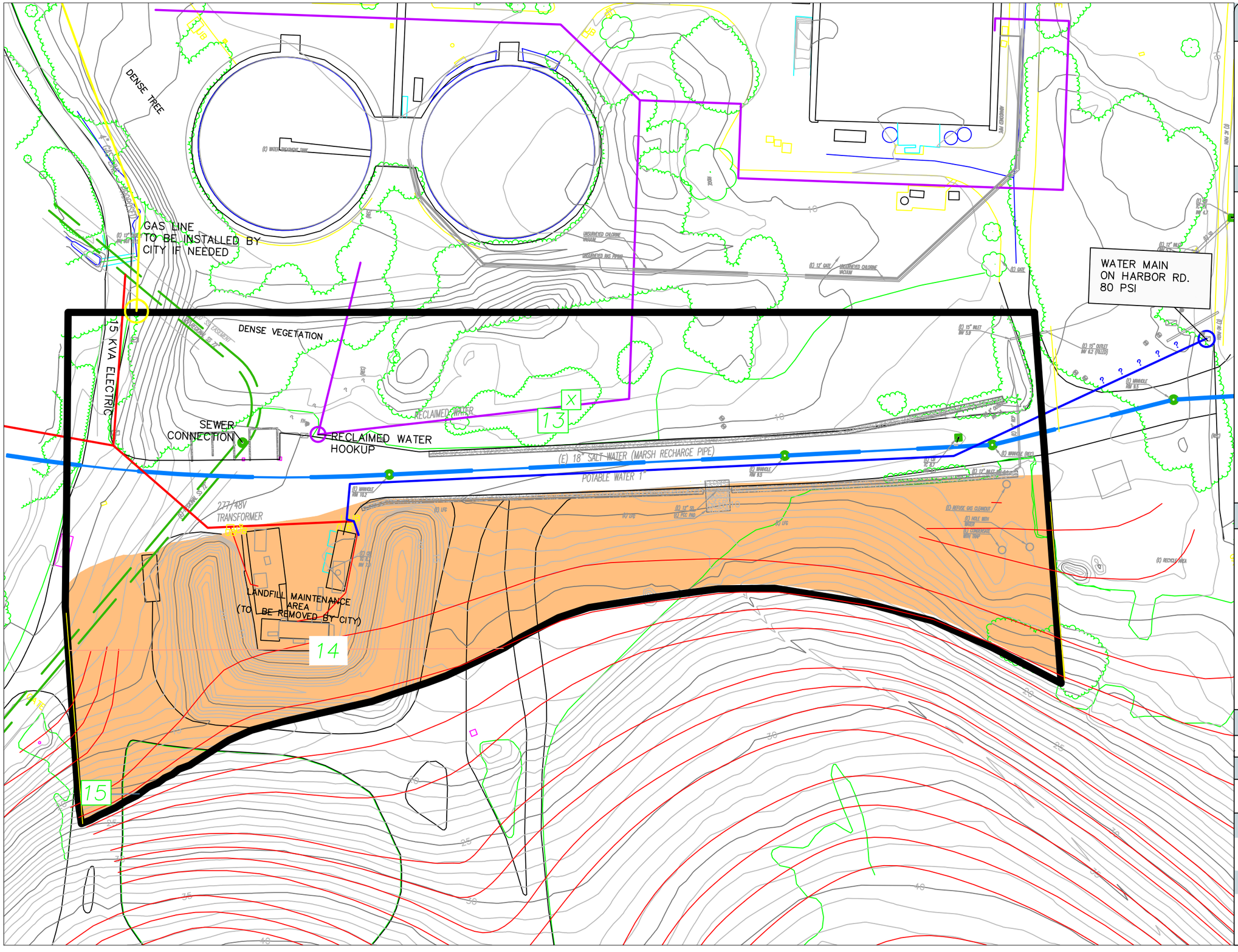


Figure 4: Utility Map

Appendix C Figure 4



City of Palo Alto

CITY OF PALO ALTO

LEGEND

- Electric line
- Gas line (to be installed, if needed, by others)
- Marsh recharge pipe
- Recycled water line
- 72–in Sewer line
- Potable water
- Concrete swale ("V" ditch)
- Measure E Footprint (3.8 acre)
- Area of proposed pad located over landfill (buried refuse)
- Topographic contours (feet); existing grade
- Topographic contours (feet); proposed final grade (approx.)

Utility survey conducted in 2007; utility locations are approximate

Utility Map

Measure E Site

Palo Alto, CA

DRAWING

B

PLOT DATE

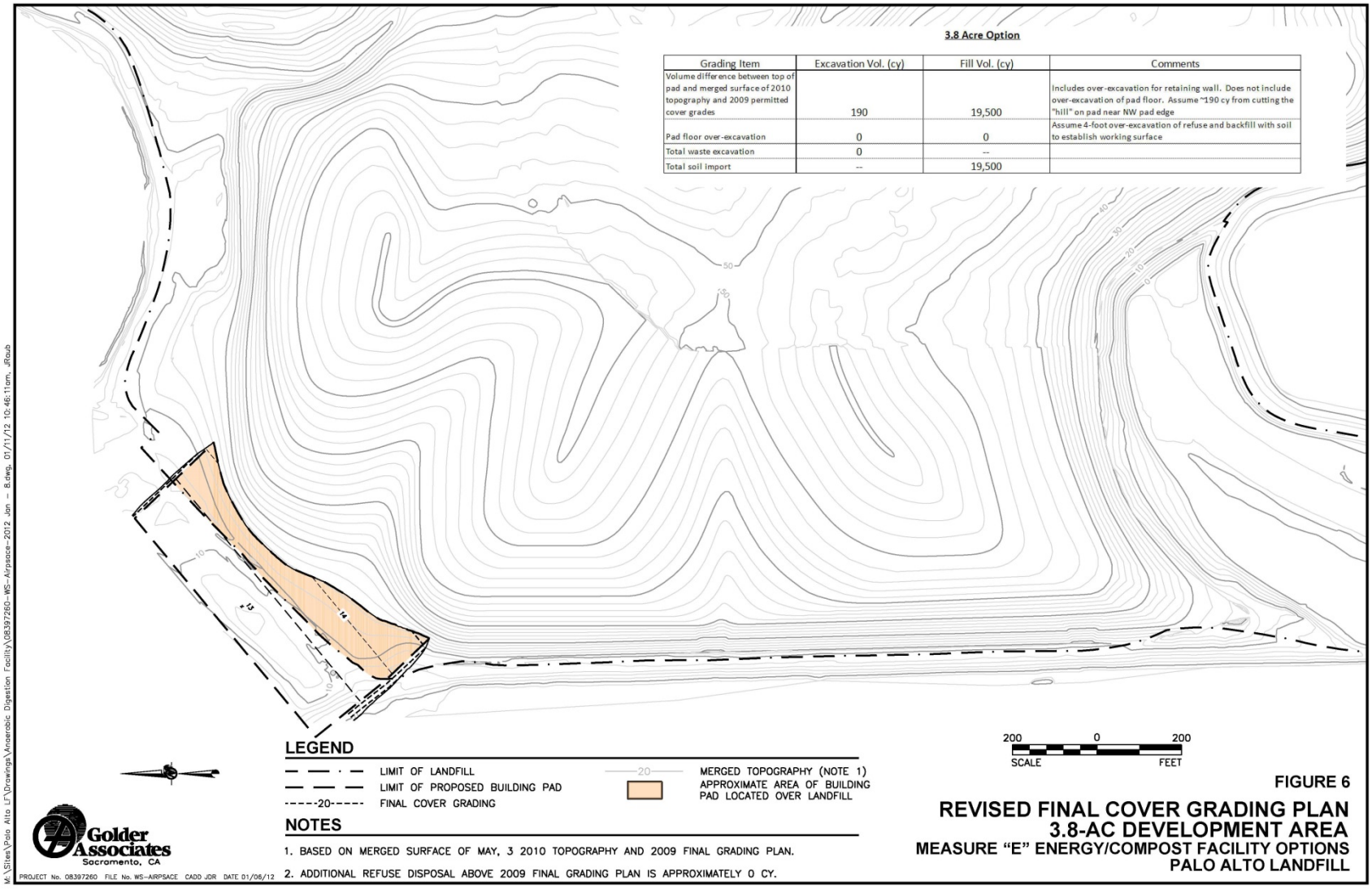
6/17/2014

N W E S

0 25 50 100 Feet

1:768

Figure 5. Revised Final Cover Grading Plan for 3.8-Acre Development Area



APPENDIX D

RESERVED FOR FUTURE USE

APPENDIX E

QUANTITY OF YARD TRIMMINGS

Table 1: Palo Alto 2013 Yard Trimmings Collection

Table 1
Palo Alto 2013 Yard Trimmings

2013	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
Residential Yard Trimmings	996	625	745	1,160	1,048	767	860	869	873	969	1,251	988	**11,150**
City of Palo Alto Crews	167	51	65	185	134	108	116	141	132	150	227	249	**1,725**
Total received at SMaRT	**1,163**	**676**	**810**	**1,345**	**1,182**	**875**	**976**	**1,011**	**1,005**	**1,119**	**1,478**	**1,236**	**12,876**

All quantities in tons

APPENDIX F

COMPOST FACILITY REQUIREMENTS

This Appendix establishes the scope of services and design requirements for the project

General Compost Facility Description

The Compost Facility shall utilize Aerobic composting methods to process Acceptable Feedstock into marketable products (compost or other marketable products) to achieve significant diversion from landfill disposal. The Compost Facility shall include any necessary preprocessing to remove and recover recyclables and other materials and to prepare the Acceptable Feedstock for composting, and/or back-end processing and recovery of recyclables and marketable products.

The Compost Facility shall have a Rated Capacity sufficient to handle the Maximum Annual Delivery Threshold of the Acceptable Feedstock (based on an Availability Guarantee of no less than 85%, to be specified by the Proposer). The Maximum Annual Delivery Threshold is 3,000 tons per year of Food Scraps and 14,000 tons per year of Yard Trimmings, subject to the specific terms and conditions as outlined in Section 3 of this RFP.

The Compost Facility shall make available to the City and its residents, at no charge, up to 1,000 tons per year of compost that meets CalRecycle Compost Standards.

All compost processing, handling, and storage facilities will need to be enclosed by a structure. Proposers are encouraged to include efficient, cost-effective, and aesthetically-pleasing structures. The Compost Facility shall have enclosed feedstock receiving, storage and processing areas or structures with odor control of the collected air from these facilities, and adequate odor control for these and all other areas of the Compost Facility, to ensure there are no objectionable odor impacts off the Site and that the Facility complies with all federal, state, and local regulations. As applicable, composting and curing areas shall be enclosed or otherwise have covers for such operations with collection of air and odor control of the collected air. There shall be no “outside” placement or storage of feedstock, products, or Residue. All truck movements and processing areas shall be located on the Site so as to minimize exposure and related impacts on the surrounding area. Equipment shall be located in enclosed buildings or structures with control for noise mitigation. The Compost Facility design and operation shall ensure that noise levels conform to the City Comprehensive Plan, which currently limits noise level to 70 dB as a "normal level" and 70-85 dB as a "conditionally acceptable" level for an industrially-zoned area.

The Compost Facility shall be designed to minimize consumptive water use using recycled water to the extent possible. The Facility shall be designed to minimize process wastewater discharge (with a goal of zero discharge). To the extent possible, process wastewater shall be reused within the Facility to reduce consumptive water needs.

The Compost facility shall meet all local, state, and federal water quality regulations for both stormwater and wastewater generated on-site, including but not limited to obtaining

permits for construction and operation from the State Water Quality Control Board, on-site treatment and site design measures, and wastewater discharge requirements as specified in the City's Sewer Use Ordinance. Specifically, such requirements include:

Stormwater and Wastewater Related Operational Standards

1. No materials are to be stored within 100 feet from any surface water body.
2. The following feedstocks are prohibited to be accepted, processed or stored onsite.
    a. Animal carcasses;
    b. Any feedstock, additive, or amendment other than those applicable or listed in an approved Notice of Intent;
    c. Liquid wastes other than those of food origin that has been approved by the Executive Officer;
    d. Medical wastes as defined in the Health and Safety Code, section 117690;
    e. Radioactive Wastes;
    f. Septage;
    g. Sludges, including but not limited to sewage sludge, water treatment sludge, and industrial sludge;
    h. Wastes classified as "hazardous" as defined in the Cal. Code Regs., title 22, section 66261.3; and
    i. Wood containing lead-based paint or wood preservatives, or ash from such wood.
3. Additives or amendments are not allowed unless approved in writing by the City.

Stormwater Related Design standards – pads and other surfaces

1. Surfaces must be capable of preventing degradation of waters of the state. Such structures are designed, constructed, and maintained to: (1) sloped to prevent ponding and impede vertical movement of liquid phase constituents of concern; (2) reliably transmit any free liquid laterally to a containment structure; and (3) prevent conditions that could cause a condition of contamination, pollution, or nuisance. Control and manage all run-on, runoff, and precipitation from all operational and storage areas under conditions of a maximum probable 25-year, 24 hour peak storm event. Protect areas from inundation by surface flows associated with a 25 year, 24 hour peak storm event.
2. Ditches must be sized to convey all precipitation and runoff from a 25-year, 24-hour peak storm event. Ditches must be properly sloped to prevent ponding and kept free and clear of debris to allow for continuous flow of liquid. Ditches must be inspected and cleaned out prior to the rainy season every year.
3. Berms, if used, must prevent run-on to and runoff from the operational area from a 25-year, 24-hour peak storm event.

The applicant will be required to identify, size, design and incorporate permanent storm water pollution prevention measures (preferably landscape-based treatment controls such as bioswales, filter strips, and permeable pavers rather than mechanical devices that require long-term maintenance) to treat the runoff from a specified "water quality storm"

The Compost Facility shall be designed, at a minimum, for a 30-year operating life. It shall include redundant design features, as appropriate, to meet the proposed annual availability guarantee and to minimize the need for emergency management of Acceptable Feedstock. It shall include adequate storage of incoming feedstock and outgoing products to meet feedstock delivery schedules and product shipments to markets, and to provide for efficient operation. The Facility shall include necessary administrative office areas, laboratories and maintenance facilities, as further outlined herein.

The Compost Facility shall be arranged on the 3.8 acre Site to minimize aesthetic, visual, noise, odor, and lighting impacts on surrounding land users, including effective use of buffer areas. For the Landfill Site adjacent to the RWQCP, the Compost Facility (including its architectural treatment) shall be designed to be compatible with existing buildings and structures at the RWQCP. For the Landfill Site, for all areas except that adjacent to the RWQCP, the Compost Facility (including its architectural and visual treatment) shall be designed to be compatible with a park setting, with landscaping and buffers to minimize visual impacts. Design of buffer areas shall take into account measures to mitigate noise, lighting, potential odors and visual impacts, including the use of landscaping and/or vegetated berms. The Compost Facility shall have totally enclosed feedstock receiving, storage and processing areas with no outside placement or storage of feedstock, products, or Residue, to mitigate potential impacts including reducing aviation hazards associated with the Palo Alto Airport, located directly north of the RWQCP. For the Landfill Site, design of the Compost Facility should minimize use of site space and shall occupy no more than 3.8 acres (with the exception of buffer areas and a wildlife corridor, which can be extended on to the remaining area of the Measure E site) and must be integrated with plans for Landfill capping as well as consideration of minimizing impacts on Byxbee Park. . The Contractor will be responsible for design and construction of foundations, as well as providing for routing of on-site utilities, stormwater management, roads and other necessary Site infrastructure and ensuring that these needs are satisfied in a manner to protect the integrity of the Landfill cap. The Compost Facility shall include a wildlife corridor between the Renzel wetlands and the Bay.

The Compost Facility shall include all elements necessary to receive, store, recycle, process, and convert Acceptable Feedstock to marketable products and store products prior to shipping. In general, these elements include:

- an access road to the Site along Embarcadero Way;
- a weigh station;
- an enclosed receiving building and storage facilities for Acceptable Feedstock;
- transfer facilities for Unacceptable Feedstock, Bypassed Feedstock, Unprocessible Feedstock, Residue, and products;
- pre-conversion feedstock recycling and processing facilities (as applicable);

- methods to provide adequate redundancy of processing equipment for purposes of meeting the annual throughput requirements and reducing the frequency and extent of Bypassed Feedstock;
- composting, curing, product screening, and product recovery facilities (if applicable);
- enclosed product storage area(s);
- enclosed Residue processing and Residue recycling facilities (if applicable);
- air pollution control (APC) equipment (if applicable);
- noise and odor control;
- water use and wastewater reuse and control equipment;
- water service to the Facility;
- interconnection of all necessary utilities;
- instrumentation and controls;
- a control room;
- administrative offices;
- general facility features – buildings and grounds, utility, chemical and supplemental fuel handling;
- stormwater collection and control of all surface water run-off from buildings, impervious surfaces and other disturbed areas;
- maintenance facilities; and
- all appurtenances and equipment thereto.

General Design and Construction Standards for Compost Facility

The Compost Facility shall be designed and constructed in accordance with Applicable Law, Good Industry Practice, Good and Accepted Construction Practice, and applicable design and construction codes and standards. Proposers shall take note of the local climatology and seismology and design the Facility accordingly for anticipated conditions and in accordance with related codes and requirements. All materials and equipment shall be new and unused, be of heavy-duty construction and of quality suitable and commonly used for high availability, long-term service in utility applications. The Facility shall be designed and constructed utilizing equipment and processes proven to be reliable in similar applications. The Facility shall be designed and constructed for a minimum useful life of thirty (30) years.

Applicable Codes and Standards

The Contractor shall perform, or cause to be performed, all work in strict accordance with the latest applicable codes and standards including, but not limited to, the following (as applicable):

- Air Moving and Conditioning Association (AMCA)
- Aluminum Association (AA)
- American Association of State Highway and Transportation Officials (AASHTO)
- American Boiler Manufacturers Association (ABMA)
- American Concrete Institute (ACI)
- American Gear Manufacturer Association (AGMA)
- American Institute of Steel Construction (AISC)
- American Iron and Steel Institute (AISI)
- American Institute of Timber Construction (AITC)
- American National Standards Institute (ANSI)
- American Petroleum Institute (API) for Storage Tanks
- American Society of Mechanical Engineers (ASME), including, but not limited to:
    - Power Boilers
    - Material Specifications
    - Non-Destructive Examination
    - Pressure Vessels
    - Welding
- American Society for Testing and Materials (ASTM)
- American Society for Heating, Refrigeration and Air Conditioning Engineers (ASHRAE)
- American Wood Preservers Association (AWPA)
- American Welding Society
- American Water Works Association (AWWA)
- Antifriction Bearing Manufacturers Association (AFBMA)
- Applicable Federal, State and local laws and codes involving public safety, health and environmental agencies, under whose jurisdiction work is being performed
- Commercial Standard for Industrial Aluminum and Galvanized Steel Chain Link Fencing
- Concrete Reinforcing Steel Institute Handbook and Supplements (CRSI)
- Conveyor Equipment Manufacturers Association (CEMA)
- Crane Manufacturers Association of America (CMMA)

- Cooling Tower Institute (CTI)
- Environmental Protection Agency (EPA)
- Factory Mutual Engineering Corporation (FM)
- Federal Aeronautics Authority (FAA)
- Heat Exchangers Institute (HEI)
- Hydraulic Institute
- Industrial Gas Cleaning Institute
- Insulated Cable Engineer's Association (ICEA)
- Institute of Electrical and Electronics Engineers (IEEE)
- Instrument Society of America (ISA)
- International Mechanical Code (IMC)
- International Plumbing Code (IPC)
- International Standards Organization (ISO)
- National Board of Fire Underwriters (NBFU)
- National Bureau of Standards (NBS)
- National Electrical Code (NEC)
- National Fire Protection Association (NFPA)
- National Electrical Manufacturers Association (NEMA)
- National Electrical Safety Code (NESC)
- Occupational Safety and Health Act (OSHA)
- Portland Cement Association
- Rubber Manufacturers Association
- Sheet Metal and Air Conditioning Constructor's National Association
- Steel Structures Painting Council (SSPC)
- Standard Building Code (SBC)
- Thermal Insulation Manufacturers Association
- Tubular Exchange Manufacturers Association
- Underwriters Laboratory, Incorporated (UL)
- California State Building Code, as amended and updated
- City of Palo Alto Building Code, as amended and updated
- Appropriate codes and standards specific to California.

Compost Facility Design Requirements

Landscape Design Requirements

Landscaping and vegetated berms shall be used to minimize the visual and aesthetic impacts of the Facility. Trees, plantings and grasses native to the area and appropriate for the Landfill cap shall be used.

Architectural Design Requirements

The architectural features of the Facility shall blend in with the surrounding terrain and natural setting. The use of metal siding is not acceptable. Metal panels may be used with strategically placed glass, brick, concrete or precast concrete to give the Facility an attractive appearance. If metal panels are proposed, they shall be rust resistant with proper treatment and maintenance to ensure a pleasing appearance at all times.

Site Design Requirements

The Proposal shall be based on an Compost Facility being located on the relatively flat 3.8-acre portion of the Measure E Site (with the exception of buffer areas and the wildlife corridor which can extend beyond the 3.8 acre area) described in Appendix C. The Proposer shall arrange the Compost Facility on the Site to minimize noise, odor, lighting, and visual impacts on surrounding land users. All roads within the boundary of the Site are to be paved with asphalt or concrete. The roads shall be capable of accommodating fire and other safety vehicles, delivery vehicles for feedstock and supplies, vehicles for removing Residue, products and recovered materials, maintenance vehicles and equipment, and all other vehicles that will have cause to be at the Facility. All disturbed areas are to be covered with either pavement, crushed stone, or re-planted with native grasses.

Paved parking shall be provided for employees and visitors. Spaces shall be provided to accommodate the maximum number of employees during an operating shift and at least five additional spaces for visitors, or more as required by applicable codes.

The drainage system shall be designed to control all surface water run-off from buildings, impervious surfaces and other disturbed areas.

The Compost Facility shall have adequate security features, including a minimum six-foot-high architectural fence. Gates shall be lockable, and have an automatic closure feature.

A permanent entrance sign, approved by the City and constructed of masonry materials with non-deteriorating letters, compatible with the architecture of the Compost Facility, shall be provided at the entrance to the Site.

Outdoor lights shall provide adequate lighting for safely operating and maintaining the Facility at nighttime. Any lighting shall be hooded and directed onto the project site.

Weigh Station

The Compost Facility shall be equipped with one automatic weighing station, suitable for weighing all types of vehicles that may deliver waste or other materials to or from the Facility.

A weigh station on the Site shall be properly located to avoid queuing of vehicles off-site. No queuing shall occur off the Landfill Site. The weigh station shall be used to record the quantity of feedstock delivered to the Compost Facility; Residue leaving the Facility; Bypassed Feedstock, Unprocessible Feedstock and Unacceptable Feedstock unloaded at the Facility and reloaded for disposal, compost and other materials to be marketed. The weigh station shall consist of two (2) identical scales, each with a minimum weighing capacity of sixty (60) tons, or as otherwise appropriate for the Compost Facility proposed. If a scale house is constructed, it shall be designed with the same architectural treatment as other Compost Facility buildings and shall be equipped with lavatory facilities, communication systems, and all necessary equipment and facilities to fully support scale-house operations.

All scales shall each have minimum platform dimensions of seventy (70) feet in length and twelve (12) feet in width, or as otherwise needed to fully accommodate all vehicles that access the Compost Facility. Each scale shall be equipped with a digital weight meter and integrated with a data processing system capable of listing: vehicle number; delivery date and time; gross, net and tare weights; and the daily total of the net weight.

Feedstock Receiving

The feedstock receiving area and storage area shall be in a totally enclosed building with roll-up doors at a truck entrance and exit. A single door for the tipping floor entrance and exit is acceptable if Proposers can demonstrate that truck traffic flow is not impeded. In this instance, the Proposal layout drawings shall clearly indicate the flow of truck traffic within the feedstock receiving building, and at the building entrance/exit. To accommodate weekends and holidays, the Compost Facility shall have feedstock receiving and storage capacity for at least three days of delivery at the Rated Capacity. There shall be adequate space provided to tip and inspect loads, as required. Also, the tipping area shall have an adequate space sufficient in size for unloading of multiple trucks thereby minimizing queuing of trucks waiting to unload. If an Alternative Proposal is provided to include self-haul yard trimmings from Palo Alto, the Compost Facility shall provide facilities for self-haul drop off. The feedstock receiving area shall be a clear span, with no interior columns and have a sufficient clearance above the tip floor to the lowest obstruction to support unloading of all types of feedstock delivery vehicles. Bollards, concrete or other protective barriers shall be used to protect all walls, columns and roll-up doors from potential

damage caused by feedstock delivery trucks. The entire tipping floor area surface shall be protected with an abrasion resistant coating (or an alternative treatment can be provided if equivalent performance can be demonstrated) to prevent damage due to vehicle traffic and front-end loader operation.

The feedstock receiving and storage area shall be kept under a negative pressure by continuously withdrawing air from the building or other means employed to collect air within the building and subject it to odor control. All exhaust air from the receiving and storage buildings shall be subjected to continuous odor control.

Feedstock Storage

Feedstock storage volume shall be sized for a minimum storage of three (3) days of the Rated Capacity of the Compost Facility, all without limiting the number of truck bays available for dumping feedstock (or clearance for each truck-unloading bay), and without restricting access to the feed conveyors. An adequate area of the tipping floor shall be accessible to transfer feedstock out of storage (Bypassed Feedstock). If feedstock storage is provided on a tipping floor, the exterior “push walls” shall be concrete and shall be at least as high as the maximum pile height. If feedstock storage is provided in a pit and the pit is constructed below the groundwater table, it shall be made watertight and leak proof to prevent groundwater infiltration and/or leaks.

Any feedstock delivery system supplied shall be fitted with a mechanism for measuring the weight of feedstock delivered to recycling, pre-processing and composting systems during tests.

Materials Recycling and Pre-Conversion Waste Processing

The Contractor may furnish a materials recycling and pre-conversion processing system for material recovery and/or to produce a prepared feedstock for composting. There shall be a minimum of two independent material processing trains each of sufficient capacity to support the continuous or batch operation of the composting process, or other methods shall be incorporated to provide adequate redundancy for purposes of meeting the annual throughput requirements and reducing the frequency and extent of Bypassed Feedstock.

All material recycling and pre-processing equipment and storage shall be within a totally enclosed building. Any mechanical shredders used in the material processing trains shall be housed in an isolated concrete structure with an explosion relief vent. Explosion and fire detection systems shall be provided, and interlocked with a fire suppression system.

Any conveyor transporting feedstock outside a building shall be fully enclosed with a fixed metal cover.

All feedstocks from recycling and pre-conversion waste processing shall be stored in a fully enclosed building. The materials recycling and pre-conversion waste

processing building or area shall be kept under a negative pressure by continuously withdrawing air, or other means employed to collect the air and control odors. All exhaust ventilation air shall be subjected to dust and odor control. The specific intent is that no air which comes in contact with feedstock during recycling or pre-conversion feedstock processing can be released to the ambient environment, without that air first having been subjected to effective controls for odor and dust. This request can be met by controlling all air in the recycling and pre-conversion waste processing building or, if effective odor and dust control can be provided, by aspirating and treating the air from the immediate vicinity of the processing equipment.

If a wet recycling and wet pre-conversion waste processing system is used, all material processing equipment and storage shall be protected from freezing, as necessary. All feedstocks shall be stored in fully enclosed vessels, or equivalent, which also are protected, as necessary, from freezing. The vessels shall be fitted with pressure relief valves suitable for the design rating of the vessels.

Composting Processes

Composting equipment and processes supplied, and their associated appurtenances, shall be designed, furnished and installed to provide adequate redundancy for purposes of meeting the annual throughput requirements and reducing the frequency and extent of Bypassed Feedstock. The combination of the process units shall support a Compost Facility which shall have the capability by design to operate at an annual rate of no less than eighty-five percent (85%) of its Rated Capacity. The proposed units (two or more, as applicable), and ancillary systems must all be identical.

Post-Composting Product Recovery Facilities

The product and recovered materials processing systems shall be designed for the maximum quantity produced by the Compost Facility operating at its Rated Capacity. Product and recovered materials storage shall be enclosed and shall provide for anticipated schedules for off-site shipment or distribution schedules and the Rated Capacity of the Compost Facility. At a minimum, three days storage capacity shall be provided. Should the products or recovered materials be dusty or odorous, controls shall be supplied for prevention of odor and dust.

Residue Handling Systems

The Residue removal, processing and storage systems shall be enclosed in a building and shall be designed for the maximum Residue quantity resulting from feedstock processing at the Rated Capacity of the Composting Facility. Residue storage shall be provided for not less than three (3) days of operation at the Rated Capacity.

The floor surface of the storage bunkers and the floor area extending thirty (30) feet from such bunkers in the residue storage building shall be protected with an abrasion resistant coating (or an alternative treatment can be provided if equivalent performance can be demonstrated). If the Residue is capable of generating dust, the building shall be kept under negative pressure with the air filtered by a baghouse prior to being discharged to the atmosphere at or above the residue building roof elevation. If the Residue is odorous or dusty, odor and dust control shall be provided.

Air Pollution Control

The Contractor shall meet the environmental design and performance specifications as required by all permits to construct and operate the Compost Facility.

Water Use and Wastewater Control

Process make-up water and water for potable and sanitary uses will be supplied from the City water system.

All process wastewater shall be used within the Compost Facility to the greatest extent possible.

Plant Electrical

The plant electrical systems shall be arranged for appropriate reliability and redundancy. The Compost Facility shall include, as necessary, medium voltage power distribution; low voltage power distribution; lighting; grounding; raceway and cable; and control, security and communication systems. The sizing of the emergency power supply system must consider the ability to safely shut down the system and consume all feedstock being processed, as well as fight a fire, at a minimum, for three (3) hours. The Proposer shall define the equipment in the system. Critical power requirements shall be met by batteries and/or battery backup uninterruptable AC power systems. Adequate protection for generator, transformers and all electrical equipment shall be provided in accordance with IEEE guidelines.

Process Control and Monitoring System

A distributed control system (DCS) complete with field hardware shall be furnished for the Compost Facility. The DCS and field hardware shall be industrial grade and of the same manufacture, class, and performance as are used for electric power utility station installations appropriate for the use intended. The installation shall be to industrial standards, as is found in electric power utility station services. The DCS shall: provide for centralized control and monitoring of the feedstock processing systems and energy production equipment; monitor compliance with environmental

and safety regulations and the Performance Guarantees; and provide centralized monitoring of other major Compost Facility unit processes.

The system shall include at least three (3) high-resolution color monitors which are interchangeable in function; i.e., any display may be called up on any monitor. At least two (2) operator keyboards and one (1) engineering keyboard shall be included. Each system shall provide for a capacity of at least 120 percent (120%) of the required I/O points. The system shall support monitor trend displays, with a selectable time base of up to one month, for both historical and current trends. Group, detail, single point, alarm summary, diagnostic, and like displays as well as custom graphic displays shall be furnished. The alarm display shall automatically dump to a preselected alternative position if there is a failure of the selected alarm display.

The DCS system shall include at least two (2) printers, and a video copier capable of recording any CRT display. Alarm, facility equipment status, and operator entry logging shall be automatic. The system shall support the required daily operations listing functions for compliance with environmental, safety and performance parameters.

The DCS shall include historical data storage and data processing capabilities and system software to provide the daily and monthly compliance and performance reporting. The DCS storage shall be sufficient to contain at least 30 days of data storage. The report printing shall be automatic with additional capability to print prior and current day's data on demand.

An uninterruptible power supply shall be furnished which has sufficient capacity to allow safe shutdown of the Facility. At least one (1) spare DC power supply shall be included. Health and safety systems shall be hardwired and independent of the distributed control system.

The control, measurement, recording, and monitoring functions for the Compost Facility shall include, but shall not be limited to, the following:

1. All incoming feedstock and all Residue, Bypassed Feedstock, Unprocessible Feedstock, Unacceptable Feedstock, compost and recovered materials and products leaving the Compost Facility (these functions need not be tied into the DCS system).
2. Electric power in-plant use
3. Oil or other auxiliary fuels used in the plant.
4. A time reference on each recording for data reduction.

All measurement reporting and recording shall be made in English and/or Metric engineering units in accordance with common practice in California and Good Industry Practice.

Surveillance shall be provided by remote control, color, closed-circuit television of areas of the receiving area, entrance gate area, and other areas selected by the Contractor (if any). The closed-circuit television controls shall include:

a) Zoom
b) Automatic iris control
c) Pan and tilt with scanning
d) Sun shields and weather proofing where required

Administrative, Public Education, and Support Facilities

The Compost Facility design shall include an administration building, maintenance shop, and spare parts storage area. The administrative building shall include office areas for the Contractor, locker rooms for operational and maintenance personnel. The spare parts storage area shall be adequately sized to store all of the spare parts and supplies required to operate and maintain the Compost Facility.

Fire Prevention

The Compost Facility design shall include a fire protection system which shall include detectors, remote fire alarms, and suppression systems in accordance with all applicable codes including, but not limited to: insurance underwriters' standards; the National Fire Protection Association (NFPA); State, County, and City, as well as any other appropriate local fire regulations; and good industry practice for a highly protected risk facility. Each Contractor shall comply with all insurance requirements applicable to the design, construction, and operation of the Compost Facility.

Safety Requirements

The Compost Facility design shall comply with all OSHA requirements. All chemical or fuel handling areas shall be designed with appropriate containment dikes. Safety showers shall be provided at chemical handling areas.

American Disabilities Act

The Compost Facility shall be designed and constructed to meet applicable requirements of the American Disabilities Act and State building codes.

Environmental Design and Performance Requirements

The Contractor shall, at a minimum, meet the environmental design and performance specifications as required by CEQA and all permits and approvals required to construct and operate the Compost Facility. If not required by CEQA, a permit or approval, the Compost Facility shall still, at a minimum, meet the requirements specified in Section 2.

Compost Facility Construction Requirements

General

The Contractor shall perform the Construction Work in accordance with the Design Work and using Good and Accepted Construction Practice and shall have exclusive responsibility for providing all construction means, methods, techniques, sequences, start-up, and Acceptance Tests, and all procedures necessary and desirable for the correct, prompt and orderly conduct and completion of the Construction Work as required by the Compost Facility. Construction shall be scheduled and conducted, as practical, to minimize impacts and disruptions on existing operations at the RWQCP, Byxbee Park, and other surrounding land users.

The Contractor's exclusive responsibility to provide all construction means shall include, but is not be limited to, providing the following construction requirements: temporary power, light and other utilities; temporary offices and construction trailers; a room for on-site, project review meetings; a furnished office with telephone and computer hook up for use by the City's on-site resident engineer; required design certifications; required approvals; field document control and filing system for the control of all submittals and project communications; quality control and testing; independent laboratory testing services; weather protection for stored materials; site cleanup and housekeeping; construction trade management; temporary parking; safety and first aid facilities; correction or compensation for defective work or equipment; equipment and materials storage areas; workshops and warehouses; temporary fire protection for the construction site; site security; sanitary facilities; potable water; telephone and portable two-way communication; subcontractor coordination and control; receipt and unloading of delivered materials and equipment; erection rigging; temporary supports, and coordination of all construction activities of the Contract.

The Contractor warrants to the City that materials and equipment incorporated in the Compost Facility will be new unless otherwise specified, and in conformance with the Contract documents.

The Contractor shall fully cooperate with the City and its designated representatives to allow the City to monitor and review construction progress, design documents and any proposed changes to design.

The Contractor shall apply Federal, State and local wage and hour laws to the extent required by Applicable Law. For purposes of its Proposal for a Compost Facility , the Proposer should assume that prevailing wages will be required. The Contractor shall make a good faith effort to employ staff from the local and regional labor markets.

Construction Work Monitoring, Testing and Observation

The City shall have the right to monitor and observe progress of the Construction Work. During the progress of the Construction Work through the Acceptance Test and Acceptance of the Compost Facility, the Contractor shall allow the City and/or its designated representative(s) access to all sites for the purpose of observing the conduct of the work. During any such observation, the City and its designated representative(s) shall comply with all reasonable rules (safety and other) applicable to the construction sites. It is understood that the City's monitoring and inspection shall be of an observational and review nature and that the City and its representative(s) shall not have the authority to interfere with, halt or delay the Contractor's construction of the Compost Facility, except to ensure conformance with Design Work and to ensure that such construction does not represent a substitution of lesser quality.

The Contractor shall provide the City monthly progress reports detailing Construction Work accomplished during the previous month. The monthly progress reports shall include a summary of accomplished work activities, a summary of next month's work activities, a list of submittals delivered for the report month, a list of submittals scheduled for the next month, and an updated project schedule which shall reflect any change in the Contractor's project schedule submitted the prior month.

The monthly progress reports shall be submitted to the City for its information only. Acceptance of the monthly progress reports shall not bind the City in any manner or imply that the City approves the work to date, or agrees to any changes in schedule or extension of design or construction time.

The Contractor shall provide on-site quality control and quality assurance services. The Contractor shall prepare and submit to the City a quality control and quality assurance plan detailing the actions which the Contractor shall take to control and demonstrate quality of construction. The quality control and quality assurance plan shall be submitted to the City prior to the start of construction. The quality control and quality assurance plan shall identify all shop and field testing to be performed during construction and list all testing, along with properly certified, independent, testing laboratories or testing services that will perform the work.

In accordance with the quality control and quality assurance plan, the Contractor shall maintain a file of and if requested, deliver to the City or cause the certified independent testing laboratories or testing services to send the City all required certificates of inspection, testing reports and all written testing documentation.

The City shall reserve the right to conduct and pay for any on-site testing it deems necessary or desirable to verify that the Construction Work, including materials of construction, complies with the Design Work. The Contractor shall not be entitled to any delays in the construction schedule due to reconstruction activities resulting from failed quality control and quality assurance testing.

During the construction period, the Contractor shall conduct project meetings at least on a monthly basis or on an as needed basis, depending on the nature of the schedule and Construction Work for the month. During the project meetings, discussions shall be held concerning all aspects of the construction. Monthly progress reports shall be prepared by the Contractor and submitted to the City at least five Business Days prior to each monthly meeting.

The Contractor shall afford the City an opportunity to make final inspection and approve the Construction Work as having been completed. Final approval and acceptance of the Construction Work by the City or any rejection of the Construction Work or such items as are incomplete shall be made by the City in writing within thirty (30) Business Days from the date of receipt by the City of the above notification of completion.

In the event the City neither accepts nor rejects the work as complete within a thirty-day (30) period after notification of completion by the Contractor, the work shall be deemed complete.

Although the work may be deemed complete, acceptance of work by the City shall be conditioned upon successful completion of the Acceptance Test and satisfying other acceptance requirements.

Correction of Construction Work

Throughout the Term of the Contract, the Contractor at its sole cost and expense shall complete, repair, replace, restore, rebuild and otherwise make whole any Construction Work which does not conform with all requirements of the Contract. The City may elect by Change Order, at the Contractor's request, to accept Construction Work that does not comply with all requirements of the Contract.

If a Change Order is executed for nonconforming Construction Work, the Contractor's obligations for the Acceptance Test or Acceptance provided for in the Contract are in no way altered.

The Contractor shall re-perform any professional Construction Work, for which it is responsible within the Contract, which fails to conform to the Good and Accepted Construction Practice, throughout the Term of the Contract.

The Contractor shall request from all vendors, or subcontractors from which the Contractor procures machinery, equipment, or materials for the Compost Facility, warranties with respect to such machinery, equipment, and materials. The Contractor's responsibility with respect to such machinery, equipment, and materials obtained from vendors or subcontractors, shall not be limited in any way throughout the Term of the Contract. The Contractor shall have total liability, throughout the Term of the Contract, for nonconforming Design Work and nonconforming or defective Construction Work, equipment and materials, whether caused by error, omission, negligence or otherwise. Failure of any vendor, contractor or

subcontractor selected by the Contractor, with or without concurrence by the City shall not excuse the Contractor from its Contract obligations or constitute an Uncontrollable Circumstance.

Record Drawings and Documents

Upon completion of construction of the Compost Facility, the Contractor shall provide the City a set of record drawings in print and on CD in an electronic format acceptable to the City to show the character and installation of all Construction Work. At a minimum, record drawings shall include those listed in the Final Design Submittal. As-built construction record drawings shall be submitted to the City no later than sixty (60) days following completion of all Construction Work. The Construction Work shall not be final and complete without the record drawings and all documents of record, including a Certificate of Completion from appropriate local authorities, being received by the City. Any modifications that are required to achieve Acceptance shall be fully documented by the drawings.

Record drawings shall be exclusively for the use of the City and the Contractor and its contractors and subcontractors shall have no liability to any other party on account thereof.

Design Document Review and Construction Review Procedures for Compost Facility

General

The City will conduct a review of Design Work to ensure conformance to Design Requirements and will review, monitor and inspect Construction Work to ensure conformance to Design Work and to ensure that such Construction Work does not represent a substitution of lesser quality.

The reviews and inspections by the City shall not affect in any way the Contractor's responsibilities for compliance with all Contract requirements, nor shall it impose any responsibility or liability on the City due to such review and inspection, or lack thereof.

Design Review

Design Review Intent

In accordance with the terms and conditions of the Contract, the City will review the Design Work for consistency with Design Requirements and will provide input on selected issues, such as selection of finishes, architectural treatment, and landscaping.

Input by the City to the design process shall be solicited by the Contractor as required, at monthly design progress meetings and at key stages in the design, considering the design submittal packages specified below.

The City recognizes that the process will require that the Contractor and the City work cooperatively to assure timely design review. At a minimum, the City shall be afforded adequate opportunity for design review (at a minimum four weeks) at:

- completion of the Preliminary Design Submittal; and
- completion of Final Design Submittals.

The City shall be afforded the opportunity for design review prior to any submittal to regulatory agencies.

Design Submittal Protocol

No later than 30 days following the execution of the Contract, the Contractor shall submit to the City a protocol for design submittals (Design Review Protocol). The Design Submittal Protocol shall identify the key submittal packages to be prepared by the Contractor and the expected submittal dates. A reasonable time period for the City's review and comments shall be specified in the Design Submittal Protocol. The City's review procedures and time periods shall be consistent with those in the Contract. The Design Submittal Protocol shall also identify the frequency of the Contractor's design progress meetings during various phases of the design and include monthly progress review meetings with the City. The City shall designate the number of copies of submittals and distribution.

At a minimum, the Design Submittal Protocol shall include the following:

1. Preliminary Design Submittal

   The Contractor shall make an initial submittal updating the design concept and project development work submitted with its Proposal (and if required as a result of any revisions resulting from Contract negotiations), including:

   - Project master schedule and design period schedule
   - Basis of design memorandum outline (all design disciplines)
   - Design drawing list
   - Specification list
   - Preliminary site grading and drainage plans
   - Equipment general arrangement plans
   - Process flow piping and instrumentation diagrams for all processes
   - Architectural floor plan view and exterior elevations
   - Preliminary landscape plan, showing all buffer areas
   - Make-up water piping system
   - Preliminary electrical site plan
   - Electrical one-line drawings

- Mass and energy balances
- Water balances
- Chemical and energy use

The Preliminary Design Submittal shall be made no later than 60 days after the Contract is executed.

2. Final Design Submittal

The Contractor shall make a final design submittal 30 days prior to construction of any system or subsystem. At a minimum, each submittal shall include the following items, as applicable:

- Final equipment and material specifications
- Final architectural door, window, finish schedules
- Final architectural floor plan at each floor level and exterior elevations
- Final equipment layout plan views at each floor level with sections and details
- Final landscaping drawings and buffer areas
- Final grading and drainage drawings
- Final site piping drawings
- Final outdoor lighting and electrical site drawings
- Final process and support facility piping and general arrangement drawings
- Final structural concrete drawings, including foundations, tank designs, slab and well sections and details, miscellaneous steel details and framing drawings
- Final process flow piping and Instrumentation diagrams for all processes
- Final instrumentation loop control descriptions and diagram
- Final electrical one-line drawings
- Final electrical wiring diagrams and schedules to include motor control centers, lighting, power, instrumentation and control
- Final wire and conduit schedule
- Final mass and energy balance
- Final water balance
- Final chemical use

Design Progress Meetings
The Contractor shall conduct monthly progress review meetings with the City. The meetings will be conducted at the Compost Facility Site, at the offices of the City, or at another site mutually agreeable to the Contractor and the City.

The Contractor shall record the minutes of all meetings and provide the City with copies of said minutes and documentation produced as a result of the meetings.

Design Changes
The procedures to be followed for incorporating any design changes requested by the Contractor and/or the City will be specified in the Contract.

Construction Review

Construction Review Intent
In accordance with the terms and conditions of the Contract, the City will review, monitor and, as it deems necessary, inspect the Construction Work to ensure conformance to the Design Work and to ensure that such Construction Work does not represent a substitution of lesser quality.

City Access, Review Meetings
The City and its designated representative(s) shall have access to the Compost Facility at all times. The Contractor shall report to the City monthly, hold monthly progress review meetings with the City at a location designated by the City, and otherwise solicit input from the City to the process as required. The Contractor shall record the minutes of all meetings and construction progress, and provide the City with copies of minutes and documentation of said meetings.

Construction Submittal Protocol
Prior to start of construction, the Contractor shall submit to the City a protocol for construction activities (Construction Submittal Protocol). The Construction Submittal Protocol shall identify the key submittals to be prepared by the Contractor and the expected submittal dates. A reasonable time period for the City's review and comments shall be specified in the Construction Submittal Protocol. The City's review procedures and time periods shall be consistent with those in the main body of the Contract. The Construction Submittal Protocol shall also note the frequency of the Contractor's construction progress meetings and include monthly progress review meetings with the City. The City shall designate the number of copies of submittals and distribution.

Construction Submittals

The Contractor shall submit to the City, every two weeks, an updated list of the current status of all shop drawings and submittals under review. The City may request copies of any or all said drawings and submittals for its review. The Contractor shall supply any requested documents within five (5) Business Days of the City's request.

Shop Drawings
All final shop drawings shall be submitted to the City, filed in accordance with a numbered index.

Product Data
Product data shall include, but are not limited to standard prepared data for manufactured products (sometimes referred to as catalog data), such as the manufacturer's product specification and installation instructions, availability of colors and patterns, roughing-in diagrams and templates, catalog cuts, product photographs, standard wiring diagrams, printed performance curves and operational-range diagrams, production or quality control inspection and test reports and certifications, recommended spare parts listing, and printed product warranties, as applicable to the Construction Work.

Samples
Samples shall include, but are not limited to, physical examples of the work such as sections of manufactured or fabricated work, small cuts or containers of materials, complete units of repetitively-used products, and color/texture/pattern swatches, as applicable to the Construction Work.

Format for Design and Construction Submittals

Submittals shall be made in accordance with the Design and Construction Submittal Protocols and in such sequence as not to cause delay in the Design Work and the Construction Work.

Submittals shall contain:

1. The date of submission, noting whether it is an original submission or a resubmission.
2. The project title and number.
3. The names of:
    a. Contractor
    b. Supplier
    c. Manufacturer
4. Identification of any deviations from Contract requirements.
5. State of California Registered P.E. and/or Registered Architect certification, as applicable.

Start-Up Test and Acceptance Test Requirements

Testing of equipment and systems installed, as part of the Compost Facility, will occur in two phases: the start-up testing and the Acceptance Test (see Section 2).

Operation and Maintenance Requirements - Compost Facility and Export

Transition and Start-Up O&M Services

The Contractor shall provide services necessary for a smooth start-up for operation and maintenance of the Compost Facility.

Unless otherwise required in this RFP, after the Contract Date, but prior to initiating Facility O&M services , the Contractor shall be responsible for:

- Meeting with the City as the City deems necessary to develop a plan for and implement a smooth, uninterrupted provision of services.
- Preparing an Operations and Maintenance Manual.
- Obtaining required insurance for operations.
- Developing and implementing a training program for the Compost Facility .
- Implementing computerized operations and maintenance management, inventory control, and process control data management systems.
- Setting up the computerized operations and maintenance management, inventory control and process control data systems to generate necessary reports and plots, including executive-level report and data summaries.
- Planning and scheduling for all operations and maintenance supplies, utilities, consumables, office supplies, and materials.
- Preparing an Exit Transition Plan.

Exit Transition Services

At the end of the Contract, whether at its stated expiration or by earlier termination for whatever reason, the Contractor shall provide services necessary for a smooth, uninterrupted transition of service to the City or its designated contractor. At Contract termination, the Contractor shall also provide for transfer of any license(s) to the City necessary for continued operations and maintenance of the Compost Facility.

Alternatively, should the City exercise its right to have the Compost Facility removed from the Site after the Contract expiration or by earlier termination as provided in Section 3 of this RFP, the Contractor shall provide services necessary to accomplish this task and restore the Site to a safe and useable condition.

The Contractor shall prepare an Exit Transition Plan describing said services and provide said plan to the City prior to initiating Construction services.

Export Services in Event of Compost Facility Shut Down

The Contractor shall provide export services to transport, manage and/or dispose of the City's Acceptable Feedstock in the event the Compost Facility is not operating and the Facility cannot accept Acceptable Feedstock for no added charge to the City. All services provided shall be in accordance with the Contract, meet or exceed Good Industry Practice, and be in full compliance with all applicable Federal, State and local permits, laws, regulations, policies and rules of all jurisdictional agencies having control over Contractor's Export services.

Operation and Maintenance of the Compost Facility

The Contractor shall provide continuous, full-service operation and maintenance services and asset management for the Compost Facility. All services provided by the Contractor shall be in accordance with the Contract, meet or exceed Good Industry Practice, and be in full compliance with all applicable Federal, State and local permits, laws, regulations, policies and rules of all jurisdictional agencies having control over the Compost Facility.

The Contractor shall accept for processing all Acceptable Feedstock delivered by or on behalf of the City that can be stored and processed within the limits specified by this RFP and as negotiated in the Contract. The Contractor can accept additional material (Spot Market Feedstock) as can be accommodated by the Compost Facility and as allowed by permit.

The Contractor shall:

1. Provide full-service, 24-hour-a-day, seven-day-a-week operation and maintenance of the Compost Facility. Services shall be provided in accordance with an O&M Manual approved, as required, by appropriate regulatory agencies, and with generally accepted industry principles and practices in full compliance with permit requirements and all applicable laws, regulations, policies and required approvals. The Contractor shall operate and maintain the Facility in accordance with the O&M manual and in accordance with the Contract and Good Industry Practices, whichever is most stringent.

   The O&M manual shall be revised as necessary, for any changes to operations and maintenance practices, for any additions or revisions to standard operating procedures and for any Compost Facility modifications. Revisions to the O&M manual shall incorporate practices, as required by applicable regulations, or in accordance with the Contract and Good Industry Practices, whichever are more stringent. Revisions to the O&M manual must be approved, as required, by appropriate regulatory agencies.

   The O&M manual shall include descriptions of the unit or system and component parts, its function, operating characteristics, and limiting conditions, and performance curves, engineering data and replacement parts for the equipment furnished, by reference to manufacturer/vendor-supplied information contained in engineering design submittals to the City and as

defined in the Contract. The O&M manual shall also include complete maintenance instructions, parts lists, controls, and other information describing the construction, operation, control and maintenance of the equipment furnished. In addition, the O&M manual shall contain detailed operation instructions for all unit processes to include process control descriptions, target values for all process related control parameters, emergency process control provisions and process recovery procedures during unit process upsets or abnormal conditions.

The O&M Manual shall address Contractor programs for monitoring and inspection of incoming waste and for separation and proper disposal of Unacceptable Feedstock.

The O&M Manual shall describe weigh scale calibration programs, procedures for resolution if standards are not met, and alternative means of weighing feedstock and materials should scales not meet standards.

2. Provide the required staff in accordance with a plan for staffing. The plan for staffing must include job titles and certification levels. A schedule must be provided detailing the coverage for each shift for the proposed workweek (including weekends and holidays).

3. Provide training for personnel, as applicable, in the areas of Compost Facility operations, maintenance, safety, supervisory skills, and laboratory management. This training will include both plant specific and general, but related, educational materials.

   The Contractor shall notify the City in advance of any training programs and allow the City to participate in said programs. Class size shall be limited to that prescribed by the Contractor training policy.

4. Provide administrative and technical support services to ensure efficient maintenance and operation of the Compost Facility. The services shall be provided as needed during the Term of the Contract.

5. Provide 24-hour-a-day access for the City's personnel, and their designated representatives, to the Compost Facility. All visitors to the Facility shall notify the Contractor upon arrival and shall comply with the Contractor's safety policies and procedures.

6. The Contractor shall provide a quality assurance/quality control program (QA/QC Program) for sampling, testing, and analysis and perform monitoring, sampling, testing, laboratory analyses, and reporting, all as necessary for process control and full compliance with all local, State and Federal regulations and permits and Good Industry Practice. All testing necessary for compliance with permits and local, State and Federal programs shall be

performed by a properly certified laboratory, to the extent required by applicable laws, regulations and policies.

Weigh scales shall be tested monthly. The Contractor shall notify the City if scales do not meet standards, and provide alternative services when scales are out of calibration. The City shall have the right to independently test the scales at any time, at its own expense.

7. Perform all Corrective, Predictive and Preventive Maintenance Plan activities and repairs for the Compost Facility in accordance with the O&M manual and Good Industry Practice.

8. Conduct all activities to maintain and enforce new and existing equipment warranties and guarantees.

9. Provide for capital repair and replacement, and repair or replace any materials, equipment, building or other structures, which are in need of repair or fail during the Term of the Contract.

10. Provide the required labor, materials, machinery, vehicles, equipment, fuel, power, chemicals, supplies, spare parts, expendables, consumables, long-lead-time replacement items, and all other items to operate and maintain the Compost Facility.

11. Perform routine and normal repairs, including maintenance of all equipment, structures, buildings and grounds which are part of the Compost Facility. Maintenance shall include housekeeping, cleaning, painting and landscaping services.

12. Provide safety and security for the Compost Facility in compliance with applicable health and safety regulations, Good Industry Practice, and as warranted by the site location. Fences and gates shall be maintained in neat order and structural integrity.

13. Respond promptly to (within two (2) hours after notice, or as otherwise required) and rectify all normal problems and emergencies relating to the Compost Facility and maintain at all times during the Term of this Contract a toll-free, twenty-four-hour (24) telephone number with person-to-person service where emergencies can be reported. The Contractor shall immediately notify the City in the case of any emergency.

14. Immediately notify the City, if, during the course of excavation work necessary to make repairs and/or improvements to the Compost Facility, faulty or leaking underground storage tanks or hazardous or toxic waste or materials (as defined in Applicable Law) are identified by the Contractor, and immediately notify such other governmental agencies as may be required by law and take such further actions to assist the City in protecting the health, safety and welfare of the public.

15. Conduct emergency repairs to protect employees, equipment, buildings and grounds, as required.

16. Provide for the satisfactory and proper handling and storage of all recovered materials and products.

17. Provide for the satisfactory and proper handling, loading, transportation and disposal of all Residuals, Bypassed Feedstock, and Unacceptable Feedstock. Residue must be characterized and disposed of in accordance with Applicable Law. Prepare and maintain a record of disposal of these materials in accordance with Applicable Law.

18. Remove and dispose, or sell unused and replaced equipment. The Contractor shall identify such equipment.

19. Provide and maintain well-documented records of operations, maintenance, laboratory analysis, personnel, training, safety, process control, daily inspections, materials, alarms, and any other significant events.

20. Prepare and sign all regulatory operation and maintenance reports and compliance reports. Copies of all reports shall be sent to the City and to the appropriate regulatory agencies by required deadlines. The Contractor shall maintain records as required by the regulatory agencies. Such records shall be accessible to the City.

21. At least once per month, or more frequently if necessary, meet with the City to review and discuss operations and maintenance activities, reports, ongoing and expected expenses, plans, and events which may impact contractual monetary performance or environmental compliance. At any time, the Compost Facility may be inspected by the City or its designated representative(s) to ensure all required work is being performed, including maintaining an acceptable level of cleanliness and appearance.

22. Conduct semi-annual inspections of the Compost Facility. The City's designated representative(s) shall accompany the Contractor on these inspections.

23. Perform such repairs or maintenance items as identified in writing by the City as a result of any the City's inspection that reveals a lack of repairs or necessary maintenance to the Compost Facility which may impact contractual monetary performance, environmental compliance, or public safety. Disagreements arising from actions taken in this item shall be subject to the dispute resolution procedure in the Contract.

24. The Contractor shall maintain and provide for any monitoring, sampling and analysis required by regulatory agencies.

25. Provide for and maintain all Federal, State and local permits and other legal requirements that are necessary to operate and maintain the Compost Facility. Future permits or permit modifications required for providing operations and maintenance services and which shall be procured and maintained by the Contractor with support from the City, and if appropriate, required changes, will be subject to review under the Uncontrollable Circumstances (Change-in-Law) provisions of the Contract.

26. The Contractor shall be responsible for maintaining the Compost Facility in good working condition according to Good Industry Practice and Contract terms.

Computerized Operation and Maintenance Management for Compost Facility

Operation and maintenance activities for the Compost Facility shall be administered using computerized operations and maintenance management system provided by the Contractor. This system shall be operational prior to Acceptance.

Records and Reports - Compost Facility and Emergency Export

The Contractor shall maintain records and prepare reports as described herein and as may otherwise be required by applicable Federal, State and local government agencies. Minimum reporting requirements to the City are described herein. Recordkeeping and reporting requirements shall apply to the Compost Facility and, as applicable, emergency export services when the Compost Facility cannot accept Acceptable Feedstock.

The Contractor shall maintain records and prepare reports to the City documenting facilities' and systems' operations and maintenance, regulatory activities, laboratory analyses, training, process control, daily inspections, significant alarms, chemicals on hand, fuel on hand, maintenance plans and activities, outages, permit and compliance results, equipment status, and other relevant information, such as emergency export services, in accordance with the City's requirements as specified below, applicable laws, regulations, permits, and guidelines and as Good Industry Practice shall require. The City and its designated representative(s) shall have full access to these reports and data at all times.

The Contractor shall provide the following reports to the City:

- *Monthly Operations and Maintenance Report* – The Contractor shall prepare and provide to the City within 20 days of the end of each month an operations and maintenance report. At a minimum, the Contractor shall identify any permit violations for the month and include a summary of Compost Facility performance, including the performance with respect to permit parameters, status of maintenance, major expenditures, and other

pertinent information of the Facility. The report shall quantify the Acceptable Feedstock received by source, Acceptable Feedstock processed, Residue, Bypassed Feedstock, Unprocessible Feedstock and Unacceptable Feedstock disposed, compost produced and sold, materials recovered, electricity used, consumption of other utilities , such as potable water, natural gas, as applicable, wastewater (sanitary and process) discharged to the RWQCP, chemicals used, and other materials recovered and/or products produced and sold or beneficially used. It shall list forced outages and planned outages, and forecast Facility planned outages for the next three months. It shall also document fuels and chemicals used; include maintenance monitoring reports; and include copies of any correspondence with regulatory agencies, including that associated with any permit violations. The report shall also list all maintenance work performed, the maintenance plan for the next month, and record keeping activities. The report shall document accidents, injuries, damages to the City's property, emergencies and alarm activations and the response actions taken by the Contractor.

- *Monthly Statement* – Within 20 days of the end of each month, a Monthly Statement shall be prepared and submitted to the City which documents in sufficient detail for City's verification of the payment due to the City, or the payment due the Contractor. The Statement shall include cost items, revenues, feedstock throughput and quantity of products generated and sold.

- *Monthly Complaint Log* – Within 20 days of the end of each month, the Contractor shall prepare and provide to the City a monthly report of all complaints relating to the CompostFacility . The report shall include a description of the response to the inquiry and an assessment of the complainant's satisfaction with the response.

- *Annual Operation and Maintenance Report* – Within 90 days of the end of each Contract Year, the Contractor shall prepare a report presenting a summary of the past year's operation and maintenance activities at the Compost Facility based on the monthly reports and presenting planned activities for the next year. Capital repair and replacement and capital improvements shall be described. The report shall also document in sufficient detail any adjustments required in payments to or by the City. After submission of the report, the Contractor shall, at the City's request, meet with the City to review the report.

Staffing

The Contractor shall provide a staff of qualified and experienced employees in accordance with the plan for staffing and shall provide such additional third-party support as may be needed to perform its duties and obligations hereunder. Said third parties shall be equally qualified for the particular services to be performed and

shall not have any direct claim against the City whatsoever. The Contractor shall at all times maintain the necessary number of employees, staff and third-party contractors to operate, maintain and manage the Compost Facility or to provide emergency export services in accordance with the Operations and Maintenance Plan and the Contract, to adequately maintain the Compost Facility or vehicles and facilities used to provide emergency export services in good repair, to adequately operate the Compost Facility or conduct emergency export services to provide good service to the customers, and to protect the health, welfare and safety of the citizens of the local community and surrounding communities. The Contractor shall make a good faith effort to employ staff from the local and regional labor markets.

The Contractor shall provide: (i) qualified management, supervisory, technical, laboratory, and operating and maintenance personnel, licensed or certified as required, for operation and maintenance of the Compost Facility or for provision of emergency export services; (ii) a manager for day-to-day supervision; (iii) specialists, as may be necessary, including those for troubleshooting, emergency management, and similar circumstances; and (iv) office and clerical support staff as necessary.

The Contractor shall provide a technical support group that will provide on-call backup advice, expertise and quality control, management, maintenance and plant repair to assist the operational staff and ensure performance of obligations hereunder and to design and construct any improvements to the Compost Facility. The Contractor's technical support group shall also provide assistance in the investigation, development and implementation of modifications in the processes as may be appropriate or necessary for regulatory compliance, worker safety, or process improvement.

The Contractor shall provide and maintain an organizational chart that lists job classification and the number of staff proposed for the full-time operation. The Contractor shall notify the City of any proposed material revisions to the plan for staffing and/or to the personnel organization for the Compost Facility.

Licenses and Certifications

The Contractor shall acquire and hold, and cause its personnel to acquire and hold, all required Federal, State and local approvals, licenses, and certifications necessary to operate, maintain and manage the Compost Facility or to provide emergency export services.

Training

The Contractor shall provide, as appropriate, overall career development, on-site direction, and support to on-site personnel, in addition to providing an ongoing series of specialized training programs in the following areas:

- Laboratory

- Process control
- Operations and maintenance and repairs
- Safety
- Confined space entry, if applicable
- QA/QC
- Right-to-Know
- Emergency preparedness and response
- Personnel relations
- Community relations

The Contractor shall notify the City in advance of any training programs held by the Contractor and allow the City's participation in said programs. Class size shall be limited to that prescribed by the Contractor training policy. Training shall be an integral component of operation and maintenance services. Mandatory training shall be required for all personnel in general operation, and in area-specific and job-specific performance. Refresher courses shall be tailored for each area of responsibility. As new employees are introduced, experienced employees are given new assignments or new equipment/processes are introduced, a training program shall be implemented. Documentation of the training and evaluation of the results shall be completed.

Emergency Preparedness and Emergency Situations

The Contractor shall prepare an Emergency Preparedness Plan (EPP) in accordance with Federal and State regulations governing emergency action and fire prevention plans and in cooperation with Federal, State and local officials and public safety departments. Potential emergency situations shall be identified and specific actions to minimize the chance of an emergency shall be described. The Contractor shall develop written policies, preventative measures and response actions necessary to manage Extremely Hazardous Substances (EHS) and systems that may pose a threat to the safety of workers and the surrounding community environment. These written policies shall be developed and implemented as necessary to comply with Federal and State safety, health and environmental regulations governing EHS.

In addition, the EPP shall address actual response and notification requirements for each type of anticipated emergency. The notification, depending on the situation, shall include the local Fire, Police and Public Works Departments, the Office of Emergency Management, and the applicable State and Federal agencies. The EPP shall also identify specific response actions that shall be taken by the Contractor and specific local or other applicable agencies to ensure that either the waste services are not disrupted, or the disruption is minimized to the maximum extent possible.

The Contractor shall implement the EPP based on the following:

- *Operation and Maintenance Staff*. Operators shall be trained in the use of equipment and in the implementation of the EPP. Specific procedures, tailored to the Compost Facility or emergency services, as applicable, shall be developed with operator input and shall be used in the event of equipment failure and customer complaints regarding service. Designated Contractor employees shall have personal pagers and on-call duties will be rotated at the Contractor's discretion to ensure the availability of adequate response on a 24-hour-a-day basis.
- *Emergency Operations Plan*. A written emergency operations plan shall be developed and implemented for the Compost Facility or for emergency export services, as applicable, with the input of local community and State agencies and departments and safety service officials, as well as the City and applicable Federal agencies. Procedures shall be rehearsed with appropriate officials to ensure that response functions are properly executed in the event of an emergency. This plan shall meet the requirements for a contingency plan, and shall cover potential emergencies due to natural disasters, power failures, spills or releases of contaminants, etc.
- *Monitoring Equipment and Alarms*. The Contractor shall provide monitoring equipment and alarms for the Compost Facility. All key process functions shall be monitored, and when they exceed alarm setpoints, the early warning devices shall notify the on-call operator.

The Contractor shall immediately notify the City, appropriate Federal agencies, the State and the local community of any activity, problem, or circumstance that threatens the safety, health or welfare of the users of the Compost Facility or the residents of local community.

In the event of damage or destruction of the Compost Facility or any emergency which, in the reasonable judgment of the Contractor, is likely to resort in material loss or damage to the Compost Facility or constitute a material threat to human health or safety, the Contractor may suspend operation of the Compost Facility. Emergency repairs as are necessary to mitigate or reduce such loss, damage or threat to human health or public safety shall be done in consultation with the City, appropriate Federal agencies, the State and the local community. Notification of emergency/noncompliance events within the Compost Facility shall be in accordance with permit requirements and an emergency plan to be developed by the Contractor and submitted to and approved by the City, appropriate Federal agencies, the State, and the local community and any subsequent amendments or modifications thereto.

The Contractor shall respond to emergencies and unusual circumstances in accordance with applicable regulations and requirements and with such personnel and equipment as necessary to maintain or restore the operations of the Compost

Facility in a timely manner with the least possible disruption or inconvenience to the users of the Compost Facility.

OSHA Compliance

The Contractor shall prepare and implement a technical and safety training plan and program for the Compost Facility in accordance with OSHA requirements, Good Industry Practice and the Contractor standard practices, whichever are most stringent. The Contractor shall assign the administration of the technical and safety training plan and program to its appropriate staff.

Safety meetings shall be held regularly. Said meetings shall be used to provide safety training and to review site-specific job and general safety requirements.

Inspections by the Contractor's personnel responsible for health and safety shall be used as a tool in determining how the health and safety program is progressing in conformance with the established plan. Should an accident occur, a written accident investigation procedure shall be followed to document the accident and prevent reoccurrences.

Noise Control

The Contractor shall be responsible for meeting the requirements of Applicable Law and minimizing noise impacts on surrounding land use for the Compost Facility. Particular emphasis should be placed on minimizing noise impacts after normal business hours and during weekends and holidays.

Odor Control

The Contractor shall be responsible for: 1) managing odors from the Compost Facility such that no objectionable odor can be detected beyond the Site boundaries; and 2) investigating and satisfying odor complaints and correcting any odor problems should they occur. For emergency export services, the Contractor shall be responsible for managing odors from its vehicles, any transfer facilities and its processing facilities. Activities shall include, but are not limited to the following, which shall also apply to emergency export services as applicable for its vehicles picking up and transporting Acceptable Feedstocks as well as any transfer facilities and its processing facilities:

Good Housekeeping
The Contractor shall implement a regimented housekeeping schedule and work plan for the Compost Facility to maintain clean facilities.

Proper Feedstock and Product Management
The Contractor shall provide proper feedstock and product management within the Compost Facility.

Efficient Process Control
The Contractor shall maintain a proactive approach to odor control through diligent process control of the unit operations of the Compost Facility. Typical of these are:

- Ongoing evaluation of the Compost Facility odor control systems to insure adequate control of the controllable parameters; and
- Optimization of feedstock processing to reduce the on-site feedstock inventory.

Enhanced Odor Awareness, Evaluation and Reduction
The Contractor shall provide ongoing audits of the odor conditions of the Compost Facility components. As part of its services, the Contractor shall perform annual odor control evaluations of the Compost Facility and the surrounding areas and shall submit a report on same to the City.

The Contractor shall be responsible for all steps consistent with industry standards and Good Industry Practice for reducing all odors so that off-site odors are minimized and complaints are satisfied.

Community Relations

The Contractor shall be sensitive to the impact that "poor housekeeping", undesirable odors, noise, excessive light or other such operational and environmental factors can have on community relations. In the event of a complaint(s), the Contractor shall respond rapidly to resolve any reported problems. The Contractor's actions shall be taken in a professional manner that maintains positive community relations for the Compost Facility within the community.

As a minimum, the Contractor shall:

- Report to the City any complaints related to the Compost Facility or emergency export services.
- Provide a 24-hour telephone hotline for those who wish to comment on issues of immediate concern.
- Provide an e-mail address for those who wish to comment on issues of concern.

Public Information Program

The Contractor shall be responsible for assisting the City with their public information programs by providing information to support those programs. The Contractor shall describe its proposed efforts, which may include activities such as:

- Creation of a Web Page informing the public of the status of the Compost Facility and various public education materials and programs available associated with the Compost Facility .
- Issuance of newsletters and/or press releases to inform the public of the Contractor's activities related to the Compost Facility .
- Presentations to local civic, environmental and other groups or at public events, which will include presentation of available videos.
- Providing a repository of publications pertaining to waste policies and waste reduction and recycling and composting programs, information about purchasing products made from recyclable products and compost use and directories of companies that provide these types of goods, recycling and composting guidance documents and technologies that will be available to interested parties at the CompostFacility or another location agreed to by the City. Such a repository shall be inclusive of information or guides generated and provided by the City.
- Hosting of Compost Facility open houses.
- Hosting of tours of the Compost Facility for interested members of the public.
- Participation in public hearings, public meetings, and meetings of elected officials and interested groups.
- Participation in City, State and local community public events.

Laboratory Management

The Contractor shall perform all required sampling, testing and laboratory analyses for the Compost Facility or for emergency export services and prepare and file the required reports.

The Contractor shall maintain a laboratory quality assurance and quality control program that ensures all regulatory data is legally defensible. The Contractor shall set up, audit and monitor all laboratory operations to ensure compliance with EPA standard test methods and any State and local requirements.

APPENDIX G

PRELIMINARY CEQA CHECKLIST

(NOTE TO PROPOSERS: THIS DOCUMENT WAS PREPARED FOR AN ANAEROBIC DIGESTION FACILITY OR EXPORT OF FOOD SCRAPS, YARD TRIMMINGS AND BIOSOLIDS. ASPECTS OF THE CHECKLIST MAY NOT BE APPLICABLE FOR THE PROPOSED COMPOST FACILITY.)

APPENDIX G

PRELIMINARY CEQA CHECKLIST

Preliminary Checklist

Palo Alto Energy/Compost Facility/Export

Prepared by:

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January 4, 2013

Preliminary Checklist

Palo Alto Energy/Compost Facility/Export

Prepared for:

City of Palo Alto
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January 4, 2013

TABLE OF CONTENTS

Section **Page**

PREFACE/PURPOSE II

1 PROJECT DESCRIPTION 1-1
1.1 Introduction 1-1
1.2 CEQA Considerations 1-1
1.3 Project Description 1-2

2 ENVIRONMENTAL CHECKLIST 2-1
2.1 Aesthetics 2-3
2.2 Agricultural Resources 2-6
2.3 Air Quality 2-8
2.4 Biological Resources 2-15
2.5 Cultural Resources 2-18
2.6 Geology and Soils 2-21
2.7 Greenhouse Gas Emissions 2-28
2.8 Hazards and Hazardous Materials 2-28
2.9 Hydrology and Water Quality 2-36
2.10 Land Use and Planning 2-42
2.11 Mineral Resources 2-45
2.12 Noise 2-46
2.13 Population and Housing 2-50
2.14 Public Services 2-52
2.15 Recreation 2-54
2.16 Transportation/Traffic 2-56
2.17 Utilities and Service Systems 2-59
2.18 Mandatory Findings of Significance 2-62

3 REFERENCES 3-1

PREFACE/PURPOSE

This document is a preliminary checklist that has been prepared to address the potential impacts associated with a proposed Palo Alto Energy/Compost Facility/Export (proposed project). The main purpose of this checklist is to provide proposers with environmentally relevant information about the site conditions of this project so that proposers can incorporate the mitigation measure assumptions into their proposals.

Notwithstanding the potential to mitigate the potential significant environmental impacts, the City of Palo Alto has determined that an Environmental Impact Report will be prepared to allow full public review of potential environmental impacts and mitigation measures.

1 PROJECT DESCRIPTION

1.1 INTRODUCTION

This document is a preliminary checklist for the proposed Palo Alto Energy-Compost Facility/Export (proposed project). This checklist has been prepared in accordance with the California Environmental Quality Act (CEQA), Public Resources Code Section 21000 et seq. and the State CEQA Guidelines, California Code of Regulations Section 15000 et seq. The lead agency for the proposed project, whether it may have a significant effect on the environment or not, will complete an Environmental Impact Report (EIR). This document is intended to provide project proposers with a preliminary understanding of the potential mitigation measures needed to prepare a comprehensive proposal in response to the Energy/Compost Facility or Export Option Request for Proposal (RFP).

The CEQA lead agency is the public agency with primary responsibility over the proposed project. In accordance with CEQA Guidelines Section 15051, the CEQA lead agency for the proposed project is the City of Palo Alto.

1.2 CEQA CONSIDERATIONS

This checklist is tiered from the Programmatic EIR prepared for Statewide Anaerobic Digester Facilities for the Treatment of Municipal Organic Solid Waste (ESA June 2011), consistent with State CEQA Guidelines Section 15152. "Tiering" refers to using the analysis of general matters contained in a broader EIR when preparing a later EIR or negative declaration on a narrower project; incorporating by reference the general discussions from the broader EIR; and concentrating the later EIR or negative declaration solely on the issues specific to the later project (Section 15152(a)). Agencies are encouraged to tier the environmental analysis which they prepare for separate but related projects including general plans, zoning changes, and development projects. This approach can eliminate repetitive discussions of the same issues and focus the later negative declaration on the actual issues ripe for decision at each level of environmental review. Tiering is appropriate when the sequence of analysis is from an EIR prepared for a plan, policy or program to a site-specific EIR or negative declaration (Section 15152(b)).

Section 15152(d) states that where an EIR has been prepared and certified for a program, plan, policy, or ordinance consistent with the requirements of Section 15152, any lead agency for a later project pursuant to or consistent with the program, plan, policy, or ordinance should limit the EIR or negative declaration on the later project to effects which:

1) Were not examined as significant effects on the environment in the prior EIR; or

2) Are susceptible to substantial reduction or avoidance by the choice of specific revisions in the project, by the imposition of conditions, or other means.

Although all resource issues have been re-evaluated in preparing this checklist, the analysis is focused on those issues that are unique to the project site that may require mitigation measures beyond those identified in the Programmatic EIR. This is consistent with State CEQA Guidelines Section 15152.

STATEWIDE ANAEROBIC DIGESTER FACILITIES PROGRAMMATIC EIR

The *Statewide Anaerobic Digester Facilities for the Treatment of Municipal Organic Solid Waste Final Program Environmental Impact Report* (SCH# 2010042100) (Statewide AD Facilities EIR) provides a programmatic analysis of potential environmental effects that may result from the adoption of an Anaerobic Digestion (AD) Initiative and subsequent development of AD facilities in the State of California, in accordance with the California Environmental Quality Act (CEQA).

CalRecycle adopted an Anaerobic Digestion Initiative (the AD Initiative) on Jun 22, 2011, which includes a set of comprehensive program elements to foster the development of AD facilities that convert organic solid wastes into sources of energy and can produce valuable compost feedstocks, soil amendments, and other products. Implementation of the AD Initiative will assist in meeting the following objectives:

- Support CalRecycle Strategic Directive 6.1: to reduce the amount of organics in the waste stream by 50 percent by 2020.

- Support Assembly Bill 32 (AB 32), the California Global Warming Solutions Act of 2006, greenhouse gas reduction measures related to the use of anaerobic digestion.

- Assist local governments and state agencies (both lead and responsible agencies) by providing program-level analyses that will identify potential environmental effects of AD facilities and discuss mitigation measures or best management practices that can reduce or eliminate the environmental effects.

The Statewide AD Facilities EIR evaluates and describes, on a statewide, program-level basis, the potential environmental impacts associated with the construction and operation of AD facilities, identifies those impacts that could be significant, and presents mitigation measures, which could avoid or minimize these impacts. No significant and unavoidable impacts were identified in the Statewide AD Facilities EIR.

The existing setting discussion and summary of project impacts and mitigation measures included in the Statewide AD Facilities EIR are hereby incorporated by reference into this checklist, consistent with State CEQA Guidelines Section 15150. The impact conclusions of the Statewide AD Facilities EIR are discussed throughout the resource sections of this checklist.

The Statewide Anaerobic Digester Facilities for the Treatment of Municipal Organic Solid Waste Final Program EIR is available for review at the following web link:

http://www.calrecycle.ca.gov/SWFacilities/Compostables/AnaerobicDig/PropFnlPEIR.pdf

1.3 PROJECT DESCRIPTION

The City of Palo Alto is exploring several options for managing the City's source separated organic waste (including food scraps and yard trimmings) and biosolids due to the closure of the Palo Alto Landfill and the future discontinuation of use of the existing biosolids incinerator. The City estimates that between 12,100 and 15,500 tons per year (tpy) of food scraps and between 13,500 and 14,300 tpy of yard trimmings (not including yard trimmings delivered by self haul vehicles, which would increase these estimates) will be generated in the City at the time a contract could be started with a private operator. In addition, the City estimates that between 22,602 tpy and 32,288 tpy of biosolids (at 26% solids) are projected to be generated at the RWQCP in 2015, which is projected to increase to between 29,382 tpy and 41,975 tpy by 2050. The City also estimates that between 158 tpy and 226 tpy of fats, oils and grease (FOG) and scum will be generated in 2015 and mixed with the biosolids, which amount is projected to remain level over time.

Through March 2012, the City composted yard trimmings at a traditional, open windrow compost facility on approximately 7.5 acres at the landfill, which ceased receiving municipal solid waste in July 2011. The closed landfill is dedicated as Byxbee Park within the City's Comprehensive Plan and the application of the final landfill cap and its conversion to park uses resulted in composting operations ceasing at the landfill. Currently, yard trimmings collected in the City are delivered to the Sunnyvale SMaRT Station.

Residential food scraps are currently mixed with and collected as part of the City's municipal solid waste, taken to the Sunnyvale SMaRT Station, and transported to and disposed at the Kirby Canyon Landfill in South San Jose. In the future, the City plans to initiate curbside collection of source separated residential food scraps (either mixed

with yard trimmings or separately from yard trimmings). Commercial food scraps are currently collected separately, transported to and composted in Gilroy. Biosolids are currently incinerated at the City's RWQCP and the ash is transported to a disposal facility.

The City completed a feasibility study on February 20, 2012 that evaluated several options for managing the City's source separated organic waste and biosolids. The focus of the feasibility study was on developing a dry anaerobic digestion (AD) facility at the City's landfill to convert source separated organic waste and potentially biosolids to renewable energy (electricity or fuels) and produce a useable compost. However, the feasibility study also evaluated a broad range of alternatives for managing source separated materials and biosolids within the City including the use of wet AD facilities, the ongoing use of incineration for biosolids, or the use of a combination of technologies and handling approaches for the different waste types. In addition, the August 2012 Long Range Facilities Plan prepared by the City included as an option gasification technologies for biosolids management. Gasification technologies include the use of a thermal process with limited oxygen that changes the composition of the organic portion of the feedstock to produce a synthesis gas that is typically converted to electricity, heat and/or fuel. Gasification includes pyrolysis, high and low temperature gasification and plasma gasification. Because the use of oxygen is restricted in the process, it does not include the incineration or combustion of the feedstock.

The feasibility study also evaluated exporting the source separated organic waste out of the City with the food scraps going to either a proposed AD facility in San Jose or the existing ZBEST compost facility in Gilroy, and the yard trimmings going to the ZBEST facility. The source separated organic waste is assumed to be transported directly from its point of collection to the selected export facility without the use of an intermediate transfer or storage facility within the City. The City has also considered exporting biosolids to a processing location outside of the City, which would require the construction of a biosolids handling, storage and truck loading facility at the RWQCP. Although specific export locations were identified in the feasibility study, future export would not be limited to these locations or the specific waste management processes at these locations. Because any facilities outside of the City are assumed to be permitted to accept and process the wastes they would receive, the site-specific environmental impacts at these export facilities are not evaluated in this checklist.

Palo Alto citizens passed the Palo Alto Green Energy and Compost Initiative (Measure E) in November 2011 that removed approximately 10 acres of land adjacent to the RWQCP from dedicated parkland for the exclusive purpose of considering building a facility for converting yard trimmings, food scraps, other municipal organics and/or sewage sludge from the regional wastewater treatment plant by biological and/or other environmentally equally protective technology. Approximately 8 acres of this 10-acre area are located on the uncapped portion of the Palo Alto Landfill. Measure E requires the operation to include all feasible methods for mitigating any significant environmental impacts identified during environmental review, including visual, sound and odor. Measure E provides for the 10-acre parcel to remain undedicated as parkland for a minimum of 10 years for purposes of considering use of the parcel for an E/C Facility.

SITE LOCATION

The proposed location for the E/C Facility is at the RWQCP and/or within the 10-acre Measure E parcel located directly southeast of the RWQCP at the existing Palo Alto Landfill. The Palo Alto Landfill is located in the northeastern portion of the City on the San Francisco Bay within the Baylands Master Plan area. The proposed landfill site is located on land that the City dedicated for park use as part of Byxbee Park. Access is proposed to be provided from Embarcadero Way, which intersects with Embarcadero Road approximately 1,700 feet to the northwest.

The RWQCP is surrounded by the Palo Alto Landfill to the southeast, Embarcadero Way to the southwest, and Embarcadero Road to the northwest, north and northeast. The RWQCP site has 0.52 acre available for E/C Facility uses before demolition of the incinerator and associated equipment. Following demolition, approximately 1 acre would be available at the RWQCP. The RWQCP provides treatment and disposal of wastewater services to

the cities of Palo Alto, Mountain View and Los Altos, the Town of Los Alto Hills, the East Palo Alto Sanitation District, and Stanford University, known collectively as the RWQCP Partners (RMC March 2009).

2 ENVIRONMENTAL CHECKLIST

PROJECT INFORMATION		
1.	Project Title:	Palo Alto Energy/Compost Facility/Export
2.	Lead Agency Name and Address:	City of Palo Alto Public Works Department 250 Hamilton Avenue Palo Alto, CA 94301
3.	Contact Person and Phone Number:	Matthew Krupp, 650-496-5958
4.	Project Location:	The project includes two potential project sites including one at the Palo Alto Landfill and one at the Palo Alto Regional Water Quality Control Plant. Both sites are located in the northeastern portion of the City of Palo Alto, California.
5.	Project Sponsor's Name and Address:	City of Palo Alto Department of Public Works 250 Hamilton Avenue Palo Alto, CA 94301
6.	General Plan Designation:	"Public Park" for the Palo Alto Landfill Site and "Major Institution/Special Features" for the Regional Water Quality Control Plant Site
7.	Zoning:	PF(D), Public Facilities District/Site and Design Review Combining District

8. Description of Project: The City of Palo Alto is exploring several options for managing the City's source separated organic waste (including food scraps and yard trimmings) and biosolids due to the closure of the Palo Alto Landfill and discontinuation of use of the existing biosolids incinerator. The City completed a feasibility study on February 20, 2012 that evaluated several options for managing the City's source separated organic waste and biosolids. The focus of the feasibility study was on developing a dry anaerobic digestion (AD) facility at the City's landfill to convert source separated organic waste and potentially biosolids to renewable energy (electricity or fuels) and useable compost. However, the feasibility study also included a broad range of alternatives for managing source separated materials and biosolids within the City including the use of wet AD facilities, the ongoing use of incineration for biosolids, or the use of a combination of technologies and handling approaches for the different waste types. Gasification technologies were reviewed as an option for biosolids management as part of the recently published (August 2012) Long Range Facilities Plan for the Regional Water Quality Control Plant. Gasification technologies include the use of a thermal process with limited oxygen that changes the composition of the organic portion of the feedstock to produce a synthesis gas that is typically converted to electricity, heat and/or fuel. Gasification includes pyrolysis, high and low temperature gasification and plasma gasification. Because the use of oxygen is restricted in the process, it does not include the incineration or combustion of the feedstock. The feasibility study also evaluated exporting the source separated organic waste out of the City with the food scraps going to either a proposed AD facility in San Jose or the existing ZBEST compost facility in Gilroy, and the yard trimmings going to the ZBEST facility. The source separated organic waste is assumed to be transported directly from its point of collection to the selected export facility without the use of an intermediate transfer or storage facility within the City. The City has also considered exporting biosolids to a processing location outside of the City, which would require the construction of a biosolids handling, storage and truck loading facility at the RWQCP. Although specific export locations were identified in the feasibility study, future export would not be limited to these locations or the specific waste management processes at these locations. Because any facilities outside of the City are assumed to be permitted to accept and process the wastes they would receive, the site-specific environmental impacts at these export facilities are not evaluated in this checklist.

9. Surrounding Land Uses and Setting: The proposed alternatives include facilities within the boundaries of the Palo Alto Landfill and/or the RWQCP. Both the landfill and the RWQCP are located within the Palo Alto

Baylands Nature Preserve and the closed landfill is designated as Byxbee Park. The landfill is surrounded by the RWQCP to the northwest and Baylands Nature Preserve/Byxbee Park to the northeast, east, south and southwest. The RWQCP is surrounded by the Palo Alto Airport to the north, the Baylands Nature Preserve/Byxbee Park to the northeast, the closed landfill and Baylands Nature Preserve/Byxbee Park to the southeast, and commercial offices/light industrial uses to the southwest.

10: Other public agencies whose approvals are required: Santa Clara County Department of Environmental Health (Local Enforcement Agency), the San Francisco Bay Regional Water Quality Control Board (RWQCB), the California Department of Resources Recycling and Recovery (CalRecycle), the San Francisco Bay Area Air Quality Management District (BAAQMD), and potentially, the San Francisco Bay Conservation and Development Commission (DCDC) and the State Lands Commission.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

☐ Aesthetics	☐ Agriculture Resources	☐ Air Quality
☐ Biological Resources	☐ Cultural Resources	☐ Geology / Soils
☐ Hazards & Hazardous Materials	☐ Hydrology / Water Quality	☐ Land Use / Planning
☐ Mineral Resources	☐ Noise	☐ Population / Housing
☐ Public Services	☐ Recreation	☐ Transportation / Traffic
☐ Utilities / Service Systems	☐ Mandatory Findings of Significance	☒ None With Mitigation

2.1 AESTHETICS

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
I.	**Aesthetics. Would the project:**				
	a) Have a substantial adverse effect on a scenic vista?	☐	☒	☐	☐
	b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	☐	☐	☐	☒
	c) Substantially degrade the existing visual character or quality of the site and its surroundings?	☐	☒	☐	☐
	d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	☐	☒	☐	☐

ENVIRONMENTAL SETTING

The landfill site is part of Byxbee Park and the Palo Alto Baylands Nature Preserve, therefore, it is located within a sensitive recreational viewshed. The RWQCP is located at the existing RWQCP and is visible from areas within Byxbee Park. The visual character of both of these sites is strongly influenced by their existing land uses, the landfill site containing the landfill mound and the treatment plant containing the plant infrastructure.

DISCUSSION

a) Have a substantial adverse effect on a scenic vista?

Less Than Significant with Mitigation Incorporated. Impacts to scenic vistas and resources could occur from construction, pre-processing equipment (grinding, screening, sorting, etc.), buildings and/or structures (digester, administrative facilities), or biogas equipment (gas boosters, fuel cells, flares, IC engines, etc). These activities and facilities could interfere with existing views of scenic vistas or resources within the Palo Alto Baylands Nature Preserve and Byxbee Park and thus, this impact is potentially significant.

The export of biosolids outside of the City would also require the construction of facilities at the RWQCP for storage, handling and loading of biosolids into trucks. Depending upon the size and scale of these facilities, the change in existing views of scenic vistas or resources within the Palo Alto Baylands Nature Preserve and Byxbee Park would be potentially significant.

The potential for AD facilities to degrade scenic vistas was identified as a significant impact in the Statewide AD Facilities EIR. These same impacts on scenic vistas would be anticipated with the implementation of other waste conversion and waste export facilities at the proposed alternative sites. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure the impacts of the proposed alternatives on scenic vistas remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 1

Landscaping and/or vegetated berms should be used to minimize views of facilities from sensitive views.

b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?

No Impact. No State-designated scenic highways are located within the project area. Therefore, the proposed alternatives would not damage scenic resources within a State scenic highway.

c) Substantially degrade the existing visual character or quality of the site and its surroundings?

Less Than Significant With Mitigation Incorporated. The visual character of an E/C Facility would be similar to many large-scale permitted solid waste facilities. The digestion process would occur within a tank (wet processes) or other enclosed facility (dry processes). A gasification facility would be visually similar to energy-generating industrial plants and the biosolids export facilities would include material storage areas and handling/loading areas. The RWQCP currently includes a biosolids incineration facility, which is integrated into the existing wastewater treatment operations. An E/C Facility or biosolids export facilities could potentially affect sensitive viewsheds such as users of the Palo Alto Baylands Nature Preserve and Byxbee Park. Potential concerns include the following:

- Litter - Any facility receiving solid waste needs to be concerned with the potential for blowing litter.
- Piling - Handling and storage of feedstock and digester byproducts can create visibly deteriorated site conditions if any portion of it occurs outdoors.
- Buildings – The buildings associated with an E/C Facility or biosolids export facilities have the potential to degrade visual quality based on the height and design of the buildings.
- Cylindrical Tanks (Wet processes) – The tanks that enclose wet digester processes can be large in order to hold substantial processed feedstock. These tanks have the potential to degrade the visual character of the area. Tank sizes can range from 20 feet to 75 feet in height. Tank size is dependent on a number of factors including planned capacity, specific technology, number of tanks and diameter.
- Flare - Outdoor processing of biogas could also affect surrounding views. Post-processing facilities would require an outdoor gas booster pump and flare to combust raw biogas; facilities conditioning biogas would still require flare facilities in the event of equipment failure.

The potential for an E/C Facility or biosolids export facilities to degrade the existing visual character/quality of the project sites and surroundings would depend, to a large degree, on the type of facility ultimately selected, the specific design of the facility, and the proposed site grading and landscaping. Additional analysis will be necessary in the EIR for the proposed alternatives to determine their specific visual impacts and their level of significance.

d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?

Less Than Significant With Mitigation Incorporated. The operation of an E/C Facility or biosolids export facilities may require the use of portable or permanent outdoor lighting during low light conditions or nighttime for safe operations. This may be a source of concern in light sensitive areas (such as adjacent to the Palo Alto Baylands Nature Preserve). Additionally, flares from biogas processing may be visible, particularly at night.

The potential for E/C facilities to create a new source of light or glare was identified as a significant impact in the Statewide AD Facilities EIR. These same light and glare impacts would be anticipated with the implementation of other waste conversion and/or biosolids export facilities at the project sites. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure the light and glare impacts of the proposed alternatives remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 2

Any lighting (portable or permanent) should be hooded and directed onto the project site. This would reduce effects to nighttime skies from uplighting, reduce glare, and prevent light from spilling onto adjoining properties and roads.

Flares may be enclosed to reduce the visibility of flames during operation.

2.2 AGRICULTURAL RESOURCES

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
II.	**Agricultural Resources.**				
	In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997, as updated) prepared by the California Department of Conservation as an optional model to use in assessing impacts on agriculture and farmland.				
	Would the project:				
	a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	☐	☐	☐	☒
	b) Conflict with existing zoning for agricultural use or a Williamson Act contract?	☐	☐	☐	☒
	c) Involve other changes in the existing environment, which, due to their location or nature, could result in conversion of Farmland to non-agricultural use?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Prime Farmland

Farmlands are mapped by the State of California Department of Conservation under the Farmland Mapping and Monitoring Program (FMMP). Farmlands are delineated into the following eight categories: Prime Farmland; Farmland of Statewide Importance; Unique Farmland; Farmland of Local Importance; Grazing Land; Urban or Built-Up Land; other Land; and Water. The definitions used in the program are based on the land's suitability for agricultural production, which includes both physical and chemical characteristics of soils and actual land use. No prime farmland is mapped on either the landfill site or the RWQCP site.

Williamson Act Lands

The California Land Conservation (Williamson) Act of 1965 is the State's principal policy for the preservation of a maximum amount of the limited supply of agricultural land in the state (Government Code Section 51220). The voluntary program is administered through local governments, which are responsible for contracting with landowners. The purposes of the Williamson Act are preservation of agricultural and open space, and fostering efficient urban growth patterns. Williamson contracts last for 10 years and are self renewing. Neither the landfill site nor the RWQCP site are under a Williamson Act contract.

DISCUSSION

a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?

No Impact. Neither the landfill nor the RWQCP site contain farmland. Therefore, implementation of the proposed alternatives would not convert any farmland to non-agricultural uses and no adverse impacts on prime farmland would occur.

b) Conflict with existing zoning for agricultural use or a Williamson Act contract?

No impact. Neither the landfill nor the RWQCP site are zoned for agricultural use or contain a Williamson Act contract. Therefore, implementation of the proposed alternatives would not result in any conflicts with existing agricultural zoning or Williamson Act contracts.

c) Involve other changes in the existing environment, which, due to their location or nature, could result in conversion of Farmland to non-agricultural use?

No Impact. The proposed alternatives would not include any changes to the existing environment that would result in the conversation of farmland to non-agricultural use. As such, the proposed alternatives would not individually or cumulatively contribute to the loss of farmland in the project area.

2.3 AIR QUALITY

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
III.	**Air Quality.**				
	Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied on to make the following determinations.				
	Would the project:				
	a) Conflict with or obstruct implementation of the applicable air quality plan?	☐	☐	☐	☒
	b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?	☐	☒	☐	☐
	c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?	☐	☐	☒	☐
	d) Expose sensitive receptors to substantial pollutant concentrations?	☐	☒	☐	☐
	e) Create objectionable odors affecting a substantial number of people?	☐	☒	☐	☐

ENVIRONMENTAL SETTING

The project sites are located in the San Francisco Bay Air Basin, within the jurisdiction of the Bay Area Air Quality Management District (BAAQMD). The BAAQMD adopts air quality rules and issues permits consistent with city, county and state regulations.

Criteria Pollutants

Concentrations of the following air pollutants: ozone, carbon monoxide (CO), nitrogen dioxide (NO_2), sulfur dioxide (SO_2), respirable and fine particulate matter (PM_{10} and $PM_{2.5}$), and lead are used as indicators of ambient air quality conditions. Because these are the most prevalent air pollutants known to be deleterious to human health and extensive health-effects criteria documents are available, they are commonly referred to as “criteria air pollutants.”

The ambient concentrations of air pollutant emissions are determined by the amount of emissions released by pollutant sources and the atmosphere’s ability to transport and dilute such emissions. Natural factors which affect transport and dilution include terrain, wind, atmospheric stability, and the presence of sunlight. Therefore, existing air quality conditions in the area are determined by such natural factors as topography, meteorology, and climate, in addition to the amount of emissions released by existing air pollutant sources.

Both the U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (ARB) designate areas of the state as attainment, nonattainment, or unclassified for various pollutant standards. An "attainment" designation for an area signifies that pollutant concentrations did not violate the standard for that pollutant in that area. A "nonattainment" designation signifies that a pollutant concentration violated the standard, excluding those occasions when a violation was caused by an exceptional event, as identified in the criteria. An "unclassified" designation signifies that data do not support either an attainment or nonattainment status. In addition, each agency has several levels of classification used to further describe the severity of nonattainment conditions. For instance, the ARB classifies nonattainment areas into moderate, serious, or severe air pollution categories, with increasingly strict control requirements mandated for each.

The project sites are located in the San Francisco Bay Air Basin. For ozone (O_3), the San Francisco Bay Air Basin is currently classified as a "non-attainment" by both state federal standards. For particulate matter less than 10 micrometers in diameter (PM_{10}), the San Francisco Bay Air Basin is currently designated as a "non-attainment" area by state standards. For particulate matter less than 2.5 micrometers in diameter ($PM_{2.5}$), the San Francisco Bay Air Basin is currently designated as a "non-attainment" area by state and federal (24 hour) standards. State and federal standards designate all other criteria pollutants as "attainment" or "unclassified"

Toxic Air Contaminants

In addition to the criteria air pollutants, toxic air contaminants (TACs) are airborne substances that are capable of causing short-term (acute) and/or long-term (chronic) and carcinogenic (cancer-causing) adverse health effects to humans. TACs include both organic and inorganic chemical substances. AD facilities are sources of TACs, particularly from biogas emissions and diesel exhaust. Gasification facilities are also sources of TACs. TACs are regulated separately from the criteria air pollutants at both the federal and state levels; however, the impacts of TAC emissions must be considered when evaluating project impacts due to their potential to affect human health.

DISCUSSION

a) Conflict with or obstruct implementation of the applicable air quality plan?

No Impact. Stationary source activities that have the potential to affect air quality are regulated and permitted by the BAAQMD, pursuant to the adopted Bay Area 2010 Clean Air Plan (CAP). According to BAAQMD Guidelines, consistency with the CAP means that direct and indirect emissions associated with the project are accounted for in the CAP's emission growth assumptions and the project is consistent with policies adopted in the CAP. Since the proposed alternatives would not generate growth, they would not be subject to the CAP's emission growth assumptions. Additionally, the anticipated vehicular trip generation associated with the proposed alternatives would be expected to fall below that which would generate an impact under the CAP. As a result, the proposed alternatives are consistent with the Bay Area 2010 CAP and no impacts would result.

b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?

Construction Emissions

Less Than Significant With Mitigation Incorporated. Construction related emissions for an E/C Facility or export facilities would arise from a variety of activities, including: (1) grading, excavation, road building, and other earth moving activities; (2) travel by construction equipment and employee vehicles, especially on unpaved surfaces; (3) exhaust from construction equipment; (4) architectural coatings; and (5) asphalt paving.

Construction-related fugitive dust emissions would vary from day to day, depending on the level and type of activity, silt and clay content of the soil, and the weather. In the absence of mitigation, construction activities may result in significant quantities of dust, and as a result, local visibility and PM_{10} concentrations may be adversely

affected on a temporary and intermittent basis during construction. In addition, the fugitive dust generated by construction would include not only PM10, but also larger particles, which would fall out of the atmosphere within several hundred feet of the site and could result in nuisance-type impacts.

Construction equipment and construction-worker commute vehicles would also generate criteria air pollutant emissions. Criteria pollutant emissions of ROG and NO_x from these emissions sources would incrementally add to regional atmospheric loading of ozone precursors during the construction period (ESA June 2011).

Operational Emissions

Emissions associated with operations would depend on the technology selected with variations depending upon the size and type of AD facility (e.g., one-stage or two-stage continuous systems, batch systems, wet or dry processes), gasification facility (e.g., pyrolysis, high and low temperature gasification, plasma gasification), or biosolids export facilities at the RWQCP and any equipment needed for pre-processing. Emissions would also be generated by the increased traffic on the local and regional roadway network (including additional waste haul trucks and employees), and the post processing of the biogas (e.g., flaring of excess biogas, combusting for electricity, or cleaning up biogas for use as a transportation fuel). For the export of biosolids, the transport truck emissions are anticipated to generate the primary air quality impacts within the City.

Operational sources of fugitive dust would primarily be processing equipment and truck movement over paved and unpaved surfaces. In addition, non-methane VOCs released from pre-digested food scraps and yard trimmings during the receipt and pre-processing activities at the facility would not be a regional change but could result in increased localized emissions. Although there would be emissions associated with these sources at the facility, its operations would divert organics out of landfills. By doing so, there would be less activity at the disposal landfill, such as potentially fewer pieces of off-road equipment and a potential decrease in the vehicle miles traveled (VMT) for haul trucks. The E/C Facility could also generate biogas to replace fossil fuels for electricity production or for vehicle transportation (ESA June 2011).

The generation of criteria air pollutant emissions associated with the construction and operation of AD facilities was identified as a significant impact in the Statewide AD Facilities EIR. The generation of criteria air pollutant emissions associated with gasification facilities and export facilities would also be considered significant. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure criteria air pollutant emission impacts remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 3

> An Air Quality Technical Report shall be prepared as part of the EIR review process for the proposed alternatives. The technical report shall include an analysis of potential air quality impacts (including a screening level analysis to determine if construction and operation related criteria air pollutant emissions would exceed BAAQMD thresholds, as well as greenhouse gas (GHG) emissions and any health risk associated with toxic air contaminants (TACs) from all AD or gasification facility sources) and reduction measures. Preparation of the technical report should be coordinated with the BAAQMD and shall identify compliance with all applicable New Source Review and Best Available Control Technology (BACT) requirements. The technical report shall identify all emissions from permitted (stationary) and non-permitted (mobile and area) sources and mitigation measures (as appropriate) designed to reduce significant emissions to below the applicable BAAQMD thresholds of significance.
>
> The construction contractor and facility operator shall be required to implement the following Best Management Practices (BMPs) as applicable during construction and operations:

- Facilities shall be required to comply with the rules and regulations from the BAAQMD.

- Facilities shall require substrate unloading and pre-processing activities to occur indoors within enclosed, negative pressure buildings. Collected foul air (including volatile organic compounds (VOCs) off-gassed from undigested substrates) should be treated via biofilter or air scrubbing system.

- Use equipment meeting, at a minimum, Tier II emission standards, as established by the U.S. Environmental Protection Agency.

- Minimize idling time either by shutting equipment off when not in use or reducing the time of idling to 5 minutes (as required by the state airborne toxics control measure [Title 13, §2485 of the California Code of Regulations]). Provide clear signage that posts this requirement for workers at the entrances to the site.

- Maintain all equipment in proper working condition according to manufacturer's specifications.

- Use electric equipment when possible.

- Where feasible as an alternative to internal combustion engines, which generate nitrogen oxide (NO_x) emissions, use biogas from AD or gasification facilities as a transportation fuel (compressed biomethane) or in fuel cells to generate clean electricity. If there are other low NO_x alternative technologies available at the time of AD or gasification facility development, these should be considered as well during the facility design process.

c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?

Less-Than-Significant Impact. As discussed in response to question b) above, emissions generated by the proposed alternatives would be considered less than significant following implementation of the identified mitigation measures. Thus, emissions generated by the proposed alternatives would not result in a cumulatively considerable net increase of a criteria pollutant for which the project region is in non-attainment under an applicable federal or state ambient air quality standard.

d) Expose sensitive receptors to substantial pollutant concentrations?

Less Than Significant With Mitigation Incorporated. For construction impacts, emissions of toxics can occur from site preparation and construction activities that are required for the AD, gasification and biosolids export facilities. The impacts from operation of a typical AD, gasification or export facility can be determined by comparing the facility's pre and post-project emissions. For operations, air toxics emissions could include diesel particulate matter (DPM) from trucks that deliver substrate to the facility, or from trace amounts of air toxics (primarily hydrogen sulfide [H_2S] and ammonia) that may be released as fugitives from the anaerobic digester or from the potential combustion or flaring of the biogas. Additional air toxics that could be generated by the combustion of biogas (either in an engine or flare) include benzene, formaldehyde, and other products of incomplete combustion. Combustion of biogas containing H_2S generates sulfur dioxide, which can react with water to produce sulfuric acid. AD facilities typically include control technologies that convert the H_2S to sulfur, which is then removed from the gas stream in order to avoid corrosion of engine parts in the combustion chamber and in the exhaust system. In addition, ammonia may form in the anaerobic digestion process from nitrogen compounds contained in the organic substrates (ESA June 2011).

Health impacts from exposure to toxic emissions related to the AD, gasification and export facilities are dependent on the magnitude of concentrations that the public can be exposed to, as well as to the relative

toxicities of the individual pollutants released from each type of facility. Exposure levels are determined by carrying out dispersion modeling of estimated toxics emissions from typical proposed facility sources by using a screening model, such as the EPA model SCREEN3 (USEPA 1995). The SCREEN3 model predicts possible worst-case impacts, by using hypothetical worst-case meteorology. For calculating more accurate impacts at site-specific facilities, the EPA model AERMOD can be used. AERMOD uses meteorological data that is representative of the site, as well as multiple toxic emission source types, such as point, area, or volume to represent the emission sources (ESA June 2011).

For a screening analysis, cancer and non-cancer health risks can be calculated by applying algorithms given in the document published by California Office of Environmental Health Hazard Assessment (OEHHA) to calculate health risks (OEHHA 2003). For more accurate site specific risks, AERMOD can be run in conjunction with the CARB model "Hot Spots Analysis Reporting Program" (HARP) to estimate cancer and non-cancer health risks that the public can be exposed to (CARB 2009). HARP uses the same toxicity values as are given in the OEHHA Risk Assessment Guidelines and incorporates multi-pathway uptake factors for the various toxic species to calculate risks.

The estimated cancer risks from facility emissions are then compared to the applicable BAAQMD significance thresholds to determine if the impacts from the alternatives evaluated might result in significant impacts to the public. In addition, Hazard Quotients are estimated for noncarcinogens in HARP to determine if the modeled exposure levels exceed established health thresholds, called Reference Exposure Levels (RELs), to test for significance. The estimated risks for the various digester, gasification or export alternatives can then be used to estimate health risks, and for those alternatives with unacceptable risks, mitigation measures are applied to determine if the alternatives can achieve acceptable health risks to the public. Due to the unknown site specific exposure and information that is needed to quantify and evaluate health risk associated with AD, gasification and export facilities, this impact is considered potentially significant (ESA June 2011).

The health impacts from exposure to toxic emissions associated with the construction and operation of AD facilities was identified as a significant impact in the Statewide AD Facilities EIR. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure health impacts from exposure to toxic emissions remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 4

Based on the Air Quality Technical Report (specified in the Mitigation Measure in response to question [b] above), if the health risk is determined to be significant on a project-by-project basis with DPM as a major contributor, then control measures shall be implemented such that the AD, gasification or biosolids export facility health risk would be below the BAAQMD threshold, which may include implementation of one or more of the following requirements, where feasible and appropriate:

- Use either new diesel engines that are designed to minimize DPM emissions (usually through the use of catalyzed particulate filters in the exhaust) or retrofit older engines with catalyzed particulate filters (which will reduce DPM emissions by 85%);
- Use electric equipment to be powered from the grid, which would eliminate local combustion emissions;
- Use alternative fuels, such as compressed natural gas (CNG) or liquefied natural gas (LNG).
- Hydrogen sulfide (H2S) contained in the biogas shall be scrubbed (i.e., via iron sponge or other technology) before emission to air can occur.

e) Create objectionable odors affecting a substantial number of people?

Less Than Significant With Mitigation Incorporated. As bacterial decomposition proceeds, odoriferous compounds are generated. The major contribution to odors comes from two groups of compounds: the first group is dominated by esters and organosulfurs, and the second group consists of alkyl benzenes and limonene.

The sensory perception of odorants has four major dimensions: detectability, intensity, character, and hedonic tone. Odor detectability consists of a detection threshold and a recognition threshold. The detection threshold is the lowest concentration of an odorant that will elicit a sensory response in 50 percent of the population. There is an awareness of the presence of an added substance, but not necessarily an odor sensation. The detection thresholds are determined using human subjects and sophisticated dilution equipment. Detection thresholds are published for more than 900 chemicals. The recognition threshold is the minimum concentration that is recognized as having a characteristic odor quality by a segment of the population.

Odor intensity refers to the perceived strength of the odor sensation, and odorant character is what the substance smells like (e.g., fishy, rancid, hay, sewer, turpentine, ammonia, etc.). Hedonic tone is a category judgment of the relative pleasantness or unpleasantness of the odor, and is influenced by factors such as subjective experience and frequency of occurrence. For example, roses have been demonstrated to possess an odor with pleasant hedonic tone. Garbage has been demonstrated to possess an odor with an unpleasant hedonic tone.

Offensive odors rarely cause any physical harm and no requirements for their control are included in state or federal air quality regulations.

Factors that affect odor impacts include the AD or gasification facility design, sensitive receptor proximity, and exposure duration. Anaerobic digestion is the biological decomposition of organic matter in the absence of molecular oxygen. As a result, odorous compounds, such as ammonia and H_2S, are generated and could be released into the environment. The anaerobic digestion process occurs naturally in marshes, wetlands and is the principal decomposition process in landfills. However, in the operation of AD facilities, the digestion process occurs in a closed system. Volatile organic compounds are broken down through the anaerobic digestion process, and exhaust is generally processed in a more controlled environment.

However, the collection transport, storage, and pre-processing activities of the potentially odiferous organic substrates for digestion and the resultant digestate could produce nuisance odors at the AD facility. In addition, these digester facilities could lead to objectionable odors at off-site receptors in the vicinity.

For the biosolids export facilities at the RWQCP, odors would be generated during material handling and storage activities, and during truck loading operations.

Potential exposure of the public to objectionable odors was identified as a significant impact in the Statewide AD Facilities EIR. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure the objectionable odor impacts remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 5

> The AD, gasification, and/or biosolids export facilities shall comply with the City of Palo Alto's land use plans, policies, and regulations, including applicable setbacks and buffer areas from sensitive land uses for potentially odoriferous processes.
>
> If the AD, gasification or biosolids export facilities handle compostable material and are classified as a compostable material handling facility, the facility must develop an Odor Impact Minimization Plan (OIMP) pursuant to 14 CCR 17863.4. Otherwise, an Odor Management Plan (OMP) shall be developed and

implemented that incorporates equivalent odor reduction controls for facility operations. Odor control strategies that can be incorporated into these plans include, but are not limited to, the following:

- A list of potential odor sources.
- Identification and description of the most likely sources of odor.
- Identification of potential, intensity, and frequency of odor from likely sources.
- A list of odor control technologies and management practices that could be implemented to minimize odor releases. These management practices shall include the establishment of the following criteria:

    - Require substrate haulage to the AD, gasification or export facility within sealed containers.

    - Establish time limit for on-site retention of undigested substrates (i.e., substrates must be put into the digester or gasification facility within 24 hours of receipt or hauled off site within 48 hours).

    - Provide enclosed, negative pressure buildings for indoor receiving and preprocessing. Treat collected foul air in a biofilter or air scrubbing system.

    - Establish contingency plans for operating downtime (e.g., equipment malfunction, power outage).

    - Manage delivery schedule to facilitate prompt handling of odorous substrates.

    - Handle digestate within enclosed building and/or directly pump to sealed containers for transportation.

    - Protocol for monitoring and recording odor events.

    - Protocol for reporting and responding to odor events.

2.4 BIOLOGICAL RESOURCES

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
IV.	**Biological Resources. Would the project:**				
	a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or the U.S. Fish and Wildlife Service?	☐	☒	☐	☐
	b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations or by the California Department of Fish and Game or the U.S. Fish and Wildlife Service?	☐	☐	☐	☒
	c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	☐	☐	☐	☒
	d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?	☐	☒	☐	☐
	e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	☐	☐	☐	☒
	f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The landfill and RWQCP sites are located within the Palo Alto Baylands Nature Preserve. The Preserve encompasses the San Francisco Bay shoreline areas east of Highway 101 between the cities of East Palo Alto and Mountain View. The City of Palo Alto has maintained and managed this open space for recreation and wildlife habitat preservation since the 1920s. The 2,100-acre Preserve is the largest tract of undisturbed marshland remaining in the San Francisco Bay, and contains a unique mixture of tidal and freshwater habitats supporting a variety of plant and animal communities and a number of threatened and endangered species. The Mayfield Slough, located adjacent to the landfill site, is also included within the Preserve.

Several sensitive species, including the Salt Marsh Harvest Mouse and the Burrowing Owl, have been identified in the areas surrounding the landfill site. The habitat on the landfill site is limited to non-native grasses and several eucalyptus trees. The majority of the landfill site has been disturbed by landfilling activities and the majority of the RWQCP site has been disturbed by the development of the treatment plant. No sensitive species habitat is present on either site.

DISCUSSION

a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or the U.S. Fish and Wildlife Service?

Less Than Significant With Mitigation Incorporated. The proposed alternatives do not include any construction activities or habitat modification within sensitive habitats. However, the development of the landfill or RWQCP site could have adverse indirect impacts on sensitive habitats within the Palo Alto Baylands Nature Preserve including the introduction of new light and noise sources, which could disrupt existing species use patterns. The construction on the landfill site could also alter existing local wildlife use corridors within the Nature Preserve. The impacts may depend upon the final design of the E/C Facility or biosolids export facilities. The installation of light shielding and compliance with City noise standards could minimize the potential to affect sensitive habitats within the Palo Alto Baylands Nature Preserve.

Additional analysis will be necessary in the EIR to determine if the proposed alternatives have the potential to adversely affect candidate, sensitive or special-status species or important habitat identified by resource agencies in the local area. The following mitigation measure is recommended to minimize this impact.

Mitigation Measure 6

A biological study shall be conducted when more detail is available regarding the design characteristics of the E/C Facility or biosolids export facilities to determine if the development of the facilities has the potential to adversely affect sensitive species or important habitat in the Palo Alto Baylands Nature Preserve. The study shall include the identification of appropriate mitigation measures to reduce any potentially significant biological resource impacts.

b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, or regulations or by the California Department of Fish and Game or the U.S. Fish and Wildlife Service?

No Impact. The proposed alternatives would not disturb any riparian habitat or other sensitive natural community. The proposed alternatives do not include any construction activities or habitat modification that would disturb riparian habitat or other sensitive natural communities. Therefore, the proposed alternatives would have no effect on riparian habitat or other sensitive natural communities.

c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

No Impact. The proposed alternatives do not include construction within any wetland or other jurisdictional Waters of the U.S and no impacts on these resources would be anticipated with implementation of the proposed alternatives.

d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?

Less Than Significant With Mitigation Incorporated. The landfill and RWQCP sites have historically been developed for either landfill or wastewater treatment purposes and are not expected to be located within broad movement corridors for native resident or migratory wildlife species. However, the landfill site may provide a corridor for local wildlife movement within the Palo Alto Baylands Nature Preserve. Additional analysis will be necessary in the EIR of the proposed alternatives to determine if development of the landfill site could adversely affect native resident or migratory wildlife movement corridors or nursery sites. The implementation of the mitigation measure identified under question a) above is recommended to minimize this impact.

e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?

No Impact. The development of the landfill site as an E/C Facility would likely require the removal of several existing mature eucalyptus trees, located adjacent to the RWQCP, along the landfill site's northwestern boundary. The trees are not considered "Regulated Trees", as defined in the City's Tree Technical Manual (Municipal Code Chapter 8.10.030), and are therefore, not subject to the City's removal permit requirements. Thus, none of the proposed alternatives would be anticipated to conflict with applicable tree preservation policies or ordinances.

f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?

No Impact. The proposed alternatives are not located within an adopted Habitat Conservation Plan or Natural Communities Conservation Plan area and would not conflict with such plans.

2.5 CULTURAL RESOURCES

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
V.	**Cultural Resources. Would the project:**				
	a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?	☐	☐	☐	☒
	b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?	☐	☐	☐	☒
	c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	☐	☐	☐	☒
	d) Disturb any human remains, including those interred outside of formal cemeteries?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Historic and Unique Archaeological Resources

Under CEQA, historical resources and "unique archaeological resources" are recognized as a part of the environment (Public Resources Code Sections 21001(b), 21083.2, 21084(e), 21084.1). In 1992, the Public Resources Code was amended as it affects historical resources. The amendments included creation of the California Register of Historical Resources (Public Resources Code Sections 5020.4, 5024.1 and 5024.6). While the amendments became effective in 1993, it was not until January 1, 1998, that the implementing regulations for the California Register were officially adopted (Public Resources Code Section 4850 *et seq*.).

The California Register is an authoritative listing and guide for state and local agencies and private groups and citizens in identifying historical resources. This listing and guide indicates which resources should be protected from substantial adverse change.

Under CEQA Guidelines Section 15064.5, an "historical resource" includes: (1) a resource listed in, or determined to be eligible by the State Historical Resources Commission for listing in, the California Register of Historical Resources; (2) a resource listed in a local register of historical resources or identified in a historical resource survey meeting the requirements in Section 5024.1(g) of the Public Resources Code; and (3) any object, building, structure, site, area, place, record, or manuscript that a lead agency determines is historically significant or significant in the architectural, engineering, scientific, economic, agricultural, educational, social, political, military, or cultural annals of California, provided the determination is supported by substantial evidence in light of the whole record; or a resource determined by a lead agency to be "historical," as defined in Public Resources Code Sections 5020.1(j) or 5024.1.

CEQA is also concerned with effects of a project on "unique archaeological resources." If an archaeological site meets the definition of a unique archaeological resource (Public Resources Code Section 21083.2), then the site must be treated in accordance with the special provisions for such resources, which include time and cost limitations for implementing mitigation. "Unique archaeological resource" is defined as "an archaeological artifact, object, or site about which it can be clearly demonstrated that, without merely adding to the current body of knowledge, there is a high probability that it meets the following criteria:

- Contains information needed to answer important scientific research questions and that there is a demonstrable public interest in that information.

- Has a special and particular quality such as being the oldest of its type or the best available example of its type.

- Is directly associated with a scientifically recognized important prehistoric or historic event or person. [Public Resources Code Section 21083.2 (g)]"

If it can be demonstrated that a project will cause damage to a unique archaeological resource, the lead agency may require reasonable efforts to be made to permit any or all of these resources to be preserved in place or left in an undisturbed state. Examples of that treatment are described in the code. To the extent that unique archaeological resources are not preserved in place or left in an undisturbed state, mitigation measures shall be required as provided in the code. The code also places limitations on the extent, cost and timing of mitigation measures that can be required by the lead agency.

DISCUSSION

a) Cause a substantial adverse change in the significance of a historical resource as defined in Section 15064.5?

No Impact. The Palo Alto Landfill has been extensively disturbed by past waste disposal activities and does not include any structures or historic resources. The RWQCP site has also been extensively disturbed by the original construction of the plant and no historic resources are located on this site. Therefore, no impacts to historical resources, as defined in Section 15064.5 of the State CEQA Guidelines, are anticipated to occur with implementation of the proposed alternatives.

b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to Section 15064.5?

No Impact. The majority of the landfill site contains the existing landfill mound. Because the placement of municipal solid waste within the landfill mound typically would have included excavating below the ground surface prior to waste placement, any subsurface cultural resources would have been destroyed when the area was converted to landfill uses. The RWQCP site was also disturbed during the original land grading conducted during construction of the plant. Therefore, there is little potential that subsurface archaeological resources are located at either the landfill site or the RWQCP site.

A cultural survey was conducted during the preparation of an Initial Study for the Palo Alto Recycled Water Project in 2007 (RMC March 2009), which included the RWQCP site. The RWQCP was included in the cultural survey because components of the Recycled Water Project were located at the plant. The cultural survey included a records search of the California Inventory of Historic Resources (1976), the Historic Property Directory (Office of Historic Preservation current computer list), Northwest Information Center records of archaeological sites and surveys, GLO Plats, historic maps, and other pertinent historic data available at the Northwest Information Center for Santa Clara County. Based on this records search, no previously recorded archaeological sites exist within the immediate area of the RWQCP (RMC March 2009).

A field reconnaissance was conducted for the proposed Recycled Water Project as part of the cultural survey that included the RWQCP. No historical or prehistoric cultural resources were observed within the Recycled Water Project's area of potential effect. The Native American Heritage Commission was contact by letter on August 31, 2007 requesting information on sacred lands and a contact list of local tribal representatives or most likely descendents. A response was received from the Commission on September 14, 2007 noting, "A record search of the sacred land file has failed to indicate the presence of Native American cultural resources in the immediate

project area." The list of Native American contacts identified in the Commission letter were all contacted and no responses were received (RMC March 2009).

Because there is little to no potential for archaeological resources to be located on either the landfill or the RWQCP sites, no impacts to archaeological resources, as defined in Section 15064.5 of the State CEQA Guidelines, are anticipated to occur with implementation of the proposed alternatives.

c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?

No Impact. For the reasons discussed above in answers to questions a) and b), there is little to no potential for unique paleontological resources to be located on either the landfill or the RWQCP sites. Neither site includes unique geologic features nor has the topography of the sites been disturbed by prior development. The proposed alternatives do not include any activities that could disturb paleontological resources or unique geologic features. Therefore, no impacts to paleontological resources or unique geologic features are anticipated to occur with implementation of the proposed alternatives.

d) Disturb any human remains, including those interred outside of formal cemeteries?

No Impact. No formal or informal cemeteries are located near the landfill or the RWQCP sites. Therefore, no disturbance of human remains is anticipated to occur with implementation of the proposed alternatives.

2.6 GEOLOGY AND SOILS

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
VI.	**Geology and Soils. Would the project:**				
	a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
	i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? (Refer to California Geological Survey Special Publication 42.)	☐	☐	☐	☒
	ii) Strong seismic ground shaking?	☐	☐	☒	☐
	iii) Seismic-related ground failure, including liquefaction?	☐	☐	☒	☐
	iv) Landslides?	☐	☒	☐	☐
	b) Result in substantial soil erosion or the loss of topsoil?	☐	☒	☐	☐
	c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?	☐	☐	☒	☐
	d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994, as updated), creating substantial risks to life or property?	☐	☐	☒	☐
	e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The Santa Clara Plain forms the floor of the Santa Clara Valley, which contains the San Francisco Bay. The plain is a broad, flat to undulating, gently sloping alluvial fan that extends northeast from the base of the foothills of the Santa Cruz Mountains to the salt evaporators that now occupy the marshes that formerly bordered San Francisco Bay. The plain drops gently across 3.5 miles to about five feet above mean sea level at the Bay margin and is incised by streams.

The City of Palo Alto is in the San Andreas Fault System, which is approximately 44 miles wide in the Bay Area. The principal active faults, those on which there is evidence of displacement during Holocene time (the last 11,000 years), include the San Gregorio, San Andreas, Hayward, Calaveras, and Greenville faults. The City of Palo Alto is in one of the most active seismic regions in the United States. Each year, low and moderate magnitude earthquakes occurring in or near the Bay Area are felt by residents of the City of Palo Alto. Since the

mid-nineteenth century, about 2,000 earthquakes have affected Santa Clara County. The April 1906 earthquake on the San Andreas Fault, estimated at 8.3 on the Richter scale, probably was the largest seismic event felt in the City. Most recently, the 7.1 Loma Prieta earthquake of October 1989 on the San Andreas Fault caused severe damage throughout the Bay Area.

DISCUSSION

a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:

i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? (Refer to California Geological Survey Special Publication 42.)

No Impact. Surface rupture is an actual cracking or breaking of the ground along a fault during an earthquake. Structures built over an active fault can be torn apart if the ground ruptures. Surface rupture along faults is generally limited to a linear zone a few meters wide. The Alquist-Priolo Act was created to prohibit the location of structures across the traces of active faults, thereby reducing the loss of life and property from an earthquake. No Alquist Priolo zones have been established on or adjacent to the project area. Therefore, the proposed alternatives would not be expected to be affected by the rupture of a known earthquake fault.

ii) Strong seismic ground shaking?

Less-Than-Significant Impact. Ground shaking occurs as a result of energy released during faulting, which could potentially result in the damage or collapse of buildings and other structures, depending on the magnitude of the earthquake, the location of the epicenter, and the character and duration of the ground motion.

The components of the proposed alternatives at the landfill and RWQCP are located in an area of notable seismic activity. Seismic ground shaking generated from earthquakes on major Bay Area fault systems (i.e., the San Andreas or Hayward) could cause varying intensities of ground shaking at the sites. Ground shaking from a regional earthquake will likely occur within the life of the project.

The proposed alternatives would be required to be designed consistent with California Building Code requirements that are intended to ensure the facilities withstand the seismic stresses that would be anticipated within the City of Palo Alto. Therefore, the proposed alternatives are not anticipated to result in significant ground-shaking impacts.

iii) Seismic-related ground failure, including liquefaction?

Less-Than-Significant Impact. The primary factors in determining liquefaction potential are soil type, the level and duration of seismic ground motions, and the depth to groundwater. Sandy, loose, or unconsolidated soils are susceptible to liquefaction hazards. Liquefaction and other seismically-induced forms of ground movement have historically occurred throughout California during major earthquake events. These phenomena generally consist of lateral movement, flow, or vertical settlement of saturated, unconsolidated soil in response to strong ground motion.

The soils in the Baylands area are known to be subject to liquefaction. The project sites are mapped as having a high potential for liquefaction on Map N-5 (Geotechnical Hazards) in the Palo Alto Comprehensive Plan. However, the majority of the soils at the landfill site were excavated with the original landfill development. The RWQCP has been extensively developed and has not been subjected to liquefaction. In addition, key facilities at

either site are anticipated to be supported by pilings, which would substantially diminish any liquefaction hazards. Therefore, implementation of the proposed alternatives would not be expected to expose facilities to liquefaction.

iv) Landslides?

Less Than Significant with Mitigation Incorporated. The lands in the Baylands area are generally flat and not subject to landslides. However, because the use of the landfill site for an E/C Facility would require excavation of the existing landfill mound and the installation of a retaining wall, the potential exists for the landfill mound to experience slope failure if not properly designed. The potential for the reconfigured landfill refuse slopes to shift or slump could create a hazard for site employees or visitors. This would be considered a potentially significant impact unless mitigation is incorporated. The following mitigation measure is recommended to ensure this impact is reduced to a less-than-significant level.

Mitigation Measure 7

If the landfill site is selected for development, a slope stability analysis and geotechnical report shall be prepared by an engineering geologist with landfill design expertise of the proposed landfill mound excavation. The report shall characterize any potential hazards, identify appropriate measures to minimize these hazards, and include detailed design recommendations to ensure the redesigned landfill refuse slopes would remain stable under both static and seismic loading conditions.

b) Result in substantial soil erosion or the loss of topsoil?

Less Than Significant with Mitigation Incorporated. Construction at the landfill site or the RWQCP site would result in potential soil erosion and loss of topsoil associated with excavation, stockpiling, and grading activities. This would be considered a potentially significant impact unless mitigation is incorporated. The following mitigation measure is recommended to ensure this impact is reduced to a less-than-significant level.

Mitigation Measure 8

A grading and erosion control plan shall be prepared by a California Registered Civil Engineer prior to issuance of grading permits. The plan shall comply with the City of Palo Alto Municipal Code requirements regarding construction grading. To ensure grading activities do not directly or indirectly discharge sediments into surface waters as a result of construction activities, the plan shall include the development of a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP shall identify Best Management Practices that would be used to protect storm water runoff and minimize erosion during construction.

c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction, or collapse?

Less-Than-Significant Impact. As discussed in response to question iii) above, the project sites are located in an area having a high potential for liquefaction. However, the majority of the soils at the landfill site were excavated with the original landfill development. Therefore, the proposed facilities would not be placed on expansive soils with the implementation of the proposed alternatives. The RWQCP has been extensively developed and has not been subjected to liquefaction.

Subsidence occurs when large amounts of groundwater have been withdrawn from certain types of soils (such as fine-grained sediments), and the soil loses support and collapses upon itself. Conditions that could potentially result in subsidence were not identified at the project site. Therefore, the potential for subsidence is low.

d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994, as updated), creating substantial risks to life or property?

Less-Than-Significant Impact. The soils underlying the project sites are known to contain expansive soils. However, for the majority of the landfill site, any expansive soils would have been excavated with initial construction of the landfill fill area. If areas remain that contain expansive soils, specific treatments to eliminate the expansion potential include grouting (cementing the soil particles together), recompaction (watering and compressing the soils), and replacement with a non-expansive material (excavation of unsuitable soil followed by filling with suitable material), all of which are commonly used in the City of Palo Alto. In addition, key facilities at either site are anticipated to be supported by pilings, which would substantially diminish any liquefaction hazards.

The California Building Code (CBC), administered by the City's Municipal Code, requires that each construction location be evaluated to determine the particular treatment, if any, that would be most appropriate. The construction contractor responsible for building the facilities associated with the proposed alternatives would be required to comply with the Municipal Code's requirements to ensure the site equipment and facilities are not adversely affected by expansive soils. Therefore, the potential for expansive soils to adversely affect the project sites is low and the potential impacts resulting from expansive soils would be considered less than significant.

e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?

No Impact. The proposed alternatives do not require the use of septic systems or alternative waste water disposal systems. Therefore, the proposed alternatives would have no impact on these systems.

2.7 GREENHOUSE GAS EMISSIONS

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
VII.	**Greenhouse Gas Emissions. Would the project:**				
	a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	☐	☐	☐	☒
	b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Global warming is an issue which has gained increased public attention over the last decade. Unlike emissions of criteria and toxic air pollutants, which have local or regional impacts, emissions contributing to global warming have a broader global impact. In 2006, California passed Assembly Bill 32 (AB32), which requires the CARB to conduct GHG inventories. Landfills are included in the CARB inventories, and account for 1.5% of California GHG emissions for 2009 in the most recent inventory (ESA June 2011).

Global climate change refers to observed changes in weather features that occur across the Earth as a whole, such as temperature, wind patterns, precipitation, and storms, over a long period (CAT, 2006; CEC, 2006; CEC, 2008; IPCC, 2007). Global temperatures are modulated by naturally occurring atmospheric gases, such as water vapor, carbon dioxide, methane, and nitrous oxide. These gases allow sunlight into the Earth's atmosphere, but prevent radiant heat from escaping into outer space, thus altering Earth's energy balance in a phenomenon called the "greenhouse effect". Some greenhouse gases are short lived, such as water vapor, while others, such as sulfur hexafluoride, have a long lifespan in the atmosphere (ESA June 2011).

Earth has a dynamic climate that is evidenced by repeated episodes of warming and cooling in the geologic record. Consistent with a general warming trend, global surface temperatures have increased by 0.74°C ± 0.18°C over the past 100 years (IPCC, 2007). The recent warming trend has been correlated with the global Industrial Revolution, which resulted in increased urban and agricultural centers at the expense of forests and reliance on fossil fuels (CAT, 2006). Eleven of the past twelve years are among the twelve warmest years recorded since 1850 (CEC, 2006). Although natural processes and sources of greenhouse gases contribute to warming periods, recent warming trends are attributed to human activities as well (CAT, 2006; CEC 2006).

Potential global warming impacts may include, but are not limited to, loss in snow pack, sea level rise, more extreme heat days per year, more high ozone days, more large forest fires, and more drought years. Secondary effects are likely to include a global rise in sea level, impacts to agriculture, changes in disease vectors, and changes in habitat and biodiversity. While the possible outcomes and the feedback mechanisms involved are not fully understood, and much research remains to be done, the potential for substantial environmental, social, and economic consequences over the long term may be great.

GHGs include all of the following naturally-occurring and anthropogenic (man-made) gases: carbon dioxide (CO_2), methane, nitrous oxide (N_2O), sulfur hexafluoride, perfluorocarbons, hydrofluorocarbons, and nitrogen trifluoride (NF_3) (California Health and Safety Code §38505(g). In terms of Global Warming Potential (GWP), each of these gases varies substantially from one another. GWP is a measure of how much a given mass of GHG

will contribute to global warming, comparing one GHG to the same mass of CO_2 on a relative scale (CAT, 2006; IPCC, 2007). The GWP depends on the absorption of infrared radiation by a given species, the spectral location of its absorbing wavelengths, and the atmospheric lifetime of the species. GHG emissions are measured in units of pounds or tons of CO_2 equivalents (CO_2-e). As an example, HFC-23 contributes 14,800 times as much as CO_2 to the GWP over 100 years (ESA June 2011).

DISCUSSION

a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?

No Impact. The annual emission levels associated with the GHG-emitting activities that would occur under various alternatives were analyzed to determine their relative GHG impact. The first step in this process was the establishment of an "assessment boundary" to determine the type of GHG-emitting activities that were analyzed. Generally, the determination of which GHG-emitting activities were included in the model is consistent with the assessment boundary recommended in the Climate Action Reserve's *Organic Waste Digestion Project Protocol*. Any deviations from this guidance relate to the fact that the Climate Action Reserve's protocol addresses some processes that are not applicable to the City (e.g., manure handling).

The types of GHGs emitted by the aforementioned activities include carbon dioxide (CO_2), methane (CH_4), and nitrous oxide (N_2O). Emission levels were estimated for each of these activities using methodologies established by the California Air Resources Board, the California Climate Action Registry, the Climate Action Reserve, the U.S. Environmental Protection Agency, and/or the Intergovernmental Panel on Climate Change. The levels of GHGs associated with dry anaerobic digestion were based on information provided in a request for information circulated by the City of Palo Alto to potential facility operators. The level of GHGs associated with wet anaerobic digestion and incineration of biosolids were based on information provided by a recent study being performed for the City that evaluates options for handling biosolids from the RWQCP. The GHG model does not differentiate between biogenic and anthropogenic emissions. Emissions of CH_4 and N_2O were converted to units of carbon dioxide-equivalent (CO_2-e) according to their global warming potential.

In addition, emissions associated with the construction of new facilities under various alternatives (e.g., dry anaerobic digestion facility, wet anaerobic digestion facility) were estimated and then amortized over the projected operational life of the facility (i.e., 20 years). The emissions were also converted to CO_2-e, as needed, and included in the tally for the alternatives.

The total CO_2-e emissions were calculated to be lowest when all source separated organic waste and biosolids were subjected to dry AD processes. Generally, the more organic waste that is subject to anaerobic digestion, the lower the total CO_2-e level. The model also indicates that the incineration of biosolids generates a high level of CO_2-e emissions relative to other activities included in the model. This is largely due to the fact that the incineration of biosolids is energy-intensive, consuming high levels of natural gas, and because no methane is recovered and then used to produce renewable electricity.

For those alternatives that include dry and/or wet anaerobic digestion, the recovered biogas can be used in two beneficial ways. Biogas can be combusted to produce electricity. Electricity produced from biogas would be considered renewable and would displace the consumption of equal amounts of fossil fuel-based electricity from conventional sources, thereby resulting in a GHG reduction. Biogas can also be upgraded to pipeline-quality natural gas and used in place of conventional fossil-fuel based natural gas; however, the combustion of natural gas made from biogas would result in equal levels of GHG emissions as the consumption of fossil-fuel derived natural gas and, thus, no reduction would be achieved.

The Statewide AD Facilities EIR concluded that AD facilities would not pose any apparent conflict with the most recent list of the CARB early action strategies, operation of these facilities would divert organics out of landfills,

and they could also generate biogas to replace fossil fuels for electricity production or for vehicle transportation. For these reasons, the Statewide AD Facilities EIR concluded that the GHG impacts of these types of facilities would not have an adverse environmental impact (ESA June 2011). Additional analysis will be necessary in the EIR of the proposed alternatives to determine relative GHG impacts and whether mitigation measures would be necessary.

b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?

No Impact. The Statewide AD Facilities EIR concluded that AD facilities would be expected to comply with applicable City or County plans, policies, or regulations adopted for the purpose of reducing the emissions of GHGs and that they would directly support several GHG reduction measures contained in AB 32 (increased renewables mix and high recycling/zero waste), which would also be beneficial in meeting any local jurisdiction reduction goals (ESA June 2011). Therefore, no impact would be anticipated with the implementation of AD facilities. Additional analysis will be necessary in the EIR of the proposed alternatives to determine relative GHG impacts and whether mitigation measures would be necessary.

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2.8 HAZARDS AND HAZARDOUS MATERIALS

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
VIII.	**Hazards and Hazardous Materials. Would the project:**				
	a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	☐	☐	☒	☐
	b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and/or accident conditions involving the release of hazardous materials into the environment?	☐	☒	☐	☐
	c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	☐	☐	☐	☒
	d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	☐	☐	☐	☒
	e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?	☐	☒	☐	☐
	f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?	☐	☐	☐	☒
	g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	☐	☐	☐	☒
	h) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Hazardous Materials

For the purposes of this analysis, the term “hazardous materials” refers to both hazardous materials and hazardous wastes. Under federal and State laws, any material, including wastes, may be considered hazardous if it is specifically listed by statute as such or if it is toxic (causes adverse human health effects), ignitable (has the ability to burn), corrosive (causes severe burns or damage to materials), or reactive (causes explosions or

generates toxic gases). The term “hazardous material” is defined as any material that, because of quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment.

Potential Presence of Hazardous Materials in Soil and Groundwater

Hazardous materials, including but not limited to pesticides and herbicides, heavy metals, volatile organic compounds, oil and gas, may be present in soil and groundwater in areas where land uses have resulted in leaking fuel or chemical storage tanks or other releases of hazardous materials have occurred.

Various federal, State, and local regulatory agencies maintain lists of hazardous materials sites where soil and/or groundwater contamination is known or suspected to have occurred, typically as a result of leaking storage tanks or other spills. These facilities are readily identified through regulatory agency database searches, such as the State Water Resources Control Board (SWRCB) GeoTracker online database, the California Environmental Protection Agency (CalEPA) Department of Toxic Substances Control (DTSC) Envirostor online database, and several other federal, State and local regulatory agency databases.

Anaerobic Digester and Biogas Hazards

Anaerobic digesters are confined spaces that pose a potential immediate threat to human life. They are designed to seal out oxygen making death by asphyxiation possible within seconds of entry. Further, gases such as hydrogen sulfide and ammonia accumulate inside a digester. Notably, Cal/OSHA is responsible for developing and enforcing workplace safety standards, including confined space and lockout procedures.

Biogas consists primarily of methane, carbon dioxide, with small amounts of hydrogen sulfide, and ammonia. Typically, biogas is saturated with water vapor and may have trace amounts of hydrogen, nitrogen, oxygen, dust and siloxanes. Theoretically, two-stage digester systems could be used to produce biogas richer in hydrogen if isolated after the first stage of the process, and a methane rich biogas after the second stage. Although the hydrogen rich biogas would have potentially greater concentrations of hydrogen than the typical biogas generated through anaerobic digestion, the hydrogen would still be in low concentrations and would not pose a substantial combustion hazard. There are no known commercial systems that are designed to produce hydrogen-rich biogas. However, biogas can be reformulated into hydrogen if fuel cells are used to generate heat and electricity. For the typical anaerobic digestion process, the majority of hydrogen is converted into methane through hydrogenotrophic methanogenesis. Methane is not toxic, but is classified as a simple asphyxiate, possessing a slight inhalation hazard. If breathed in high concentration, oxygen deficiency can result in serious injury or death. Biogas itself is not explosive and will not burn unless oxygen is available at low concentrations. Biogas is explosive when mixed with air in concentrations of 5 to 15 percent. A leak in a gas line can create a fire hazard if an ignition source is present and the concentration of flammable constituents is at a hazardous level, however, in open spaces biogas readily mixes with air reducing its potential to reach flammable concentrations. The risk of fire hazard is generally low because anaerobic digestion (AD) facilities and biogas transmission lines operate with very low pressures, similar to residential natural gas distribution lines. Typical construction standards for AD facilities include redundant fire safety relief valves to prevent over pressurizing, flame arresters, gas detectors and physical barriers to minimize fire and explosion hazards.

Fire Hazards

While all of California is subject to some degree of wildfire hazard, there are specific features that make certain areas more hazardous. The California Department of Forestry and Fire Protection (CAL FIRE) is required by law to map areas of significant fire hazards based on fuels, terrain, weather, and other relevant factors (PRC 4201-4204 and Govt. Code 51175-89). Factors that increase an area’s susceptibility to fire hazards include slope, vegetation type and condition, and atmospheric conditions. CAL FIRE has created maps of each county that depict the fire hazard severity zoning of the area. These maps can be obtained at:

http://www.fire.ca.gov/fire_prevention/fire_prevention_wildland_zones.php.

These maps identify high fire hazard areas that are subject to regulations designed to minimize fire potential and assist local planning agencies to develop policies and programs for these high risk areas.

Pathogens and Vectors

Pathogens are disease-causing organisms, such as certain bacteria, viruses and parasites. Vectors are organisms, such as flies, mosquitoes, rodents and birds that can spread disease by carrying and transferring pathogens. Vectors can transmit pathogens to humans and other hosts physically through contact or biologically by playing a specific role in the life cycle of the pathogen.

Regulatory Requirements

There are numerous federal, State, and local laws, regulations, ordinances and guidance intended to protect public health and safety and the environment. The U.S. Environmental Protection Agency (U.S. EPA), CalEPA, DTSC, RWQCB, California Air Resources Board (CARB), federal and California Occupational Safety and Health Administration (OSHA), California Department of Resources Recycling and Recovery (CalRecycle), CAL FIRE and the local oversight agencies are the major federal, State, and regional agencies that enforce these regulations. The main focus of OSHA is to prevent work-related injuries and illnesses, including from exposures to hazardous materials. CalRecycle is mandated to reduce waste, promote the management of materials to their highest and best use, and protect public health and safety and the environment. CAL FIRE implements fire safety regulations. In accordance with Chapter 6.11 of the California Health and Safety Code (§ 25404, et seq.), local regulatory agencies enforce many federal and state regulatory programs through the Certified Unified Program Agency (CUPA) program, including:

- Hazardous materials business plans (Chapter 6.95 of the Health and Safety Code, §25501 et seq.).
- State Uniform Fire Code requirements (§80.103 of the Uniform Fire Code as adopted by the state fire marshal pursuant to Health and Safety Code §13143.9).
- Underground storage tanks (Chapter 6.7 of the Health and Safety Code, §25280 et seq.).
- Aboveground storage tanks (Health and Safety Code §25270.5[c]).
- Hazardous waste generator requirements (Chapter 6.5 of the Health and Safety Code, §25100 et seq.).

The following is a summary of how hazardous materials and public health and safety are regulated for AD facilities.

AD Facilities and Operations

CalRecycle regulates AD facilities as either compost facilities or transfer and processing facilities, depending upon whether the feedstock is compostable. Regulations regarding solid waste facilities and compostable materials handling, operations, and regulatory requirements are established in California Code of Regulations Title 14 and can be obtained at:

http://www.calrecycle.ca.gov/Laws/Regulations/title14/default.htm.

These regulations are overseen by CalRecycle and its designated local enforcement agencies (LEAs). These regulations include, but are not limited to, the following for compost facility operations: establishes permitting and inspection requirements; prohibits acceptance of hazardous wastes, liquids and sludges; outlines general

operating standards; provides for removal of contaminants from compost and feedstock; requires materials handling in a manner that minimizes vectors and prevents unauthorized access by individuals and animals; outlines pathogen reduction and sampling requirements; establishes recordkeeping and facility closure requirements.

Specific regulations that provide LEAs the means to address issues regarding vectors, odor, and other nuisances include the following for composting operations and transfer/processing operations respectively:

- "All handling activities shall be conducted in a manner that minimizes vectors, odor impacts, litter, hazards, nuisances, and noise impacts; and minimizes human contact with, inhalation, ingestion, and transportation of dust, particulates, and pathogenic organisms" (Composting Operating Standards in CA Title 14, Division 7, Chapter 3.1, Article 6, Section 17867); and,

- "The operator shall take adequate steps to control or prevent the propagation, harborage and attraction of flies, rodents, or other vectors, and animals, and to minimize bird attraction" (Minimum Standards for Solid Waste Handling and Disposal are in CA Title 14, Division 7, Chapter 3. Article 6.1, Section 17410.4).

LEAs perform routine inspections to certify compliance with permit conditions to ensure that State programs are effectively implemented. CalRecycle can also initiate enforcement actions in addition to, or in lieu of, the LEA.

DISCUSSION

a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?

Construction

Less-Than-Significant Impact. Construction activities would require use of limited quantities of hazardous materials such as fuels for construction equipment, oils, and lubricants. The improper use, storage, handling, transport or disposal of hazardous materials could result in accidental release of hazardous materials, thereby exposing construction workers, the public and the environment, including soil and/or ground or surface water, to hazardous materials contamination.

As discussed in the Regulatory Setting above, numerous laws and regulations govern the transport, use, storage, handling and disposal of hazardous materials to reduce the potential hazards associated with these activities. Cal/OSHA is responsible for developing and enforcing workplace safety standards, including the handling and use of hazardous materials. Transportation of hazardous materials is regulated by the federal Department of Transportation and Caltrans. Together, federal and State agencies determine driver-training requirements, load labeling procedures, and container specifications designed to minimize the risk of accidental release. Construction activities would also be required to comply with the California fire code to reduce the risk of potential fire hazards. The local fire agency would be responsible for enforcing the provisions of the fire code.

The federal Clean Water Act prohibits discharges of storm water from construction projects unless the discharge is in compliance with a National Pollutant Discharge Elimination System (NPDES) permit. The State Water Resources Control Board is the permitting authority in California and has adopted a Statewide General Permit for Stormwater Discharges Associated with Construction Activity (Construction General Permit, Order No. 99-08) that encompasses one or more acres of soil disturbance. Specific erosion control measures would be identified as part of the NPDES permit and Storm Water Pollution Prevention Plan (SWPPP) required for construction. During construction, erosion control measures would be implemented that utilize Construction Water Quality Best Management Practices (BMPs) to avoid or minimize soil erosion and off-site sediment or hazardous materials transport. Examples of typical construction BMPs include scheduling or limiting activities to certain times of the

year; installing sediment barriers such as silt fence and fiber rolls along the perimeter of the construction area; maintaining equipment and vehicles used for construction; developing and implementing a spill prevention and cleanup plan; and construction worker training. The SWPPP (and associated BMPs) would be prepared and implemented prior to commencing construction, and BMP effectiveness would be ensured through the sampling, monitoring, reporting, and record keeping requirements contained in the construction general permit.

Because numerous laws and regulations govern the transport, use, storage, handling and disposal of hazardous materials during construction activities to reduce the potential hazards, this construction impact would be less than significant.

Operations

Operation and maintenance of AD, gasification or biosolids export facilities would involve the transport, use, storage and disposal of hazardous materials such as fuels, lubricants and hydraulic fluids for vehicles and onsite equipment. The phases of operations are discussed below.

Pre-processing involves the activities necessary to prepare the feedstocks for delivery into the AD vessel. Pre-processing could include screens, picking lines or mechanical removal of glass and plastic, magnetic separation, eddy current separation, and wet separation.

As described in the project description, the alternatives evaluated include both dry digestion and wet digestion as well as gasification. These processes would take place within enclosed tanks or vessels.

Digestate: Upon completion of the digestion process, the digestate would probably undergo a solids separation process. The water could also be further processed for beneficial uses (recycled) or be routed to the RWQCP. The dewatered solid digestate could require additional aerobic curing (composting) to ensure stabilization and pathogen reduction. The Waste Discharge Requirements (WDRs) for the facility would set the specific criteria for digestate handling.

Biogas: The biogas resulting from the AD process would be used for internal combustion to generate electricity. If biogas conditioning is required for use either in a fuel cell or production of liquefied biogas, scrubber facilities would be needed to clean the biogas to remove sulfides. Flushing of the scrubbers would produce sulfide effluent that would require appropriate disposal. Biogas presents an inhalation hazard that, if breathed in high concentration, can result in serious injury or death. Biogas itself is not explosive and will not burn unless oxygen is available at low concentrations.

Handling of hazardous materials and hazardous wastes is covered by federal and State laws that minimize worker safety risks from both physical and chemical hazards in the workplace. Cal/OSHA is responsible for developing and enforcing workplace safety standards, including the handling and use of hazardous materials, including gases. Workers must be trained to understand the hazards and appropriate work procedures associated with confined spaces, flammable gases, etc. Businesses that use hazardous materials are required to submit a Hazardous Materials Business Plan to the local CUPA, which performs inspections to ensure compliance with hazardous materials labeling, training, and storage regulations. For example, hazardous materials must be stored in containers according to the manufacturer's guidelines and appropriately labeled. The Material Safety Data Sheet for each chemical must be available for review. Employers must inform workers of the hazards associated with the materials they handle and maintain records documenting training. Hazardous wastes must be segregated, sampled and disposed of at appropriately licensed landfill facilities. Transportation of hazardous materials is regulated by the DOT and Caltrans. Together, federal and State agencies determine driver-training requirements, load labeling procedures, and container specifications designed to minimize the risk of accidental release.

Because numerous laws and regulations govern the transport, use, storage, handling and disposal of hazardous materials to reduce the potential hazards associated with these activities, this impact would be less than significant.

b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and/or accident conditions involving the release of hazardous materials into the environment?

Less Than Significant With Mitigation Incorporated. Construction activities associated with development of the AD, gasification or biogas export facilities at the landfill or RWQCP would involve excavation and trenching. If hazardous materials, such as pesticides or herbicides, VOCs or other hazardous materials are present in excavated soil or groundwater, hazardous materials could be released to the environment resulting in the exposure of construction workers or the public to potential health risks depending on the nature and extent of any contamination encountered. Of particular concern associated with the landfill site is the existing municipal solid waste that would need to be excavated and reburied at a different area of the landfill. The exposure of these buried wastes could result in the dispersal of contaminated materials into the environment and the exposure of construction workers or the public to contaminants, potentially resulting in health and safety risks.

Hazardous materials exposed during construction could be managed appropriately according to applicable laws and regulations to reduce the risks associated with exposures to individuals or releases to the environment. Cal/OSHA regulations require the preparation and implementation of a site health and safety plan to protect workers who could encounter hazardous materials. These plans ensure that construction workers have specialized training and appropriate personal protective equipment. If groundwater dewatering is required for excavation of subsurface facilities, the groundwater may require treatment prior to discharge, in accordance with regulations.

To ensure the public health hazards associated with the exposure of workers or the public to hazardous materials remain less than significant, the following mitigation measure shall be implemented.

Mitigation Measure 9

> During site excavation activities, construction workers that could be exposed to buried hazardous materials shall be properly equipped and trained to safely handle such materials. This includes ensuring appropriate construction personnel have received 40-hour HAZWOPER (Hazardous Waste Operations and Emergency Response) training and wear appropriate personal protection equipment (PPE).

c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?

No Impact. No existing or proposed schools are located within ¼ mile of either the landfill or the RWQCP. Therefore, the proposed alternatives would not emit or handle hazardous emissions within ¼ mile of an existing or proposed school.

d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code §65962.5 and, as a result, would it create a significant hazard to the public or the environment?

No Impact. Based on a search conducted in March 2009 of the Department of Toxic Substances Control list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 including Federal Superfund Sites National Priorities List (NPL), State Response Sites, Voluntary Cleanup Sites, and School Cleanup Sites, the landfill and RWQCP sites are not located on a hazardous material site (RMC March 2009). Implementation of the proposed alternatives would not include any activity that would create a significant hazard to the public or the environment associated with a listed hazardous materials site.

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?

Less Than Significant With Mitigation Incorporated. Potential aviation safety hazards were identified as a significant impact in the Statewide AD Facilities EIR for airports within five miles of new AD facilities due to their potential to attract scavenging birds. A small-scale airport operated by the County of Santa Clara (Palo Alto Airport) is located directly north of the RWQCP. This airport is located less than 3,000 feet from the landfill and RWQCP sites.

Increasing the number of birds near an airport could increase the risk of bird strikes for aircraft departing or approaching the airport. The FAA Advisory Circular 150/5200-33B recommends minimum separation criteria for various land use practices that attract wildlife in the vicinity of airports. For all airports, the FAA recommends a distance of five statute miles between the farthest edge of the airport's air operations area and the hazardous wildlife attractant if the attractant could cause hazardous wildlife movement into or across the approach or departure airspace. The FAA discourages the development of waste disposal and other facilities located within 5,000/10,000-feet of airports serving piston-powered and turbine-powered aircraft, respectively. For projects that are located outside the 5,000/10,000-foot criteria but within five statute miles of the airport's air operations area, the FAA may review development plans, proposed land-use changes or operational changes, to determine if such changes present potential wildlife hazards to aircraft operations and if further investigation is warranted. The mitigation from the Statewide AD Facilities EIR required facility operators to notify the FAA regarding proposed AD facilities. The impact was considered less than significant following implementation of the identified mitigation measures.

The proposed alternatives would include new facilities that process food scraps, which could attract scavenger birds to the site and result in a bird hazard for the Palo Alto Airport. The processing of all food scraps, yard trimmings and biosolids are proposed to occur within enclosed facilities with implementation of the proposed alternatives. Therefore, these facilities are not anticipated to attract scavenger birds. In addition, for facilities designated as compost facilities, California Code of Regulations Title 14, Chapter 3.1, Article 6, Section 17867 stipulates that "all activities shall be conducted in a manner that minimizes vectors, odor impacts, litter, hazards, nuisances and noise impacts…". If regulated as a transfer processing facility, the E/C Facility would be required to "take adequate steps to control or prevent the propagation, harborage and attraction of flies, rodents, or other vectors, and animals, and to minimize bird attraction" (CCR Title 14, Division 7, Chapter 3. Article 6.1, Section 17410.4). These regulations give the Local Enforcement Agency and CalRecycle broad discretion to ensure that the E/C Facility or export facilities minimize bird attraction. In addition, the facilities would be required to comply with Santa Clara County's Airport Master Plan (2006) for the Palo Alto Airport.

To ensure bird strike hazards remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 10

> The facility operator shall notify the Federal Aviation Administration (FAA) Regional Airports Division office and the airport operator of the proposed facility as early in the process as possible. Any open air (outdoor) activities at the site must receive an FAA Determination of No Hazard prior to project approval.

f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?

No Impact. The landfill and RWQCP sites are not located within the vicinity of a private airstrip. Therefore, no aviation-related safety impacts related to private airstrips for people residing or working in the project area are expected to result from the proposed alternatives.

g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?

No Impact. The proposed alternatives would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. Embarcadero Road is designated as a Primary Evacuation Route in the Palo Alto Comprehensive Plan and would be the principal ingress and egress route in the event of an emergency in the Palo Alto Baylands area.

The development components of the proposed alternatives would occur at the landfill and/or RWQCP. Both of these sites would be located at the end of Embarcadero Way. Therefore, any emergencies that occurred at these sites would not impair the use of Embarcadero Way or Embarcadero Road as an evacuation route for other surrounding land uses. The export trucks would use these roadways to access Highway 101. These roadways are of sufficient width that if a truck accessing or departing from the site was involved in an accident, it would be unlikely that the truck would completely block these roads. Embarcadero Road at its intersection with Embarcadero Way is four lanes wide. Therefore, evacuation would not be impeded.

h) Expose people or structures to a significant risk of loss, injury, or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?

No Impact. The landfill and RWQCP sites are not located within a designated fire hazard area or where there is a significant risk of wildland fire. Therefore, no impacts associated with wildfires would be anticipated with project implementation.

2.9 HYDROLOGY AND WATER QUALITY

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
IX.	**Hydrology and Water Quality. Would the project:**				
	a) Violate any water quality standards or waste discharge requirements?	☐	☐	☐	☒
	b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level that would not support existing land uses or planned uses for which permits have been granted)?	☐	☐	☐	☒
	c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial on- or off-site erosion or siltation?	☐	☒	☐	☐
	d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in on- or off-site flooding?	☐	☒	☐	☐
	e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?	☐	☒	☐	☐
	f) Otherwise substantially degrade water quality?	☐	☒	☐	☐
	g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?	☐	☐	☐	☒
	h) Place within a 100-year flood hazard area structures that would impede or redirect flood flows?	☐	☐	☐	☒
	i) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam?	☐	☐	☐	☒
	j) Result in inundation by seiche, tsunami, or mudflow?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

In 1987, Congress recognized the potential adverse effects of urban runoff on water quality and amended the Clean Water Act to require that National Pollutant Discharge Elimination System (NPDES) permits be obtained for urban storm water discharges. Permits require their holders to carry out State-approved management plans designed to control contaminants to the "maximum extent practicable." The plans typically call for a broad range of best management practices (BMPs), primarily non-structural measures such as street sweeping, catch basin cleaning, litter control and public education programs.

Area-wide NPDES permits to discharge storm water from urban areas in Santa Clara County have been issued and reissued by the Regional Water Quality Control Board (Regional Board) since 1990. The City of Palo Alto is one of fifteen co-permittees comprising the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), to whom the general permits have been issued. The other co-permittees consist of other municipalities within the valley, the Santa Clara Valley Water District, and the County of Santa Clara. To fulfill its obligations under the SCVURPPP, the City of Palo Alto developed its Urban Runoff Pollution Prevention Program, which contains implementation strategies and specific performance standards to address storm water pollution prevention in the following areas: 1) illicit connections/illegal dumping; 2) industrial/commercial dischargers; 3) public streets and roadways; 4) storm drain system operation and maintenance; 4) water utility operation and maintenance; 5) new development and construction controls/planning procedures; 6) pesticide, mercury and sediment control measures; and 7) corporation yards operation and maintenance.

DISCUSSION

a) Violate any water quality standards or waste discharge requirements?

No Impact. The landfill currently operates under waste discharge requirements (WDRs) issued by the Regional Water Quality Control Board. Storm water discharge from the RWQCP is required to comply with the site's applicable NPDES permit. Compliance with these permits would ensure that water quality standards are not violated. Therefore, the proposed alternatives would not be expected to violate any water quality standards or waste discharge requirements.

b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre existing nearby wells would drop to a level that would not support existing land uses or planned uses for which permits have been granted)?

No Impact. The proposed alternatives do not include the use of groundwater and would not be expected to substantially interfere with groundwater recharge. The landfill mound is designed to be impervious, thus, the development of the landfill site would not reduce groundwater recharge. Similarly for the RWQCP, much of the site has been developed so little change would be anticipated in groundwater recharge. Therefore, the proposed project would have no impact on groundwater resources.

c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial on- or off-site erosion or siltation?

Less Than Significant with Mitigation Incorporated. Changes in site drainage and flooding patterns associated with the construction of AD facilities were identified in the Statewide AD Facilities EIR as a significant impact requiring mitigation. The mitigation from the Statewide AD Facilities EIR required the preparation of a comprehensive drainage plan to ensure that, at a minimum, no net increase in storm water discharge would occur

during a 10-year, 24-hour storm event. The impact was considered less than significant following implementation of the identified mitigation measures.

The proposed alternatives would alter the drainage characteristics of the landfill site by excavating areas of waste fill within the existing landfill mound and leveling the site to accommodate facility construction and operation. The excavation of the landfill mound would require the installation of a retaining wall to limit the mound area that would need to be excavated. The site excavation activities and facility construction would alter the site's storm water system and would likely increase storm water discharge from the site, requiring the installation of new storm water drainage facilities. The proposed alternatives would also alter the drainage characteristics of the RWQCP site, although to a lesser degree than the landfill site. In order to ensure that the proposed E/C Facility or biosolids export facilities would not result in detrimental increases in storm water flow or flooding on the sites or downstream, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 11

> In order to ensure that the AD, gasification or biosolids export facilities would not result in detrimental increases in storm water flow or flooding on site or downstream, a comprehensive drainage plan (prior to construction) shall be prepared and implemented. The comprehensive drainage plan shall include engineered storm water retention facility designs, such as retention basins, flood control channels, storm drainage facilities, and other features, as feasible, to ensure that, at a minimum, no net increase in storm water discharge would occur during a 10-year, 24-hour storm event, as a result of project implementation. Alternatively, uncontaminated stormwater shall be routed to the City's stormwater drainage system. Project related increases in storm water flows shall be assessed based on proposed changes in impervious surface coverage on site, as well as proposed grading and related changes in site topography.

The installation of facilities at the RWQCP would occur within an already developed area of the control plant. Therefore, changes to the existing storm water drainage system at the RWQCP would not be necessary and no significant impacts would be anticipated on storm water of flooding with the implementation of the proposed alternatives.

d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in on- or off-site flooding?

Less Than Significant with Mitigation Incorporated. As discussed in response to question c) above, the existing drainage pattern of the landfill site would be altered as a result of the proposed alternatives. However, with implementation of the mitigation above, significant changes in the drainage pattern of the site or area would not be anticipated.

The installation of facilities at the RWQCP would occur within an already developed area of the control plant. Therefore, changes to the existing storm water drainage system at the RWQCP would not be necessary and no significant impacts would be anticipated on storm water of flooding with the implementation of the proposed alternatives.

e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?

Less Than Significant with Mitigation Incorporated. As discussed in response to question c) above, the proposed alternatives would alter the drainage characteristics of the landfill site by excavating areas of waste fill within the existing landfill mound and leveling the site to accommodate facility construction and operation. The alteration of the landfill site's drainage patterns could adversely affect existing or planned storm water drainage

systems and contribute additional sources of polluted runoff. However, with implementation of the identified mitigation measure above, this impact would be reduced to a less-than-significant level.

f) Otherwise substantially degrade water quality?

Less Than Significant with Mitigation Incorporated. The operation of AD, gasification or biosolids export facilities can cause environmental degradation of surface water and groundwater quality. The following discussion focuses primarily on the effects of AD facilities on water quality, although similar impacts would be anticipated with gasification facilities, and to a lesser degree, biosolids export facilities.

Reductions in groundwater quality could occur as a result of pre-processing, post-processing, and to a lesser extent, digestion operations. During pre-processing, digester feedstock is separated from incoming waste streams, stored, and transported to the anaerobic digester. Feedstocks could contain high levels of organic matter, sediment, nutrients, inorganic salts, and fugitive trash. Depending on the composition of the feedstock, other potential water quality pollutants may be present in small quantities, including heavy metals, hydrocarbons, and other species. During pre-processing, wash down of equipment, feedstock wetting, and handling operations may result in the loss of a small amount of feedstock material. Pollutants associated with pre-processing operations could be accidentally released from the alternative sites or discharged during storm events, and enter surface waters or leach into groundwater (ESA June 2011).

During the digestion process, digestion occurs within tanks that are designed to prevent leakage of feedstock or digestate. Therefore, potential effects on water quality during digestion would be limited to accidental spills or accidental releases of digestate. Accidental spills could occur as a result of digestion equipment malfunction, accidental release of materials from the anaerobic digester, or spills associated with the handling of chemicals used for the digestion process. Without mitigation, such spills or accidental releases could drain into surface waters or infiltrate to groundwater, either directly or during storm water runoff events, resulting in degradation of surface water or groundwater quality (ESA June 2011).

During post-processing, digestate is dewatered to separate residual solids and liquids. Residual solids are then disposed in a landfill, composted, or used as soil amendment for agriculture or other beneficial use. The liquid fraction of the digestate could potentially be discharged to the City's municipal sewer system for treatment, treated and then discharged to either surface waters pursuant to an NPDES permit or to percolation or evaporation ponds, or used for other beneficial use. Therefore, potential effects on water quality depend upon the concentration of pollutants in the liquid and solid fractions of the digestate, and in the eventual end use or disposal method that is employed for digestate handling (ESA June 2011).

After digestion, residual solids may contain water quality pollutants. The type and concentration of pollutants in residual solids can vary substantially depending upon the feedstock and the digestion practices. In general, residual solids are expected to contain substantial amounts of organic matter and sediment, as well as significant levels of salt, nutrients, and in some cases, heavy metals, pathogens, and toxic organic and/or inorganic pollutants. Residual solids containing high levels of heavy metals or toxins would be required to be handled as a waste and disposed of in an appropriately managed landfill where they would not have a significant potential to adversely impact surface water or groundwater.

Composting and/or direct land application as soil amendment could be an alternative management option for residual solids. Residual solids used for composting or as a soil amendment could not contain high levels of heavy metals, or other toxins. Composting of residual solids would occur at an appropriately permitted composting facility that has undergone an environmental review, and therefore would not be likely to result in a significant increase in surface or groundwater quality pollution. However, unless properly managed, land application of residual solids and compost could adversely impact the quality of surface water and groundwater (ESA June 2011).

The volume and composition of liquid digestate is expected to depend substantially on the characteristics of the anaerobic digester feedstock and, to some degree, on the type of digestion process employed. In general, liquid digestate may contain elevated levels of nutrients (nitrogen and phosphorous compounds), salts (inorganic dissolved solids), microbes (some of which may be pathogenic), heavy metals, and other organic and inorganic constituents associated with the feedstock (e.g., biosolids). Liquid digestate flows having high concentrations of pathogenic microbes, heavy metals, and other toxic compounds could potentially be discharged to the City's municipal sewer system for further treatment. Treatment at the wastewater treatment plant could reduce pollutant concentrations to levels consistent with the plant's discharge permit, and therefore would not result in a significant decrease in water quality (ESA June 2011).

Potential degradation of surface water and groundwater quality was identified as a significant impact in the Statewide AD Facilities EIR. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure the degradation of surface water and groundwater quality remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 12

During pre-processing, all water that contacts digester feedstock, including storm water from feedstock handling and storage facilities and water from equipment washdown and feedstock wetting, shall be contained until appropriately disposed or utilized. Best Management Practices (BMPs) may be used to reduce loading of sediment, nutrients, trash, organic matter, and other pollutants. These BMPs may include, but are not limited to, trash grates and filters, oil-water separators, mechanical filters such as sand filters, vegetated swales, settling ponds, and other facilities to reduce the potential loading of pollutants into surface waters or groundwater. All discharges of storm water are prohibited unless covered under the General Industrial Stormwater Permit, other National Pollutant Discharge Elimination System (NPDES) permit, or are exempted from NPDES permitting requirements. The NPDES permits will generally require implementation of management measures to achieve a performance standard of best available technology economically achievable (BAT) and best conventional pollutant control technology (BCT), as appropriate. The General Industrial Stormwater Permit also requires the development of a storm water pollution prevention plan (SWPPP) and a monitoring plan, in compliance with permit requirements. Other liquid and solid wastes may only be discharged pursuant to an NPDES permit or waste discharge requirement (WDR) order.

In order to minimize the amount of fugitive trash or feedstock released to surface waters, the following measures shall be implemented. When feasible, feedstocks shall be preferentially selected that contain minimal amounts of trash that could become entrained in surface water, either via direct contact with storm water flows or via other accidental release, such as due to wind. The facility operator shall ensure that (1) drainage from all feedstock loading, unloading, and storage areas is contained onsite or treated to remove trash and stray feedstock, and sediment prior to release; (2) in all feedstock loading and unloading areas, and all areas where feedstock is moved by front loaders or other uncovered or uncontained transport machinery, mechanical sweeping and/or equivalent trash control operational procedures shall be performed at least daily, during operations; and (3) the facility operator shall train all employees involved in feedstock handling so as to discourage, avoid, and minimize the release of feedstock or trash during operations.

g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?

No Impact. The proposed alternatives are located within a 100-year flood zone, as shown on the Flood Insurance Rate Map and Palo Alto Comprehensive Plan. The proposed alternatives do not involve any new housing. Therefore, no housing would be placed within a 100-year floodplain with project implementation.

h) Place within a 100-year flood hazard area structures that would impede or redirect flood flows?

No Impact. The proposed alternatives are located within a 100-year flood zone, as shown on the Flood Insurance Rate Map and Palo Alto Comprehensive Plan. The facilities proposed at the landfill and/or RWQCP would be designed and constructed so as not to redirect or impede flood flows, in accordance with the City of Palo Alto's grading ordinance and/or building permit requirements. As the sites are located in a FEMA Flood Zone "AE", and would be subject to inundation if overtopping or failure of bayfront levees occurred, the proposed structures would be constructed in conformance with FEMA standards for structures located in such areas.

i) Expose people or structures to a significant risk of loss, injury, or death involving flooding, including flooding as a result of the failure of a levee or dam?

No Impact. As discussed in response to question h) above, the proposed alternatives would be subject to inundation if overtopping or failure of bayfront levees occurred. However, the proposed structures would be constructed in conformance with FEMA standards for structures located in such areas. Therefore, implementation of the proposed alternatives would not expose people or structures to a significant risk of loss, injury, or death involving flooding.

j) Result in inundation by seiche, tsunami, or mudflow?

No Impact. The project sites are not located in an area subject to seiches, tsunamis or mudflow. Therefore, no impacts related to these events would be anticipated with project implementation.

2.10 LAND USE AND PLANNING

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
X.	**Land Use and Planning. Would the project:**				
	a) Physically divide an established community?	☐	☐	☐	☒
	b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?	☐	☐	☐	☒
	c) Conflict with any applicable habitat conservation plan or natural community conservation plan?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Palo Alto Comprehensive Plan

Under California law, each city and county must have a Comprehensive Plan (also known as a General Plan) to guide its future growth and development. A Comprehensive Plan is a long-range document that includes goals, policies and programs for how a community will manage its land use, housing, circulation, natural resources, economics and public services.

The City of Palo Alto currently is undertaking a Comprehensive Plan Amendment that will cover the period through 2020. The purpose of the Amendment is to extend the horizon year of the existing Comprehensive Plan adopted in 1998 from 2010 to 2020, revise base conditions and growth projections, modify policies and programs, update the land use map and revise the Housing Element. An environmental impact report (EIR) will be prepared in 2013 to analyze the Comprehensive Plan Amendment.

The Comprehensive Plan serves as the guide for Palo Alto's future development. The City Council and Planning and Transportation Commission use the Comprehensive Plan to evaluate land use changes and make funding and budget decisions, and City staff use it to regulate building and development and to inform its recommendations on projects (Palo Alto 2012).

The land use map for the Comprehensive Plan designates the landfill as "Public Park" and the RWQCP as "Major Institution/Special Features." The Comprehensive Plan defines the Public Park land use designation as: "Open lands whose primary purpose is active recreation and whose character is essentially urban. These areas have been planted with non-indigenous landscaping and require a concerted effort to maintain recreational facilities and landscaping." The Comprehensive Plan defines the Major Institution/Special Features land use designation as: "Institutional, academic, governmental, and community service uses and lands that are either publicly owned or operated as non-profit organizations. Examples are hospitals and City facilities."

Palo Alto Zoning Regulations

The Palo Alto zoning map and zoning regulations govern the use of land, including the construction, alteration, movement, replacement, or maintenance of buildings; the conduct of residential, commercial, industrial, and

public service activities; the height, bulk, and placement of buildings and uses on each site; the provision of open space, amenities, off-street parking and loading; the relationships between buildings and uses on adjoining sites or within adjoining classes of districts; and such further aspects of land use and development as are appropriate to attain the purposes of the zoning regulations. The purposes of the zoning regulations are to promote and protect the public health, safety, peace, morals, comfort, convenience, and general welfare of the community of Palo Alto (Palo Alto 2012a). The zoning designation for both the landfill and RWQCP site is PF(D), Public Facilities District/Site and Design Review Combining District.

DISCUSSION

a) Physically divide an established community?

No Impact. The proposed alternatives would not physically divide an established community. The proposed alternatives include components that are located at either the Palo Alto Landfill or the RWQCP within the City limits of Palo Alto. The proposed alternatives would be constructed within a 10-acre area of the landfill specifically designated for such uses in Measure E, which was passed by the citizens of Palo Alto in November 2011. This area is located directly southeast of the RWQCP and has historically been used as a municipal solid waste disposal area. The proposed alternatives would be constructed entirely within the boundaries of the existing landfill or the RWQCP. The biosolids export facilities at the RWQCP would use existing roadways to access Highway 101. Therefore, the proposed alternatives would not result in a disruption, physical division, or isolation of existing land uses and no impacts on established communities would occur with project implementation.

b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to, a general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?

No impact. The proposed alternatives would be constructed on land owned by the City of Palo Alto. The landfill is located on land designated in the Palo Alto Comprehensive Plan as Public Park. However, the proposed alternatives would be constructed within a 10-acre area of the landfill specifically designated for such uses in Measure E. The land use designation for the RWQCP is Major Institution/Special Features. The construction of the proposed alternatives on the RWQCP would be consistent with this land use designation.

The landfill and RWQCP sites are zoned PF(D), Public Facilities District/Site and Design Review Combining District. The Site and Design Review Combining District is intended to provide a process for review and approval of development in environmentally and ecologically sensitive areas in order to assure that use and development will be harmonious with other uses in the general vicinity, will be compatible with environmental and ecological objectives, and will be in accord with the Palo Alto Comprehensive Plan (Palo Alto Municipal Code, Section 18.30[G].010) (Palo Alto 2012a).

The City's process for projects within this District requires the submittal of a site plan and elevations to the Palo Alto Planning Commission. If approved by the planning commission, the site plan and elevations are forwarded to the architectural review board for review. The site plan and elevations, as approved by the planning commission and architectural review board are then submitted with recommendations to the Palo Alto City Council for final action (Palo Alto Municipal Code, Section 18.30[G].055) (Palo Alto 2012a).

In conducting their review, the planning commission shall recommend changes as it may deem necessary to accomplish the following objectives:

(a) To ensure construction and operation of the use in a manner that will be orderly, harmonious, and compatible with existing or potential uses of adjoining or nearby sites.

(b) To ensure the desirability of investment, or the conduct of business, research, or educational activities, or other authorized occupations, in the same or adjacent areas.

(c) To ensure that sound principles of environmental design and ecological balance shall be observed.

(d) To ensure that the use will be in accord with the Palo Alto Comprehensive Plan (Palo Alto Municipal Code, Section 18.30[G].060) (Palo Alto 2012a).

Compliance with these City regulations would ensure that the proposed alternatives would not conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project area. Based on this compliance, the proposed uses for the proposed alternatives would be consistent with the existing surrounding land uses, would not conflict with the land use or zoning designations for the landfill or the RWQCP, and would not conflict with a policy or regulation of an agency with jurisdiction over the project adopted for the purpose of avoiding or mitigating an environmental effect. Therefore, the proposed alternatives would have no adverse impacts on applicable land use plans, policies or regulations.

c) Conflict with any applicable habitat conservation plan or natural community conservation plan?

No Impact. The proposed alternatives would not conflict with the provisions of an adopted Habitat Conservation Plan, Natural Conservation Community Plan, or other approved local, regional, or state habitat conservation plan. As stated above, the proposed alternatives would be constructed within existing developed areas zoned for public facilities. For this reason, no impact is expected.

2.11 MINERAL RESOURCES

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XI.	**Mineral Resources. Would the project:**				
	a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	☐	☐	☐	☒
	b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The project sites include a closed landfill and an active wastewater treatment plant operation. These sites do not include mineral resources.

DISCUSSION

a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?

No Impact. No known mineral resources are present at the landfill site, which has been used for solid waste disposal since the 1930's, or at the RWQCP. Therefore, the proposed alternatives would not result in the loss of known mineral resources of value to the region or residents of the state. No adverse effect on mineral resources would be anticipated.

b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan?

No Impact. The proposed alternatives would not result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan, or other land use plan. Therefore, the proposed alternatives would have no effect on locally important mineral resource recovery sites.

2.12 NOISE

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XII.	**Noise. Would the project result in:**				
	a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or in other applicable local, state, or federal standards?	☐	☒	☐	☐
	b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?	☐	☐	☐	☒
	c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☒	☐	☐
	d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?	☐	☒	☐	☐
	e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒
	f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Noise is generally defined as sound that is loud, disagreeable, unexpected, or unwanted. Sound is mechanical energy transmitted in the form of a wave because of a disturbance or vibration, and as any pressure variation in air that the human ear can detect.

Because of the ability of the human ear to detect a wide range of sound-pressure fluctuations, sound-pressure levels are expressed in logarithmic units called decibels (dB) to avoid a very large and awkward range in numbers. The sound-pressure level in decibels is calculated by taking the log of the ratio between the actual sound pressure and the reference sound pressure squared. The reference sound pressure is considered the absolute hearing threshold (California Department of Transportation 1998). Use of this logarithmic scale reveals that the total sound from two individual 65-dBA sources is 68 dBA, not 130 dBA (i.e., doubling the source strength increases the sound pressure by 3 dBA).

Vibration is the periodic oscillation of a medium or object. The rumbling sound caused by the vibration of room surfaces is called structureborne noise. Sources of groundborne vibrations include natural phenomena (e.g., earthquakes, volcanic eruptions, sea waves, landslides) or human-made causes (e.g., explosions, machinery, traffic, trains, construction equipment). Vibration sources may be continuous, such as factory machinery, or transient, such as explosions. As is the case with airborne sound, groundborne vibrations may be described by amplitude and frequency.

Vibration amplitudes are usually expressed in peak particle velocity (PPV) or root mean squared (RMS), as in RMS vibration velocity. The PPV and RMS velocity are normally described in inches per second (in/sec). PPV is defined as the maximum instantaneous positive or negative peak of a vibration signal. PPV is often used in monitoring of blasting vibration because it is related to the stresses that are experienced by buildings (FTA 2006; Caltrans 2002). Caltrans has established a recommended standard for vibration levels of 0.2 inches per second PPV (Caltrans 2002).

Existing Noise Environment

The principal noise source in the vicinity of the project site consists primarily of overflight aircraft noise from the Palo Alto Airport. Traffic noise from Highway 101 and Embarcadero Road also contribute to the ambient noise environment.

DISCUSSION

a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or in other applicable local, state, or federal standards?

Less Than Significant With Mitigation Incorporated. Operations of the proposed alternative at the landfill and/or RWQCP would generate noise levels that would be perceptible off of the sites. The City of Palo Alto Noise Ordinance requires that noise levels produced on public property not exceed the local ambient noise levels by more than fifteen decibels at a distance of twenty-five feet or more. The project is not expected to exceed this threshold, as the amount of noise-generating equipment proposed with the project alternatives would not be substantially greater than the equipment historically used at the landfill site. Closure activities will be ongoing at the landfill. In addition, the proposed facilities at the landfill and RWQCP are anticipated to be enclosed, which would substantially diminish noise levels. However, operational noise levels could be disruptive for Byxbee Park users in the future due to the proximity of the landfill and RWQCP to the park. The expected noise levels would depend upon the ultimate design and operational characteristics of the facilities at the landfill and RWQCP.

Operational activities associated with the proposed alternatives that would generate noise include preprocessing, vehicle circulation, and the operation of certain mechanical equipment such as stationary pumps, motors, compressors, fans, generators, and other equipment. Pre-processing activities include noise generating steps such as sorting and grinding. Some equipment such as electrical generators operate 24-hours a day, creating operational noise during night time hours.

The biosolids export component would generate increased noise levels associated with material loading as well as increased truck traffic at the RWQCP and along the local haul route accessing Highway 101.

Operational noise impacts were identified as a significant impact in the Statewide AD Facilities EIR. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure noise impacts associated with operational components of the proposed alternatives remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 13

> AD facilities located within 2,000 feet of a sensitive receptor shall conduct a site specific noise study. If operational sound levels would exceed local regulations (i.e., the City's industrial noise level standard of 70 to 85 dBA), or 45 dBA at a sensitive receptor (if no regulations are available), additional sound-proofing such as enclosures, muffling, shielding, or other attenuation measures shall be installed to meet the required sound level.

b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?

No Impact. Operations of the proposed alternatives at the landfill and/or RWQCP would generate some groundborne vibration during construction activities. However, following construction, no substantial groundborne vibration sources would be anticipated. Therefore, the proposed alternatives would not be expected to expose persons to or generate excessive groundborne vibration or groundborne noise levels.

c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?

Less Than Significant With Mitigation Incorporated. The operational components of the proposed alternatives have the potential to increase ambient noise levels in the project vicinity, as discuss in response to question a) above. A noise mitigation measure has been identified in response to this impact that includes the preparation of a noise study. The noise study would identify specific noise impacts for the proposed alternatives and would recommend appropriate mitigation measures to minimize noise generation from facility operations. With implementation of these mitigation measures, the proposed alternatives would not be expected to result in substantial permanent increases in ambient noise levels in the project vicinity above levels existing without the proposed alternatives.

d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?

Less Than Significant With Mitigation Incorporated. The construction components of the proposed alternatives would result in temporary increases in noise at the landfill site and at the RWQCP site. The construction noise would be generated from onsite construction vehicles and equipment as well as from trucks delivering materials to the site. Periodic increases in noise levels would likely occur during site operations as well, particularly during material delivery. These temporary or periodic noise increases would primarily affect the users of Byxbee Park. As discussed in the answer to question a) above, these noise impacts would be minimized with the implementation of the identified mitigation measures. More detailed analysis of these impacts will be provided in the EIR for the proposed alternatives.

Construction-related noise impacts were identified as a significant impact in the Statewide AD Facilities EIR. The impact was considered less than significant following implementation of the identified mitigation measures.

To ensure noise impacts associated with the construction components of the proposed alternatives remain less than significant, the following mitigation measure included in the Statewide AD Facilities EIR shall be implemented.

Mitigation Measure 14

> Construction activities shall be limited to the hours established by the City of Palo Alto, which are identified in the Palo Alto Noise Ordinance as between 8:00 a.m. and 6:00 p.m., Monday through Friday, and between 9:00 a.m. and 6:00 p.m. Saturday.
>
> Construction equipment noise shall be minimized by muffling and shielding intakes and exhaust on construction equipment to a level no less effective than the manufacture's specifications, and by shrouding or shielding impact tools.
>
> Construction contractors within 750 feet of sensitive receptors shall locate fixed construction equipment, such as compressors and generators, and construction staging areas as far as possible from nearby sensitive receptors.

Construction contractors shall comply with all local noise ordinances and regulations.

e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?

No Impact. Although the project sites are currently exposed to elevated noise levels associated with aircraft operation from the Palo Alto Airport, the proposed alternatives would not increase the noise levels associated with aircraft operations and would not substantially increase the number of people exposed to this noise source. Therefore, the proposed alternatives would not substantially increase the exposure of people residing or working in the project area to excessive noise levels associated with airport operations.

f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?

No Impact. The project sites are not located in the vicinity of a private airport. Therefore, the proposed alternatives would not expose people residing or working in the project area to excessive noise levels associated with private airstrip operations.

2.13 POPULATION AND HOUSING

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XIII.	**Population and Housing. Would the project:**				
	a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	☐	☐	☐	☒
	b) Displace substantial numbers of existing homes, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒
	c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The proposed alternatives include the location of facilities at the Palo Alto Landfill and at the RWQCP within the northeastern portion of the City of Palo Alto. Population growth and projected housing needs within the City area are addressed in the Palo Alto Comprehensive Plan.

DISCUSSION

a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?

No Impact. An increase in the number of employees necessary to manage the City's organic waste and biosolids would be required for the proposed alternatives. Facility construction would temporarily increase the employment base. However, the number of employees necessary to construct and operate the proposed alternatives would not be expected to directly result in substantial population growth in the city.

The proposed alternatives would not include the construction of any roads or infrastructure that would indirectly induce substantial population growth. The extension of Embarcadero Way would be necessary to develop the landfill site; however, this extension would result in Embarcadero Way dead ending at the site. Therefore, it would not provide opportunities for new homes or businesses that would induce substantial population growth. No impact regarding substantial population growth in the area is anticipated.

b) Displace substantial numbers of existing homes, necessitating the construction of replacement housing elsewhere?

No Impact. No homes would be displaced by the implementation of the proposed alternatives. Therefore, no housing impacts would be anticipated with implementation of the alternatives.

c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere?

No Impact. No homes would be displaced by implementation of the proposed alternatives; therefore, no people would be displaced.

2.14 PUBLIC SERVICES

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
IX.	**Public Services. Would the project:**				
	a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or the need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:				
	Fire protection?	☐	☐	☐	☒
	Police protection?	☐	☐	☐	☒
	Schools?	☐	☐	☐	☒
	Parks?	☐	☐	☐	☒
	Other public facilities?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

Public services include fire and police protection, schools and other public facilities. Fire and police protection is provided to the landfill and RWQCP by the City of Palo Alto Fire and Police Departments. The Palo Alto Fire Department has 115 personnel and seven fire stations. The Department also provides transport ambulance service for Palo Alto and Stanford University. The Palo Alto Police Department has 169 personnel. The Palo Alto Unified School District, which serves the project area, consists of twelve elementary schools, three middle schools and two high schools. The closest school to the project sites is the Ohlone Elementary School, which is located more than a mile to the southwest across Highway 101.

DISCUSSION

a) Result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, or the need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times, or other performance objectives for any of the public services:

Fire protection?

No Impact. The proposed alternatives would not directly or indirectly increase the local population. New employees associated with implementation of the alternatives are assumed to derive from the local population base. The proposed alternatives would not extend the service area of the fire department or require additional fire protection facilities be constructed. Therefore, no adverse fire protection impacts would be anticipated with project implementation.

Police protection?

No Impact. Implementation of the proposed alternatives would not require an increase in police protection services or the construction of additional police facilities. Therefore, no police protection impacts would be anticipated with project implementation.

Schools?

No Impact. Implementation of the proposed alternatives does not include any uses that would increase the demands on local schools. Therefore, no school facility impacts would be anticipated with project implementation.

Parks?

No Impact. Implementation of the proposed alternatives does not include any uses that would increase the demands on local parks. The landfill site is designated as Byxbee Park but the area identified for the proposed alternatives has been historically used as a landfill disposal area and its conversion to E/C Facility uses would not reduce the active parkland within the City. Therefore, no increase in park facility demands would be anticipated with project implementation.

Other public facilities?

No Impact. Implementation of the proposed alternatives would not change the demand for public facility services as compared to existing conditions. Therefore, no public facility impacts would be anticipated with project implementation.

2.15 RECREATION

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XV.	**Recreation. Would the project:**				
	a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	☐	☐	☐	☒
	b) Include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The two primary recreational facilities in the project area include Byxbee Park and the Palo Alto Golf Course. The proposed landfill site is located entirely on Byxbee Park. The RWQCP is located directly northwest of the park. The Palo Alto Golf Course is located to the northwest of the RWQCP across Embarcadero Road.

DISCUSSION

a) Increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?

No Impact. The entire closed landfill is designated as Byxbee Park and portions of the landfill have been converted to park uses. However, the portion of the park identified for use by the proposed alternatives has not been converted to park uses. Its use for the proposed alternatives would either delay or preclude its ultimate conversion to park uses. However, because the proposed site is not currently used as a park, its conversion from landfill uses to other uses would not directly affect the existing public use of Byxbee Park. The acreage of Byxbee Park currently used as a public park would not change with implementation of the project alternatives. Therefore, the proposed alternatives would not increase the use of the existing public park components of Byxbee Park such that substantial physical deterioration of the park would occur or be accelerated.

The development of the landfill site could alter the experience of park users by introducing a new type of waste management activity within the park boundaries. The effects experienced by park users, such as changes in the noise, lighting and odors generation from the site, are discussed in other sections of this checklist. However, none of these effects would be expected to increase the demands on the public use areas within Byxbee Park.

If the proposed alternatives are constructed on the RWQCP site and the landfill site is not used for source separated organic material or biosolid processing, then the landfill site could more rapidly be converted to park uses. However, this conversion would not be expected to increase the demands on the public use areas such that substantial physical deterioration of the park would occur. Therefore, no recreational facility impacts would be anticipated with implementation of the proposed alternatives.

b) Include recreational facilities or require the construction or expansion of recreational facilities that might have an adverse physical effect on the environment?

No Impact. The proposed alternatives do not include proposed recreational facilities nor do they require the construction or expansion of recreational facilities. Therefore, no impacts associated with recreational facilities would be anticipated with implementation of the proposed alternatives.

2.16 TRANSPORTATION/TRAFFIC

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XVI.	**Transportation/Traffic. Would the project:**				
	a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?	☐	☐	☒	☐
	b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?	☐	☐	☐	☒
	c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?	☐	☐	☐	☒
	d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	☐	☐	☐	☒
	e) Result in inadequate emergency access?	☐	☐	☐	☒
	f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The primary roadways in the project vicinity include Highway 101, Embarcadero Road and Embarcadero Way. Highway 101 is an eight-lane freeway with one lane in each direction designated for carpools. The Highway 101/Embarcadero Road interchange has a typical cloverleaf design with Embarcadero Road crossing over the top of the highway. The four-lane Embarcadero Road extends slightly less than ½ mile to its intersection with Embarcadero Way. Embarcadero Way provides direct access to the RWQCP. Embarcadero Road reduces to three lanes and then two lanes as it continues to the east and then turns to the southeast around the boundary of the RWQCP, terminating at the landfill entrance. A short roadway extends east from Embarcadero Road to a small parking lot used to access Byxbee Park.

DISCUSSION

a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant

components of the circulation system, including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?

Less-Than-Significant Impact. The proposed alternatives would result in an increase in the overall number of vehicles traveling to and from the sites, as compared with current RWQCP uses. The biosolids export alternative would result in the greatest increase in traffic of the proposed alternatives. The construction associated with the proposed alternatives would result in temporary increases in vehicle traffic on local roadways. However, the proposed alternatives would not be expected to cause a substantial increase in traffic on the local roadway system, or result in an exceedance of the level of service standard established by the county congestion management agency due to the relatively high capacity of the existing roadway system and the majority of the trips occurring outside of the typical peak travel periods (i.e., peak hours).

The intersection that would be the most directly affected by project traffic is the intersection of Embarcadero Road and East Bayshore Road, located approximately ½ mile west of the site. As Embarcadero Road provides the only access to the site from Highway 101 and the rest of Palo Alto west of Highway 101, all project traffic would pass through the intersection. The Palo Alto Comprehensive Plan identifies this intersection as a key intersection to be monitored for growth management, in association with the East Bayshore and Edgewood Plaza Growth Monitoring Areas.

At this time, the specific number of trips anticipated with each of the alternatives has not been determined and additional analysis of traffic impacts will be necessary in the EIR prepared for the proposed alternatives. Each of the alternatives would add some vehicle trips to the existing roadway network, which could degrade the capacities of the roadways accessing the sites during peak periods. However, because the proposed alternatives are anticipated to generate relatively low levels of vehicle trips in comparison to the capacities of the roadways accessing the sites and the majority of the trips would be expected to occur outside of peak periods, significant traffic impacts would not be anticipated.

b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?

No Impact. The vehicles accessing the landfill and RWQCP sites for the proposed alternatives would use Embarcadero Road to access Highway 101. This four-lane roadway has sufficient capacity to accommodate the existing industrial, commercial and recreational uses northeast of Highway 101 as well as the truck traffic associated with implementation of the proposed alternatives. Therefore, no conflicts with applicable congestion management programs would be anticipated with implementation of the proposed alternatives.

c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?

No Impact. A small-scale airport operated by the County of Santa Clara (Palo Alto Airport) is located directly north of the RWQCP. This airport is located less than 3,000 feet from the landfill and RWQCP sites. However, the proposed alternatives do not include any uses that would change air traffic patterns. Therefore, no impact on air traffic patterns would be anticipated with implementation of the proposed alternatives.

d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?

No Impact. The proposed alternatives would not alter the design of the existing roadways accessing either the landfill or the RWQCP sites, other than extending Embarcadero Way onto the landfill site. Trucks accessing both sites from Highway 101 would use Embarcadero Road and Embarcadero Way, both of which are well maintained

and relatively straight roadways that do not have any unusual design features. These roadways are designed to accommodate the existing industrial, commercial and recreational uses in the project area. Therefore, no roadway hazard impacts would be anticipated.

e) Result in inadequate emergency access?

No Impact. The proposed alternatives would not result in inadequate emergency access at either the landfill or the RWQCP site. Embarcadero Road is designated as a Primary Evacuation Route in the Palo Alto Comprehensive Plan and would be the principal ingress and egress route in the event of an emergency at either site. Both sites would be accessible from Embarcadero Road to the northeast and from Embarcadero Way to the southwest. Embarcadero Road connects directly to Highway 101 and is four lanes wide from its intersection with Embarcadero Way to Highway 101. With two separate access points during an emergency, adequate access would be provided to both sites. Therefore, the proposed alternatives would not result in inadequate emergency access.

f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?

No Impact. The proposed alternatives do not include elements that would conflict with adopted policies, plans, or programs supporting alternative transportation. For the proposed alternatives, vehicle access from Highway 101 would be provided to the landfill and RWQCP by way of Embarcadero Road and Embarcadero Way. No changes to these roadways are proposed, other than extending Embarcadero Way to the landfill site. Therefore, the proposed alternatives would have no effect on alternative modes of transportation.

2.17 UTILITIES AND SERVICE SYSTEMS

	ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XVII.	**Utilities and Service Systems. Would the project:**				
	a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?	☐	☐	☒	☐
	b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☐	☒	☐
	c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?	☐	☒	☐	☐
	d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?	☐	☐	☒	☐
	e) Result in a determination by the wastewater treatment provider that serves or may serve the project that it has adequate capacity to serve the project's projected demand, in addition to the provider's existing commitments?	☐	☐	☐	☒
	f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?	☐	☐	☐	☒
	g) Comply with federal, state, and local statutes and regulations related to solid waste?	☐	☐	☐	☒

ENVIRONMENTAL SETTING

The Palo Alto Landfill has an existing storm water drainage system that is required to comply with the Waste Discharge Requirements issued for the site by the San Francisco Bay Regional Water Quality Control Board. The RWQCP also has a storm water drainage system that is regulated by the San Francisco Bay Regional Water Quality Control Board. The City of Palo Alto Utilities provides the water supply and waste water treatment services for the project area.

DISCUSSION

a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?

Less Than Significant Impact. The proposed alternatives could include the generation of wastewater from the AD and gasification facilities that would require treatment. Wastewater from AD facilities could include ammonia that might require additional treatment facilities at the RWQCP or the pre-treatment prior to discharging to the RWQCP. The installation and operation of these ammonia treatment facilities would be required to comply with

the RWQCP's applicable permitting requirements. Therefore, the construction of these facilities would not be expected to exceed wastewater treatment requirements of the San Francisco Bay Regional Water Quality Control Board.

b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?

Less Than Significant Impact. As discussed in response to question a) above, the proposed alternatives could include the generation of wastewater from the AD facilities that may require additional treatment facilities at the RWQCP or the pre-treatment prior to discharging to the RWQCP. The installation and operation of these ammonia treatment facilities would be expected to occur within the boundaries of the developed RWQCP, which has sufficient space to accommodate these uses. Therefore, the construction of these facilities would not be expected to cause significant environmental effects.

c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?

Less Than Significant With Mitigation Incorporated. Changes in site drainage and flooding patterns were identified in the Statewide AD Facilities EIR as a significant impact requiring mitigation. The mitigation from the 2011 EIR required the preparation of a comprehensive drainage plan to ensure that, at a minimum, no net increase in storm water discharge would occur during a 10-year, 24-hour storm event. The impact was considered less than significant following implementation of the identified mitigation measures.

As discussed in Section 2.7, Hydrology and Water Quality, the proposed alternatives would alter the drainage characteristics of the landfill site by excavating areas of waste fill within the existing landfill mound and leveling the site to accommodate facility construction and operation. The excavation of the landfill mound would require the installation of a retaining wall to limit the mound area that would need to be excavated. The site excavation activities and facility construction would alter the site's storm water system and would likely increase storm water discharge from the site, requiring the installation of new storm water drainage facilities. In order to ensure that the proposed alternatives would not result in detrimental increases in storm water flow or flooding on the sites or downstream, mitigation measures are identified in Section 2.7 to minimize these impacts.

d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?

Less Than Significant Impact. The proposed alternatives would be provided water from Palo Alto Utilities. The quantity of water needed for the proposed alternatives would depend upon the specific technology selected. However, the water demand would not be expected to be excessive or to exceed available capacities. Less-than-significant water supply impacts would be anticipated with implementation of the proposed alternatives.

e) Result in a determination by the wastewater treatment provider that serves or may serve the project that it has adequate capacity to serve the project's projected demand, in addition to the provider's existing commitments?

No Impact. The treatment of wastewater from the dry and wet AD facilities associated with the proposed alternatives could require the installation of additional ammonia treatment facilities at the RWQCP. However, these ammonia treatment facilities would not be expected to diminish the treatment plant's existing capacities. Also, because the volume of wastewater generated from the AD facilities is expected to be relatively small, the ability of the RWQCP to continue to meet the City's demands for wastewater treatment is not expected to be diminished with implementation of the proposed alternatives. Therefore, significant wastewater facility impacts would not be anticipated with implementation of the proposed alternatives.

f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?

No Impact. The proposed alternatives are intended to improve the City's management of food scraps, yard trimmings, and biosolids. With implementation, the alternatives would reduce landfill disposal when compared to current conditions by diverting food scraps from the municipal solid waste stream. Some solid waste would be generated during construction activities. However, due to the relatively small size of the proposed facilities, substantial solid waste generation from construction activities would not be anticipated. The excavation of the landfill mound necessary to accommodate development would require the relocation of previously disposed waste to another portion of the landfill. Relocating previously disturbed waste at the landfill would not alter the permitted capacity of an operating landfill, as the Palo Alto Landfill is in the process of being permanently closed. Therefore, no adverse solid waste disposal facility impacts would be anticipated with project implementation.

g) Comply with federal, state, and local statutes and regulations related to solid waste?

No Impact. As an existing permitted solid waste facility, the activities at the Palo Alto landfill are required to comply with all applicable federal, state, and local statutes and regulations related to solid waste. In order to implement the proposed alternatives, any facility would be required to comply with all applicable statutes and regulations whether it was located at the landfill or the RWQCP. Therefore, the proposed alternatives would not be expected to conflict with any solid waste statutes or regulations.

2.18 MANDATORY FINDINGS OF SIGNIFICANCE

ENVIRONMENTAL ISSUES	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact
XVIII. Mandatory Findings of Significance.				
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of an endangered, rare, or threatened species, or eliminate important examples of the major periods of California history or prehistory?	☐	☐	☐	☒
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)	☐	☐	☐	☒
c) Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?	☐	☐	☐	☒

Authority: Public Resources Code Sections 21083 and 21087.
Reference: Public Resources Code Sections 21080(c), 21080.1, 21080.3, 21082.1, 21083, 21083.3, 21093, 21094, 21151; *Sundstrom v. County of Mendocino*, 202 Cal.App.3d 296 (1988); *Leonoff v. Monterey Board of Supervisors*, 222 Cal.App.3d 1337 (1990).

DISCUSSION

a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of an endangered, rare, or threatened species, or eliminate important examples of the major periods of California history or prehistory?

No Impact. Implementation of the proposed alternatives would include development at the closed landfill and/or at the RWQCP. Both of these sites have been disturbed by prior site development and do not contain sensitive species or habitats. For the potential offsite biological resource impacts identified in this checklist, mitigation measures have been identified that would ensure these impacts remain less than significant. As discussed in the other sections of this checklist, the proposed alternatives would not substantially reduce the habitat of a fish or wildlife species, cause fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of rare or endangered plants or animals, or eliminate examples of California history or prehistory.

b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.)

No Impact. The proposed alternatives would not add considerably to any cumulative impacts in the region, as discussed in other sections of this checklist. No other projects that would create cumulatively considerable environmental impacts are proposed in the project vicinity. The proposed sites for the alternatives are surrounded by Byxbee Park and existing commercial land uses that have been fully developed. Therefore, the implementation of the proposed alternatives would not contribute to cumulative impacts.

c) Does the project have environmental effects that will cause substantial adverse effects on human beings, either directly or indirectly?

No Impact. As discussed in other sections of this checklist and in the responses to questions a) and b) above, the proposed alternatives would not be expected to cause substantial adverse effects on human beings, either directly or indirectly.

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APPENDIX H

[RESERVED FOR FUTURE USE]

APPENDIX I

LEASE AGREEMENT TEMPLATE-USER INSTRUCTIONS

WHEN TO USE FORM: This form should only be used when the City is leasing City owned property to someone else. If the City is leasing property from a private party DO NOT USE this form.

HOW TO COMPLETE FORM: To use this form, you will need to fill in the information requested in bold. Below is a summary of the major items of information and lease references that will need to be customized before completing the agreement:

- **Address of Property** _____ (1. Premises)
- **Square Footage and Description of Property** _____ (1. Premises)
- **Lease Term with Start and End Date** _____ (2.1 Original Term)
- **Length of Option Period** _____ (2.2 Option to Extend)
- **Monthly Rent** _____ (3.1 Base Rent)
- **Amount of Security Deposit** _____ (4.1 Security Deposit)
- **Required Uses of Property** _____ (5.1 Required Uses)
- **Who Will Pay Utilities** _____ (7. Utilities and Operating Expenses)
- **Who Will Perform Maintenance**_____(9.1 City and Lessee Responsibilities)
- **Who Will Maintain Common and other Areas** _____ (9.3 Maintenance of Common Areas)
- **What Construction Lessee Will Perform, Permission Needed, and End Date** _____ (10.1)
- **What Construction Cost Requires City Approval** _____ (10.6 Assurance of Completion)
- **Description of Property** (Exhibit A)
- **Inventory of Fixtures** (Exhibit B)

When you finish filling in the necessary information, delete the instructions in the text and any unnecessary provisions. The provisions in this Lease are default provisions, if you wish to make additional changes please contact the City Attorney's Office.

Once all desired changes have been made please check the page numbers. Then left click on the Table of Contents, press the F9 button, and select okay to update the page numbers.

LEASE AGREEMENT

BETWEEN
CITY OF PALO ALTO
AND
INSERT NAME OF LESSEE

TABLE OF CONTENTS

LEASE PROVISIONS

1.	PREMISES.	1
2.	TERM.	1
3.	RENT.	2
4.	SECURITY DEPOSIT.	3
5.	USE OF PROPERTY.	3
6.	HAZARDOUS MATERIALS.	4
7.	UTILITIES AND OPERATING EXPENSES.	6
8.	TAXES.	7
9.	MAINTENANCE.	8
10.	CONSTRUCTION BY LESSEE.	9
11.	ALTERATIONS BY LESSEE.	10
12.	HOLD HARMLESS/INDEMNIFICATION.	11
13.	DAMAGE, DESTRUCTION AND TERMINATION.	11
14.	SIGNS.	15
15.	ASSIGNMENT AND SUBLETTING.	15
16.	DEFAULTS; REMEDIES.	15
17.	INTEREST ON PAST-DUE OBLIGATIONS.	17
18.	HOLDING OVER.	17
19.	CITY'S ACCESS.	17
20.	INSURANCE.	18
21.	RESERVATION OF AVIGATIONAL EASEMENT.	19
22.	EMINENT DOMAIN.	19
23.	POST-ACQUISITION TENANCY.	20
24.	DISPUTE RESOLUTION.	20
25.	NON-LIABILITY OF OFFICIALS AND EMPLOYEES OF THE CITY.	20
26.	NON-DISCRIMINATION.	20
27.	INDEPENDENT CONTRACTOR.	21
28.	CONFLICT OF INTEREST.	21
29.	MEMORANDUM OF LEASE.	21
30.	ESTOPPEL CERTIFICATE.	22
31.	LIENS.	22
32.	VACATING.	22

33. ABANDONMENT. 22
34. NOTICES. 22
35. TIME. 23
36. AMENDMENTS. 23
37. SIGNING AUTHORITY. 23
38. CAPTIONS. 23
39. SURRENDER OF LEASE NOT MERGER. 23
40. INTEGRATED DOCUMENT. 23
41. WAIVER 24
42. INTERPRETATIONS. 24
43. SEVERABILITY CLAUSE. 24
44. GOVERNING LAW. 24
45. VENUE. 24
46. COMPLIANCE WITH LAWS. 24
47. BROKERS. 24
48. ATTACHMENTS TO LEASE. 25

EXHIBITS

A DESCRIPTION OF SUBJECT PROPERTY 27
B INVENTORY OF FIXTURES 28
C STANDARD INSURANCE REQUIREMENTS 1

LEASE AGREEMENT

BETWEEN
CITY OF PALO ALTO
AND
INSERT NAME OF LESSEE

This lease agreement (herein "Lease") is made and entered into this _____ day of _____, 20__, by and between the City of Palo Alto, a California chartered municipal corporation (herein "City") and ***INSERT NAME OF LESSEE***, a _____ Corporation (herein "Lessee"). City and Lessee may be referred to individually as a "Party" or collectively as the "Parties" or the "Parties to this Lease." The City Manager serves as Contract Administrator for this Lease on behalf of the City Council.

RECITALS

A. These recitals are a substantive portion of this Lease.

B. [INSERT LIST OF RECITALS, INCLUDING SELECTION PROCESS FOR TENANT, IF APPLICABLE]

Now, therefore, in consideration of these recitals and the following covenants, terms, and conditions, Lessee and City mutually agree as follows:

LEASE PROVISIONS

1. PREMISES.

City hereby leases to Lessee, certain real property located in the City of Palo Alto, County of Santa Clara, State of California, commonly known as ***INSERT ADDRESS*** (herein the "Property") and more particularly described in Exhibit A attached hereto and incorporated herein by reference. The Property consists of approximately ***INSERT NUMBER*** (__) square feet of ***INSERT DESCRIPTION OF PROPERTY*** except for the Inventory of Fixtures set forth in Exhibit B attached hereto and incorporated herein by reference. Unless specifically provided, Lessee accepts the Property "as-is" on the date of execution of this Lease.

2. TERM.

2.1 Original Term. The term of this Lease shall be for ***INSERT NUMBER*** (__) years, commencing on ***INSERT DATE*** ("Delivery Date") and ending on ***INSERT DATE***.

Lessee shall, at the expiration of the term of this lease, or upon its earlier termination, surrender the Property in as good condition as it is now at the date of this lease. The Parties expect reasonable wear and tear.

2.2 Option to Extend. Provided Lessee is not in default hereunder, either at the time of exercise or at the time the extended Term commences, Lessee shall have the option to extend the initial Term of this Lease for one additional period of ___ ("Option Period") with the same terms, covenants and conditions provided herein, except that upon such renewal the Base Rent due hereunder shall be adjusted pursuant to Paragraph 3.2. Lessee shall exercise its option by giving City written notice ("Option Notice") at least sixty (60) days but not more than one hundred twenty (120) days prior to the expiration of the initial Term of this Lease.

2.3 Early Termination by City. If City in its sole discretion determines that it requires the Property for any public purpose, City may terminate this Lease upon thirty (30) days written notice.

3. RENT.

3.1 Base Rent. The rent to be paid by Lessee shall be in the amount of **INSERT AMOUNT** $_____ per month without deduction or offset. Rent shall be payable on the first day of each and every month commencing on the Delivery Date, at a place (or places) as may be designated in writing from time to time by City.

3.2 Annual Increase. During the Term of this Lease, including the Option Period if the option is exercised, the Base Rent shall be increased effective on each anniversary of the Delivery Date. The sum shall be adjusted annually resulting in a compound rate of increase. Lease payments are to be adjusted based on the State of California Department of Industrial Relations, Division of Labor Statistics and Research's Consumer Price Index, All Urban Consumers, All Items, San Francisco-Oakland-San Jose, California. The index for the quarter ending just prior to this lease date is established as the base index. Percentage and adjustments to the original lease payments shall be as indicated by percentage changes in said index.

3.3 Late Charge. Lessee acknowledges late payment of rent will cause City to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing, accounting and late charges that may be imposed on City. Therefore, if City does not receive any installment of rent due from Lessee within ten (10) days after the date such rent is due, Lessee shall pay to City an additional sum of five percent (5%) of the overdue rent as a late charge. The parties agree this late charge represents a fair and reasonable estimate of the costs City will incur by reason of late payment by Lessee. Acceptance of any late charge shall not constitute a waiver of Lessee's default with respect to the overdue amount, nor prevent City from exercising any of the other rights and remedies available to City.

3.4 Rent Payment Procedures. Lessee's obligation to pay rent shall commence upon the commencement of this Lease. If the term commences or terminates on a date other than the first of any month, monthly rent for the first and last month of this Lease shall be prorated based on a 30-day month. Rent payments shall be delivered to City's Revenue Collections Division, 250 Hamilton Avenue, PO Box 10250, Palo Alto, CA 94303. The designated place of payment may be changed at any time by City upon ten (10) days' written notice to Lessee. Lessee specifically agrees that acceptance of any late or incorrect rentals submitted by Lessee shall not constitute an acquiescence or waiver by City and shall not prevent City from enforcing Section 3.3 (Late Charge) or any other remedy provided in this Lease. Acceptance of rent shall not constitute approval of any unauthorized sublease or use, nor constitute a waiver of any non-monetary breach. Payments shall be effective upon receipt. City may apply any payment received from Lessee at any time against any obligation due and owing by Lessee under this Lease, regardless of any statement appearing on or referred to in any remittance from Lessee or any prior application of such payments.

3.5 Partial Payment. The receipt by City of a partial payment of any amount due to City endorsed as payment in full will be deemed to be a partial payment only. City may accept and deposit said check without prejudice to its right to recover the balance. Any endorsements or statements on the check or any letter accompanying the check shall not be deemed an accord and/or satisfaction. Lessee's obligation (without prior notice or demands) to pay rent and all other amounts due hereunder shall be absolute and unconditional, and not subject to any abatement, set off, defense, recoupment or reduction.

4. SECURITY DEPOSIT.

4.1 Security Deposit. Upon execution of this Lease, Lessee shall deliver to City an amount of dollars ($_____) as a security deposit. City may use these funds as are reasonably necessary to remedy any Lessee default(s) in the payment of rent, to repair damages caused by Lessee, or expenses incurred to clean the Property upon termination of tenancy. If any portion of the security deposit is used towards rent or damages at City's sole discretion, Lessee agrees to reinstate the total security deposit upon receipt of ten (10) days written notice.

4.2 Return of Security Deposit. The balance of security deposit, if any, shall be mailed to Lessee's last known address within thirty (30) days of surrender of Property.

5. USE OF PROPERTY.

5.1 Required Uses. Throughout the term of this Lease, Lessee shall provide the following uses, services and activities ("Required Uses"): **[DELETE IF NOT APPLICABLE]**

5.2 Permitted Uses. In addition to the Required Uses, Lessee may also use the Premises for the following uses: _____. Premises may not be used for any other purposes without City's prior written consent, which consent may be withheld in the sole and absolute discretion of the City.

5.3 Prohibited Uses. Lessee shall not use Premises for any purpose not expressly permitted hereunder. Lessee shall not create, cause, maintain or permit any nuisance or waste in, on, or about the Premises, or permit or allow the Premises to be used for any unlawful or immoral purpose. Lessee shall not do or permit to be done anything in any manner which unreasonably disturbs the users of the City Property or the occupants of neighboring property. Specifically, and without limiting the above, Lessee agrees not to cause any unreasonable odor, noise, vibration, power emission, or other item to emanate from the Premises. No materials or articles of any nature shall be stored outside upon any portion of the Premises. Lessee will not use Property in a manner that increases the risk of fire, cost of fire insurance or improvements thereon. No unreasonable sign or placard shall be painted, inscribed or placed in or on said Property; and no tree or shrub thereon shall be destroyed or removed or other waste committed of said Property. No bicycles, motorcycles, automobiles or other mechanical means of transportation shall be placed or stored anywhere on the Property except for the garage or driveway. No repair, overhaul or modification of any motor vehicle shall take place on the Property or the street in front of said Property. Lessee, at his/her expense, shall keep the Property in as good condition as it was at the beginning of the terms hereof, except damage occasioned by ordinary wear and tear, and except damage to the roof, sidewalks and underground plumbing, which is not the fault of Lessee.

5.4 Condition, Use of Premises. City makes no warranty or representation of any kind concerning the condition of the Premises, or the fitness of the Premises for the use intended by Lessee, and hereby disclaims any personal knowledge with respect thereto, it being expressly understood by the parties that Lessee has personally inspected the Premises, knows its condition, finds it fit for Lessee's intended use, accepts it as is, and has ascertained that it can be used exclusively for the limited purposes specified in Section 5.1.

6. HAZARDOUS MATERIALS.

6.4 Hazardous Materials Defined. The term "Hazardous Material(s)" shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant, or infectious or radioactive material, including but not limited to, those substances, materials, or wastes regulated now or in the future under any of the following statutes or regulations and any and all of those substances included within the definitions of "hazardous substances", "hazardous waste", "hazardous chemical substance or mixture", "imminently hazardous chemical substance or mixture," "toxic substances," "hazardous air pollutant", "toxic pollutant" or "solid waste" in the (a) CERCLA or Superfund as amended by SARA, 42 U.S.C. Sec. 9601 et seq., (b) RCRA, 42 U.S.C. Sec. 6901 et seq.,

(c) CWA., 33 U.S.C. Sec. 1251 et seq., (d) CAA, 42 U.S.C. 78401 et seq., (e) TSCA, 15 U.S.C. Sec. 2601 et seq., (f) The Refuse Act of 1899, 33 U.S.C. Sec. 407, (g) OSHA, 29 U.S.C. 651 et seq. (h) Hazardous Materials Transportation Act, 49 U.S.C. Sec. 1801 et seq., (i) USDOT Table (40 CFR Part 302 and amendments) or the EPA Table (40 CFR Part 302 and amendments), (j) California Superfund, Cal. Health & Safety Code Sec. 25300 et seq., (k) Cal. Hazardous Waste Control Act, Cal. Health & Safety Code Section 25100 et seq., (l) Porter-Cologne Act, Cal. Water Code Sec. 13000 et seq., (m) Hazardous Waste Disposal Land Use Law, Cal. Health & Safety Code Sec. 25220 et seq., (n) Proposition 65, Cal. Health and Safety Code Sec. 25249.5 et seq., (o) Hazardous Substances Underground Storage Tank Law, Cal. Health & Safety Code Sec. 25280 et seq., (p) California Hazardous Substance Act, Cal. Health & Safety Code Sec. 28740 et seq., (q) Air Resources Law, Cal. Health & Safety Code Sec. 39000 et seq., (r) Hazardous Materials Release Response Plans and Inventory, Cal. Health & Safety Code Secs. 25500-25541, (s) TCPA, Cal. Health and Safety Code Secs. 25208 et seq., and (t) regulations promulgated pursuant to said laws or any replacement thereof, or as similar terms are defined in the federal, state and local laws, statutes, regulations, orders or rules. Hazardous Materials shall also mean any and all other substances, materials, and wastes which are, or in the future become, regulated under applicable local, state or federal law for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including without limitation: (i) trichloroethylene, tetracholoethylene, perchloroethylene and other chlorinated solvents; (ii) any petroleum products or fractions thereof; (iii) asbestos, (iv) polychlorinated biphenyls; (v) flammable explosives; (vi) urea formaldehyde; and, (vii) radioactive materials and waste.

6.2. Compliance with Laws. Lessee shall not cause or permit any Hazardous Material (as defined below) to be brought upon, kept or used in or about the Premises or Project by Lessee, its agents, employees, contractors or invitees.

6.3 Termination of Lease. City shall have the right to terminate the Lease in City□s sole and absolute discretion in the event that: (i) any anticipated use of the Premises by Lessee involves the generation or storage, use, treatment, disposal, or release of Hazardous Material in a manner or for a purpose prohibited or regulated by any governmental agency, authority, or Hazardous Materials Laws; (ii) Lessee has been required by any lender or governmental authority to take remedial action in connection with Hazardous Material contaminating the Premises, if the contamination resulted from Lessee□s action or use of the Premises; or (iii) Lessee is subject to an enforcement order issued by any governmental authority in connection with the release, use, disposal, or storage of a Hazardous Material on the Premises.

6.4 Assignment and Subletting. It shall not be unreasonable for City to withhold its consent to an assignment or subletting to such proposed assignee or sublessee if: (i) any anticipated use of the Premises by any proposed assignee or sublessee involves the generation or storage, use, treatment, disposal, or release of Hazardous Material in a

manner or for any purpose; (ii) the proposed assignee or sublessees has been required by any prior landlord, lender, or governmental authority to take remedial action in connection with Hazardous Material contaminating a property, if the contamination resulted from such party□s action or use of the property in question; or, (iii) the proposed assignee or sublessee is subject to an enforcement order issued by any governmental authority in connection with the release, use, disposal or storage of a Hazardous Material.

6.5 Hazardous Materials Indemnity. Lessee shall indemnify, defend (by counsel reasonably acceptable to City), protect, and hold Landlord harmless from and against any and all claims, liabilities, penalties, forfeitures, losses, and/or expenses, including without limitation, diminution in value of the Premises, damages for the loss or restriction on use of the rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact or marketing of the Premises and sums paid in settlement of claims, response costs, cleanup costs, site assessment costs, attorneys' fees, consultant and expert fees, judgments, administrative rulings or orders, fines, costs of death of or injury to any person, or damage to any property whatsoever (including, without limitation, groundwater, sewer systems, and atmosphere), arising from, caused, or resulting, either prior to or during the Lease Term, in whole or in part, directly or indirectly, by the presence or discharge in, on, under, or about the Premises by Lessee, Lessee's agents, employees, licensees, or invitees or at Lessee's direction, of Hazardous Material, or by Lessee's failure to comply with any Hazardous Materials Law, whether knowingly or by strict liability. For purposes of the indemnity provided herein, any acts or omissions of Lessee or its employees, agents, customers, sublessees, assignees, contractors, or subcontractors of Lessee (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Lessee. Lessee's indemnification obligations shall include, without limitation, and whether foreseeable or unforeseeable, all costs of any required or necessary Hazardous Materials management plan, investigation, repairs, cleanup or detoxification or decontamination of the Premises, and the presence and implementation of any closure, remedial action or other required plans, and shall survive the expiration of or early termination of the Lease Term.

6.6 City's Right to Perform Tests. At any time prior to the expiration of the Lease Term, City shall have the right to enter upon the Premises in order to conduct tests of water and soil.

7. UTILITIES AND OPERATING EXPENSES.

[OPTION A: USE IF TENANT IS SEPARATELY METERED FOR UTILITIES] Lessee shall fully and promptly pay for all expenses associated with the operation of the Property, including but not limited to the furnishing of gas, water, sewer, electricity, telephone service, garbage pickup and disposal, landscaping installation and maintenance, and other public utilities.

[OPTION B: USE IF TENANT IS NOT SEPARATELY METERED FOR UTILITIES AND CITY PAYS COSTS] City shall furnish to the Property reasonable quantities of gas, electricity, water, sewer and refuse collections services as required for Lessee's use. However, if City is required to construct new or additional utility installations, including, without limitation, wiring, plumbing, conduits, and mains, resulting from Lessee's special requirements, Lessee shall on demand pay to City the total cost of such items.

8. TAXES.

8.1 Real Property Taxes Defined. The term "real property taxes" as used herein shall mean all taxes, assessments, levies and other charges, general and special, foreseen and unforeseen, now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against or with respect to: (i) value, occupancy, use or possession of the Premises and/or the Improvements; (ii) any improvements, fixtures, equipment and other real or personal property of Lessee that are an integral part of the Premises; or, (iii) use of the Premises, Improvements public utilities or energy within the Premises. The term "real property taxes" shall also mean all charges, levies or fees imposed by reason of environmental regulation or other governmental control of the premises and/or the Improvements, new or altered excise, transaction, sales, privilege, assessment, or other taxes or charges now or hereafter imposed upon City as a result of this Lease, and all costs and fees (including attorneys' fees) incurred by City in contesting any real property taxes and in negotiating with public authorities as to any real property taxes affecting the Premises. If any real property taxes are based upon property or rents unrelated to the Premises and/or the Improvements, then only that part of such tax that is fairly allocable to the Premises and/or the Improvements, as determined by City, on the basis of the assessor's worksheets or other available information, shall be included within the meaning of the term "real property taxes."

8.2 Payment of Real Property Taxes. Lessee shall pay Lessee's share of all real property taxes (as defined in Section 8.1 above) which become due and payable to City on or before the later of ten (10) days prior to the delinquency thereof or three (3) days after the date on which Lessee receives a copy of the tax bill and notice of City's determination hereunder. Lessee's liability to pay real property taxes shall be prorated on the basis of a three hundred sixty-five (365) day year to account for any fraction or portion of a tax year included in the Lease term at the commencement or expiration of the Lease.

8.3 Revenue and Taxation Code. Lessee specifically acknowledges it is familiar with section 107.6 of the California Revenue and Taxation Code. Lessee realizes that a possessory interest subject to property taxes may be created, agrees to pay any such tax, and hereby waives any rights Lessee may have under said California Revenue and Taxation Code section 107.6.

8.4 Personal Property Taxes. Lessee shall pay before delinquent, or if requested by City, reimburse City for, any and all taxes, fees, and assessments associated with the Property,

the personal property contained in the premises and other taxes, fees, and assessments regarding any activities which take place at the Property. Lessee recognizes and understands in accepting this Lease that its interest therein may be subject to a possible possessory interest tax that City or County may impose on such interest and that such tax payment shall not reduce any rent due City hereunder and any such tax shall be the liability of and be paid by Lessee.

9. MAINTENANCE.

9.1 City and Lessee Responsibilities. Lessee at Lessee's expense, shall perform all maintenance and repairs, including all painting, and all maintenance of landscaped areas necessary to keep the Premises and all improvements thereto in first-class order, repair, and condition, and shall keep the Premises in a safe, clean, wholesome, and sanitary condition to the complete satisfaction of City, and in compliance with all applicable laws, throughout the term of this Lease. In addition, Lessee shall maintain, at Lessee's expense, all equipment, furnishings and trade fixtures upon the Premises required for the maintenance and operation of a first-class business of the type to be conducted pursuant to this Lease.

OR, IF APPLICABLE: City shall be responsible for the maintenance and repair of the structure located on the Premises and main support systems not exclusively serving the Premises, including roof repair, electrical system repair, exterior painting and structural repairs.

9.2 Waiver of Civil Code. Lessee expressly waives the benefit of any statute now or hereinafter in effect, including the provisions of sections 1941 and 1942 of the Civil Code of California, which would otherwise afford Lessee the right to make repairs at City's expense or to terminate this Lease because of City's failure to keep Premises in good order, condition and repair. Lessee further agrees that if and when any repairs, alterations, additions or betterments shall be made by Lessee as required by this paragraph, Lessee shall promptly pay for all labor done or materials furnished and shall keep the Premises free and clear of any lien or encumbrance of any kind whatsoever. If Lessee fails to make any repairs or perform any maintenance work for which Lessee is responsible within a reasonable time (as determined by the City Manager in the City Manager's sole discretion) after demand by the City, City shall have the right, but not the obligation, to make the repairs at Lessee's expense; within ten (10) days of receipt of a bill, Lessee shall reimburse City for the cost of such repairs, including a fifteen percent (15%) administrative overhead fee. The making of such repairs or performance of maintenance by City shall in no event be construed as a waiver of the duty of Lessee to make repairs or perform maintenance as provided in this Section.

9.3 Maintenance of Common Areas. _____ **[INSERT City OR Lessee]** shall maintain or cause to be maintained, including repair and replacement as necessary, the following common areas serving the Premises and other premises: _____.

10. CONSTRUCTION BY LESSEE.

10.1 Plans and Specifications. Lessee shall cause to be designed, constructed, and installed within the Premises, at no cost to City, improvements substantially in accordance with the plans and specifications _____. The construction shall be completed and the Premises shall be open for business by _____.

OR, IF APPLICABLE:

10.1 Minimum Construction. Lessee shall in an efficient and workmanlike manner, cause to be designed, constructed, and installed within the Premises, at no cost to City, appropriate improvements to adequately accommodate the services and uses required and permitted by this Lease. Lessee shall prepare the plans and specifications for approval by the City's Building Division and Planning & Community Development Divisions as required by the Palo Alto Municipal Code. Lessee shall obtain approval of the plans and specifications by _____ and shall cause the construction to be completed and the Premises to be open for business by _____.

10.2 Construction Standards. All design and construction performed by or on behalf of Lessee shall conform to the approved plans, specifications, construction and architectural standards contained in Exhibit _____. Once the work is begun, Lessee shall with reasonable diligence prosecute all construction to completion. All work shall be performed in a good and workmanlike manner, shall substantially comply with any plans and specifications approved by City and shall comply with all applicable governmental permits, laws, ordinances and regulations, and shall meet all other requirements contained in this Lease.

10.3 Cost of Improvements. The minimum cost of the initial improvements to be constructed by Lessee shall be $_____ . Lessee shall pay all costs for construction done or caused to be done by Lessee on the Premises as permitted or required by this Lease. Lessee shall keep the Premises free and clear of all claims and liens resulting from construction done by or for Lessee. Promptly after completion of construction, Lessee shall provide to the City Manager a statement of the reasonable and actual costs of construction for the initial improvements, which statement shall be certified as to accuracy and signed by Lessee under penalty of perjury.

10.4 Ownership of Improvements. All improvements constructed, erected, or installed upon the Premises must be free and clear of all liens, claims, or liability for labor or material and shall become the property of City, at its election, upon expiration or earlier termination of this lease and upon City's election, shall remain upon the Premises upon termination of this Lease. Title to all equipment, furniture, furnishings, and trade fixtures placed by Lessee upon the Premises shall remain in Lessee, and replacements, substitutions and modifications thereof may be made by Lessee throughout the term of this Lease. Lessee may remove such fixtures and furnishings upon termination of this

Lease if Lessee is not then in default under this Lease, provided that Lessee shall repair to the satisfaction of City any damage to the Premises and improvements caused by such removal and provided that usual and customary lighting, plumbing and heating fixtures shall remain upon the Premises upon termination of this Lease.

10.5 Indemnity for Claims Arising Out of Construction. Lessee shall defend and indemnify City against all claims, liabilities, and losses of any type arising out of work performed on the Premises by Lessee, together with reasonable attorneys' fees and all costs and expenses reasonably incurred by City in negotiating, settling, defending or otherwise protecting against such claims.

10.6 Assurance of Completion. Prior to commencement of any construction or alteration expected to cost more than $_____, Lessee shall furnish the City Manager evidence that assures City that sufficient monies will be available to complete the proposed work. The amount of such assurance shall be at least the total estimated construction cost. Evidence of such assurance shall take one of the forms set out below and shall guarantee Lessee's full and faithful performance of all of the terms, covenants, and conditions of this Lease:

A. Completion Bond;
B. Performance, labor and material bonds, supplied by Lessee's contractor or contractors, provided the bonds are issued jointly to Lessee and City;
C. Irrevocable letter of credit from a financial institution; or
D. Any combination of the above.

All bonds and letters of credit must be issued by a company qualified to do business in the State of California and be acceptable to the City Manager. All bonds and letters of credit shall be in a form acceptable to the City Manager, and shall insure faithful and full observance and performance by Lessee of all of the terms, conditions, covenants, and agreements relating to the construction of improvements or alterations in accordance with this Lease.

10.7 Certificate of Inspection. Upon completion of construction of any building, Lessee shall submit to the City Manager a Certificate of Inspection, verifying that the construction was completed in conformance with Title 20 of the California Code of Regulations for residential construction, or in conformance with Title 24 of the California Code of Regulations for non-residential construction.

10.8 As Built Plans. Lessee shall provide the City Manager with a complete set of reproducible "as built plans" reflecting actual construction within or upon the Premises upon completion of any: (i) new construction; (ii) structural alterations; or, (iii) non-structural alterations costing more than $25,000.

11. ALTERATIONS BY LESSEE

Lessee shall not make any alterations or improvements to the Premises without obtaining the prior written consent of the City Manager. Lessee may, at any time and at its sole expense, install and place business fixtures and equipment within the Premises, provided such fixtures and installation have been reviewed and approved by the City Manager.

12. HOLD HARMLESS/INDEMNIFICATION.

12.1 Indemnification. To the extent permitted by law, Lessee agrees to protect, defend, hold harmless and indemnify City, its City Council, commissions, officers, agents, volunteers, and employees from and against any claim, injury, liability, loss, cost, and/or expense or damage, however same may be caused, including all costs and reasonable attorney's fees in providing a defense to any claim arising therefrom for which City shall become legally liable arising from Lessee's negligent, reckless, or wrongful acts, errors, or omissions with respect to or in any way connected with this Lease. Lessee shall give City immediate notice of any claim or liability hereby indemnified against. This indemnity shall be in addition to the Hazardous Materials indemnity contained in this Lease and shall survive shall survive the expiration of or early termination of the Lease Term.

12.2 Waiver of Claims. Lessee waives any claims against City for injury to Lessee's business or any loss of income therefrom, for damage to Lessee's property, or for injury or death of any person in or about the Premises or the City Property, from any cause whatsoever, except to the extent caused by City's active negligence or willful misconduct.

13. DAMAGE, DESTRUCTION AND TERMINATION.

13.1 Nontermination and Nonabatement. Except as provided herein, no destruction or damage to the Premises by fire, windstorm or other casualty, whether insured or uninsured, shall entitle Lessee to terminate this Lease. City and Lessee waive the provisions of any statutes which relate to termination of a lease when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

13.2 Force Majeure. Prevention, delay or stoppage due to strikes, lockouts, labor disputes, Acts of God, inability to obtain labor, inability to obtain materials or reasonable substitutes, governmental restrictions, governmental regulation, governmental controls, judicial orders, enemy or hostile governmental actions, civil commotion, fire or other casualty, and other causes beyond the reasonable control of Lessee (financial inability excepted), shall excuse the performance by Lessee for a period equal to the prevention, delay, or stoppage, except the obligations imposed with regard to rent to be paid by Lessee pursuant to this Lease. In the event any work performed by Lessee or Lessee's contractors results in a strike, lockout, and/or labor dispute, the strike, lockout, and/or labor dispute shall not excuse the performance by Lessee of the provisions of this Lease.

13.3 Restoration of Premises by Lessee.

13.3.1 Destruction Due to Risk Covered by Insurance. If, during the term, the Premises are totally or partially destroyed from a risk covered by the insurance described in Section 20 (Insurance), rendering the Premises totally or partially inaccessible or unusable, Lessee shall restore the Premises to substantially the same condition as it was in immediately before destruction, whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. Such destruction shall not terminate this Lease. If the laws existing at that time do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

A. Minor Loss. If, during the term of this Lease, the Premises are destroyed from a risk covered by the insurance described in Section 20 (Insurance), and the total amount of loss does not exceed twenty thousand dollars ($20,000), Lessee shall make the loss adjustment with the insurance company insuring the loss. The proceeds shall be paid directly to Lessee for the sole purpose of making the restoration of the Premises in accordance with this Lease.

B. Major Loss-Insurance Trustee. If, during the term of this Lease, the Premises are destroyed from a risk covered by the insurance described in Section 20 (Insurance), and the total amount of loss exceeds the amount set forth in paragraph (1), Lessee shall make the loss adjustment with the insurance company insuring the loss and on receipt of the proceeds shall immediately pay them to an institutional lender or title company as may be jointly selected by the parties ("the Insurance Trustee").

13.3.2 Destruction Due to Risk Not Covered by Insurance. If, during the term, the Premises are totally or partially destroyed from a risk covered by the insurance described in Section 20 (Insurance), rendering the Premises totally or partially inaccessible or unusable, Lessee shall restore the Premises to substantially the same condition as it was in immediately before destruction, whether or not the insurance proceeds are sufficient to cover the actual cost of restoration. Such destruction shall not terminate this Lease. If the laws existing at that time do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party.

If the cost of restoration exceeds ten percent (10%) of the then replacement value of the Premises totally or partially destroyed, Lessee can elect to terminate this Lease by giving notice to City within sixty (60) days after determining the restoration cost and replacement value. If Lessee elects to terminate this Lease, City, within thirty (30) days after

receiving Lessee's notice to terminate, can elect to pay to Lessee, at the time City notifies Lessee of its election, the difference between ten percent (10%) of the replacement value of the Premises and the actual cost of restoration, in which case Lessee shall restore the Premises. On City's making its election to contribute, each party shall deposit immediately the amount of its contribution with such institutional lender or title company as may be jointly selected by the parties ("the Insurance Trustee"). If the Destruction does not exceed ten percent (10%) of the then replacement value of the Premises, Lessee shall immediately deposit the cost of restoration with the Insurance Trustee as provided in Exhibit (c). This Lease shall terminate if Lessee elects to terminate this Lease and City does not elect to contribute toward the cost of restoration as provided in this section.

If the Premises are destroyed from a risk not covered by the insurance described in Section 20 (Insurance), and Lessee has the obligation to restore the Premises as provided in subsection (B), both parties shall deposit with the Insurance Trustee their respective contributions toward the cost of restoration. All sums deposited with the Insurance Trustee shall be held for the following purposes and the Insurance Trustee shall have the following powers and duties:

The sums shall be paid in installments by the Insurance Trustee to the contractor retained by Lessee as construction progresses, for payment of the cost of Restoration. A 10% retention fund shall be established that will be paid to the contractor on completion of restoration, payment of all costs, expiration of all applicable lien periods, and proof that the Premises are free of all mechanics' liens and lienable claims.

Payments shall be made on presentation of certificates or vouchers from the architect or engineer retained by Lessee showing the amount due. If the Insurance Trustee, in its reasonable discretion, determines that the certificates or vouchers are being improperly approved by the architect or engineer retained by Lessee, the Insurance Trustee shall have the right to appoint an architect or an engineer to supervise construction and to make payments on certificates or vouchers approved by the architect or engineer retained by the Insurance Trustee. The reasonable expenses and charges of the architect or engineer retained by the Insurance Trustee shall be paid by the insurance trustee out of the trust fund. Both parties shall promptly execute all documents and perform all acts reasonably required by the Insurance Trustee to perform its obligations under this section.

If the sums held by the Insurance Trustee are not sufficient to pay the actual cost of restoration Lessee shall deposit the amount of the deficiency with the Insurance Trustee within fifteen (15) days after request by the

Insurance Trustee indicating the amount of the deficiency. Any undisbursed funds after compliance with the provisions of this section shall be delivered to City to the extent of City's contribution to the fund, and the balance, if any, shall be paid to Lessee. All actual costs and charges of the Insurance Trustee shall be paid by Lessee.

If the Insurance Trustee resigns or for any reason is unwilling to act or continue to act, City shall substitute a new trustee in the place of the designated Insurance Trustee. The new trustee must be an institutional lender or title company.

13.3.3 Procedure for Restoring Premises. When Lessee is obligated to restore the premises within sixty (60) days Lessee at its cost shall prepare final plans, specifications, and working drawings complying with applicable Laws that will be necessary for restoration of the Premises. The plans, specifications, and working drawings must be approved by City. City shall have thirty (30) days after receipt of the plans and specifications and working drawings to either approve or disapprove the plans, specifications, and working drawings and return them to Lessee. If City disapproves the plans, specifications, and working drawings, City shall notify Lessee of its objections and City's proposed solution to each objection. Lessee acknowledges that the plans, specifications, and working drawings shall be subject to approval of the appropriate governmental bodies and that they will be prepared in such a manner as to obtain that approval.

The restoration shall be accomplished as follows:

A. Lessee shall complete the restoration within 60 working days after final plans and specifications and working drawings have been approved by the appropriate governmental bodies and all required permits have been obtained (subject to a reasonable extension for delays resulting from causes beyond Lessee's reasonable control).

B. Lessee shall retain a licensed contractor that is bondable. The contractor shall be required to carry public liability and property damage insurance, standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements, during the period of construction in accordance with Section 20 (Insurance). Such insurance shall contain waiver of subrogation clauses in favor of City and Lessee in accordance with the Provisions of Exhibit B.

C. Lessee shall notify City of the date of commencement of the restoration at least ten (10) days before commencement of the restoration to enable City to post and record notices of nonresponsibility. The contractor

retained by Lessee shall not commence construction until a completion bond and a labor and materials bond have been delivered to City to insure completion of the construction.

D. Lessee shall accomplish the restoration in a manner that will cause the least inconvenience, annoyance, and disruption at the Premises.

E. On completion of the restoration Lessee shall immediately record a notice of completion in the county in which the Premises are located.

F. The restoration shall not be commenced until sums sufficient to cover the cost of restoration are placed with the Insurance Trustee as provided in this section.

14. SIGNS**.**

Lessee shall not place, construct, maintain, or allow any signs upon the Premises without prior written consent of City.

15. ASSIGNMENT AND SUBLETTING.

15.1 City's Consent Required. Lessee shall not assign this lease, nor any interest therein, and shall not sublet or encumber the Property or any part thereof, nor any right or privilege appurtenant thereto, nor allow or permit any other person(s) to occupy or use the Property, or any portion thereof, without the prior written consent of City. This Lease shall be binding upon any permitted assignee or successor of Lessee. Consent by City to one assignment, subletting, occupation or use by another person shall not be deemed to be consent to any subsequent assignment, subletting, occupation or use by another person. No assignment, subletting, or encumbrance by Lessee shall release it from or in any way alter any of Lessee's obligations under this Lease. Lessee may have the Property delivered to a subsidiary company of Lessee, but such arrangement shall in no way alter Lessee's responsibilities hereunder with respect to the Property. Any assignment, subletting, encumbrances, occupation, or use contrary to the provisions of this Lease shall be void and shall constitute breach of this Lease. City may assign any of its rights hereunder without notice to Lessee.

15.2 No Release of Lessee. No subletting or assignment as approved by City shall release Lessee of Lessee’s obligation or alter the primary liability of Lessee to pay the rent and to perform all other obligations by Lessee hereunder. The acceptance of rent by City from any other person shall not be deemed to be a waiver by City of any provision hereof. In the event of default by any assignee of Lessee or any successor of Lessee in the performance of any of the terms hereof, City may proceed directly against Lessee without the necessity of exhausting remedies against said assignee.

16. DEFAULTS; REMEDIES.

16.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default, or breach of this Lease, by Lessee:

16.1.1 Abandonment of the Premises by Lessee as defined by California Civil Code section 1951.3;

16.1.2 Failure by Lessee to make any payment of rent or any other payment required to be made by Lessee hereunder, as provided in this Lease, where such failure shall continue for a period of ten (10) business days after written notice thereof from City to Lessee. In the event City serves Lessee with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph;

16.1.3 Failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease in any material respect where such failure shall continue for a period of thirty (30) days after written notice thereof from City to Lessee; provided, however, that if the nature of Lessee's default is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion;

16.1.4 Making by Lessee of any general arrangement or assignment for the benefit of creditors; Lessee's becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); the appointment of a bankruptcy trustee or receiver to take possession of all or substantially all of Lessee's assets located at or on the Premises or of Lessee's interest in this Lease where possession is not restored to Lessee within thirty (30) days; or the attachment, execution or other judicial seizure of all or substantially all of Lessee's assets located at or on the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days.

16.2 Remedies. In the event of any material default or breach by Lessee, City may at any time thereafter, following any notice required by statute, and without limiting City in the exercise of any right or remedy which City may have by reason of such default or breach:

16.2.1 Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the Premises and Improvements to City. In such event, City shall be entitled to recover from Lessee all damages incurred by City by reason of Lessee's default including but not limited to: the cost of recovering possession of the Premises and Improvements; expenses of reletting, including necessary renovation and alteration of the Premises and Improvements; reasonable attorneys' fees; the worth at the time of the award of the unpaid rent that had been earned at the time of termination of this Lease and the worth at the

time of award of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided.

16.2.2 Maintain Lessee's right to possession, in which case this Lease shall continue in effect whether or not Lessee shall have abandoned the Premises. In such event, City shall be entitled to enforce all of City's rights and remedies under this Lease, including the right to recover rent and other payments as they become due hereunder.

16.2.3 Pursue any other remedy now or hereafter available to City under the laws or judicial decisions of the State of California. City shall have all remedies provided by law and equity.

16.3 No Relief from Forfeiture After Default. Lessee waives all rights of redemption or relief from forfeiture under California Code of Civil Procedure sections 1174 and 1179, and any other present or future law, in the event Lessee is evicted or City otherwise lawfully takes possession of the Premises by reason of any default or breach of this Lease by Lessee.

16.4 Disposition of Abandoned Personal Property. If the Lessee fails to remove any personal property belonging to Lessee from the Premises after forty-five (45) days of the expiration or termination of this Lease, such property shall at the option of City be deemed to have been transferred to City. City shall have the right to remove and to dispose of such property without liability to Lessee or to any person claiming under Lessee, and the City shall have no need to account for such property.

17. INTEREST ON PAST-DUE OBLIGATIONS.

Except as expressly provided herein, any amount due City when not paid when due shall bear interest at the lesser of ten percent (10%) per year or the maximum rate then allowable by law from the date due.

18. HOLDING OVER.

If Lessee remains in possession of the Premises or any part thereof after the expiration of the term or option term hereof, such occupancy shall be a tenancy from month to month with all the obligations of this Lease applicable to Lessee and at a monthly rental obligation of two (2) times the Base Rent in effect at the time of expiration. Nothing contained in this Lease shall give to Lessee the right to occupy the Property after the expiration of the term, or upon an earlier termination for breach.

19. CITY'S ACCESS.

19.1 Access for Inspection. City and City's agents shall have the right to enter the Premises at reasonable times, upon not less than twenty-four (24) hours prior notice to Lessee, for the purpose of inspecting same, showing same to prospective purchasers, lenders or lessees, and making such alterations, repairs, improvements, or additions to the Premises as City may deem necessary. City may at any time place on or about the Premises any ordinary "For Sale" signs and City may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Lessee.

19.2 Security Measures. City shall have the right to require a reasonable security system, device, operation, or plan be installed and implemented to protect the Premises or the Improvements. Should City, in its sole discretion, require Lessee to install such a security system, Lessee agrees to bear the sole cost and expense of any security system, device, operation or plan and the installation and implementation thereof. Lessee shall obtain City's prior approval before installing, implementing or changing any City approved security system, device, operation or plan.

19.3 New Locks. Lessee may install new locks on all exterior doors. Lessee shall advise City of such action and shall provide City with keys to said locks. Lessee shall also deliver to City the old locks with keys. Upon termination, Lessee shall leave new locks that shall become the property of City.

20. INSURANCE.

Lessee's responsibility for the Property begins immediately upon delivery and Lessee, at its sole cost and expense, and at no cost to City, shall purchase and maintain in full force and effect during the entire term of this Lease insurance coverage in amounts and in a form acceptable to City as set forth in Exhibit C attached hereto and incorporated herein by reference. Said policies shall be maintained with respect to Lessee's employees, if any, and all vehicles operated on the Premises. The policies shall include the required endorsements, certificates of insurance and coverage verifications as described in Exhibit B. Lessee also agrees to secure renter's liability insurance.

Lessee shall deposit with the City Manager, on or before the effective date of this Lease, certificates of insurance necessary to satisfy City that the insurance provisions of this Lease have been complied with, and to keep such insurance in effect and the certificates therefore on deposit with City during the entire term of this Lease. Should Lessee not provide evidence of such required coverage at least three (3) days prior to the expiration of any existing insurance coverage, City may purchase such insurance, on behalf of and at the expense of Lessee to provide six months of coverage.

City shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of the City's Risk Manager (or comparable official), the insurance provisions in this Lease do not provide adequate protection for City and for members of the public using the Premises, the City Manager may require Lessee to obtain insurance

sufficient in coverage, form, and amount to provide adequate protection as determined by the Risk Manager. City's requirements shall be reasonable and shall be designed to assure protection from and against the kind and extent of risk that exists at the time a change in insurance is required.

The City Manager shall notify Lessee in writing of changes in the insurance requirements. If Lessee does not deposit copies of acceptable insurance policies with City incorporating such changes within sixty (60) days of receipt of such notice, or in the event Lessee fails to maintain in effect any required insurance coverage, Lessee shall be in default under this lease without further notice to Lessee. Such failure shall constitute a material breach and shall be grounds for immediate termination of this Lease at the option of City.

The procuring of such required policy or policies of insurance shall not be construed to limit Lessee's liability hereunder nor to fulfill the indemnification provision and requirements of this Lease. Notwithstanding the policy or policies of insurance, Lessee shall be obligated for the full and total amount of any damage, injury, or loss caused by or connected with this Lease or with use or occupancy of the Premises.

21. RESERVATION OF AVIGATIONAL EASEMENT.

City hereby reserves for the use and benefits of the public, a right of avigation over the Premises for the passage of aircraft landing at, taking off, or operating from the adjacent airport operated by the County of Santa Clara. Lessee releases the City from all liability for noise, vibration, and any other related nuisance.

22. EMINENT DOMAIN.

22.1 If all or any part of the Premises (or the building in which the Premises are located) is condemned by a public entity in the lawful exercise of its power of eminent domain, this Lease shall cease as to the part condemned. The date of such termination shall be the effective date of possession of the whole or part of the Premises by the condemning public entity.

22.2 If only a part is condemned and the condemnation of that part does not substantially impair the capacity of the remainder to be used for the purposes required by this Lease, Lessee shall continue to be bound by the terms, covenants, and conditions of this Lease. However, the then monthly rent shall be reduced in proportion to the diminution in value of the Premises. If the condemnation of a part of the Premises substantially impairs the capacity of the remainder to be used for the purposes required by this Lease, Lessee may:

A. Terminate this Lease and thereby be absolved of obligations under this Lease which have not accrued as of the date of possession by the condemning public entity; or

B. Continue to occupy the remaining Premises and thereby continue to be bound by the terms, covenants and conditions of this Lease. If Lessee elects to

continue in possession of the remainder of the Premises, the monthly rent shall be reduced in proportion to the diminution in value of the Premises.

C. Lessee shall provide City with written notice advising City of Lessee's choice within thirty (30) days of possession of the part condemned by the condemning public entity.

22.3 City shall be entitled to and shall receive all compensation related to the condemnation, except that Lessee shall be entitled to: (a) that portion of the compensation which represents the value for the remainder of the Lease term of any Lessee-constructed improvements taken by the condemning public entity, which amount shall not exceed the actual cost of such improvements reduced in proportion to the relationship of the remaining Lease term to the original Lease term, using a straight line approach; and (b) any amount specifically designated as a moving allowance or as compensation for Lessee's personal property. Lessee shall have no claim against Landlord for the value of any unexpired term of this Lease.

23. POST-ACQUISITION TENANCY**.**

Lessee hereby acknowledges that Lessee was not an occupant of the Premises at the time the Premises were acquired by City. Lessee further understands and agrees that as a post-acquisition Lessee, Lessee is not eligible and furthermore waives all claims for relocation assistance and benefits under federal, state or local law.

24. DISPUTE RESOLUTION.

24.1 Unless otherwise mutually agreed to, any controversies between Lessee and City regarding the construction or application of this Lease, and claims arising out of this Lease or its breach shall be submitted to mediation within thirty (30) days of the written request of one Party after the service of that request on the other Party.

24.2 The Parties may agree on one mediator. If they cannot agree on one mediator, the Party demanding mediation shall request the Superior Court of Santa Clara County to appoint a mediator. The mediation meeting shall not exceed one day (eight (8) hours). The Parties may agree to extend the time allowed for mediation under this Lease.

24.3 The costs of mediation shall be borne by the Parties equally.

24.4 Mediation under this section is a condition precedent to filing an action in any court. In the event of litigation arising out of any dispute related to this Lease, the Parties shall each pay their respective attorney's fees, expert witness costs and cost of suit, regardless of the outcome of the litigation.

25. NON-LIABILITY OF OFFICIALS AND EMPLOYEES OF THE CITY.

No official or employee of City shall be personally liable for any default or liability under this agreement.

26. **NON-DISCRIMINATION**

26.1 Non-discrimination in Lease Activities. Lessee agrees that in the performance of this Lease and in connection with all of the activities Lessee conducts on the Premises, it shall not discriminate against any employee or person because of the race, skin color, gender, age, religion, disability, national origin, ancestry, sexual orientation, housing status, marital status, familial status, weight or height of such person. Lessee acknowledges that is familiar with the provisions set forth in Section 2.30.510 of the Palo Alto Municipal Code relating to nondiscrimination in employment and Section 9.73 of the Palo Alto Municipal Code relating to City policy against arbitrary discrimination.

26.2 Human Rights Policy. In connection with all activities that are conducted upon the Premises, Lessee agrees to accept and enforce the statements of policy set forth in Section 9.73.010 which provides: "It is the policy of the City of Palo Alto to affirm, support and protect the human rights of every person within its jurisdiction. These rights include, but are not limited to, equal economic, political, and educational opportunity; equal accommodations in all business establishments in the city; and equal service and protection by all public agencies of the city."

27. INDEPENDENT CONTRACTOR.

It is agreed that Lessee shall act and be an independent contractor and not an agent nor employee of City.

28. CONFLICT OF INTEREST.

Lessee shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this agreement. Lessee warrants and covenants that no official or employee of City nor any business entity in which any official or employee of City is interested: (1) has been employed or retained to solicit or aid in the procuring of this agreement; or (2) will be employed in the performance of this agreement without the divulgence of such fact to City. In the event that City determines that the employment of any such official, employee or business entity is not compatible with such official's or employee's duties as an official or employee of City, Lessee upon request of City shall immediately terminate such employment. Violation of this provision constitutes a serious breach of this Lease and City may terminate this Lease as a result of such violation.

29. MEMORANDUM OF LEASE.

Following execution of this Lease, either party, at its sole expense, shall be entitled to record a Memorandum of Lease in the official records of Santa Clara County. Upon termination or expiration of this Lease, Lessee shall execute and record a quitclaim deed as to its leasehold interest.

30. ESTOPPEL CERTIFICATE.

Lessee shall, from time to time, upon at least thirty (30) days prior written notice from City, execute, acknowledge and deliver to City a statement in writing: (i) certifying this Lease is unmodified and in full force and effect, or, if modified, stating the nature of the modification and certifying that the Lease, as modified, is in full force and effect, and the date to which the rental and other charges, if any, have been paid; and, (ii) acknowledging that there are not to Lessee's knowledge, any defaults, or stating if any defaults are claimed, any statement may be relied upon by any prospective purchaser or encumbrancer of the City Property.

31. LIENS.

Lessee agrees at its sole cost and expense to keep the Property free and clear of any and all claims, levies, liens, encumbrances or attachments.

32. VACATING.

Upon termination of the tenancy, Lessee shall completely vacate the Property, including the removal of any and all of its property. Before departure, Lessee shall return keys and personal property listed on the inventory to City in good, clean and sanitary condition, reasonable wear and tear excepted. Lessee shall allow City to inspect the Property to verify the condition of the Property and its contents.

33. ABANDONMENT.

Lessee's absence from the Property for three (3) consecutive days, without prior notice, during which time rent or other charges are delinquent, shall be deemed abandonment of the Property. Such abandonment will be deemed cause for immediate termination without notice. City shall thereupon be authorized to enter and take possession and to remove and dispose of the property of Lessee or its guests without any liability whatsoever to City.

34. NOTICES.

All notices to the Parties shall, unless otherwise requested in writing, be sent to City addressed as follows:

City of Palo Alto
Attention: _____
250 Hamilton Avenue
Palo Alto, CA 94301
Facsimile: _____

And to Lessee addressed as follows:

Name: (*insert name here*)*
Address: (*insert address here*)*
Or by facsimile at (___) ___-____*

Notices may be served upon Lessee in person, by first class mail, or by certified mail whether or not said mailing is accepted by Lessee. If notice is sent via facsimile, a signed, hard copy of the material shall also be mailed. The workday the facsimile was sent shall control the date notice was deemed given if there is a facsimile machine generated document on the date of transmission. A facsimile transmitted after 1:00 p.m. on a Friday shall be deemed to have been transmitted on the following Monday. These addresses shall be used for service of process.

35. TIME.

Time shall be of the essence in this Lease.

36. AMENDMENTS.

It is mutually agreed that no oral Leases have been entered into and that no alteration or variation of the terms of this Lease shall be valid unless made in writing and signed by the Parties to this Lease.

37. SIGNING AUTHORITY.

If this Lease is not signed by all Lessees named herein, the person actually signing warrants that he/she has the authority to sign for the others.

38. CAPTIONS.

The captions of the various sections, paragraphs and subparagraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation.

39. SURRENDER OF LEASE NOT MERGER.

The voluntary or other surrender of this lease by Lessee, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of City, terminate all or any existing subleases or subtenancies, or may, at the option of City, operate as an assignment of any and all such subleases or subtenancies.

40. INTEGRATED DOCUMENT.

This Lease, including any exhibits attached hereto, embodies the entire agreement between City and Lessee. No other understanding, agreements, conversations or otherwise, with any officer, agent or employee of City prior to execution of this Lease shall affect or modify any of the terms or obligations contained in any documents comprising this Lease. Any such verbal agreement

shall be considered as unofficial information and in no way binding upon City. All agreements with City are subject to approval of the City Council before City shall be bound thereby.

41. WAIVER.

Waiver by City of one or more conditions of performance or any breach of a condition under this Lease shall not be construed as a waiver of any other condition of performance or subsequent breaches. The subsequent acceptance by a Party of the performance of any obligation or duty by another Party shall not be deemed to be a waiver of any term or condition of this Lease. The exercise of any remedy, right, option or privilege hereunder by City shall not preclude City from exercising the same or any and all other remedies, rights, options and privileges hereunder and City's failure to exercise any remedy, right, option or privilege at law or equity, or otherwise which City may have, shall not be construed as a waiver.

42. INTERPRETATIONS.

In construing or interpreting this Lease, the word "or" shall not be construed as exclusive and the word "including" shall not be limiting. The Parties agree that this Lease shall be fairly interpreted in accordance with its terms without any strict construction in favor of or against any other Party.

43. SEVERABILITY CLAUSE.

If any provision of this Lease is held to be illegal, invalid or unenforceable in full or in part, for any reason, then such provision shall be modified to the minimum extent necessary to make the provision legal, valid and enforceable, and the other provisions of this Lease shall not be affected thereby.

44. GOVERNING LAW.

This Lease shall be governed and construed in accordance with the statutes and laws of the State of California.

45. VENUE.

In the event that suit shall be brought by any Party to this Lease, the Parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara.

46. COMPLIANCE WITH LAWS.

The Parties hereto shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments in the performance of their rights, duties and obligations under this Lease.

47. BROKERS**.**

Each party represents that is has not had dealings with any real estate broker, finder, or other person, with respect to this lease in any manner. Each Party shall hold harmless the other party from all damages resulting from any claims that may be asserted against the other party by any broker, finder, or other person with whom the Indemnifying Party has or purportedly has dealt.

48. **ATTACHMENTS TO LEASE.**

The following exhibits are attached to and made a part of this Agreement:

"A" – Description of Subject Property
"B" – Inventory of Fixtures
"C" – Standard Insurance Requirements

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IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

CITY:

CITY OF PALO ALTO (LESSOR)

By: _____
City Manager or Designee

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

By:_____
Senior Asst. City Attorney

TENANT:

INSERT NAME OF LESSEE

By: _____

INSERT TYPE OF CORPORATION

Its: _____

LEASE AGREEMENT

BETWEEN
CITY OF PALO ALTO
AND
INSERT NAME OF LESSEE

EXHIBIT A

DESCRIPTION OF SUBJECT PROPERTY

LEASE AGREEMENT
BY AND BETWEEN
CITY OF PALO ALTO, CALIFORNIA
AND
INSERT NAME OF LESSEE

EXHIBIT B

INVENTORY OF FIXTURES

LEASE AGREEMENT
BY AND BETWEEN
CITY OF PALO ALTO, CALIFORNIA
AND
INSERT NAME OF LESSEE

EXHIBIT C

STANDARD INSURANCE REQUIREMENTS

Insurance Requirements for Lessee:

Lessee shall purchase and maintain the insurance policies set forth below on all of its operations under this Lease at its sole cost and expense. Such policies shall be maintained for the full term of this Lease and the related warranty period (if applicable). For purposes of the insurance policies required under this Lease, the term "City" shall include the duly elected or appointed council members, commissioners, officers, agents, employees and volunteers of the City of Palo Alto, California, individually or collectively.

Coverages (RL 28.1A) S

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1) Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2) Insurance Services Office form number CA 0001 (Ed. 1/87) covering Automobile Liability, code 1 (any auto).
3) Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance (for lessees with employees).
4) Property insurance against all risks of loss to any tenant improvements or betterments

The policy or policies of insurance maintained by Lessee shall provide the following limits and coverages:

POLICY	MINIMUM LIMITS OF LIABILITY
(1) Commercial General Liability	$1,000,000 per each occurrence for bodily injury, personal injury and property damage
(2) Automobile Liability	$ 1,000,000 Combined Single Limit

Including Owned, Hired and
Non-Owned Automobiles

(3) Workers' Compensation — Statutory
Employers Liability — $1,000,000 per accident for bodily injury or disease

(4) Lessee's Property Insurance

Lessee shall procure and maintain property insurance coverage for:

(a) all office furniture, trade fixture, office equipment, merchandise, and all other items of Lessee's property in, on, at, or about the premises and the building, include property installed by, for, or at the expense of Lessee;

(b) all other improvements, betterments, alterations, and additions to the premises.

Lessee's property insurance must fulfill the following requirements:

(a) it must be written on the broadest available "all risk" policy form or an equivalent form acceptable City of Palo Alto, including earthquake sprinkler leakage.

(b) for no less than ninety percent (90%) of the full replacement cost (new without deduction for depreciation) of the covered items and property; and

(c) the amounts of coverage must meet any coinsurance requirements of the policy or policies.

(RL 28.2)

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Lessee shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

Insurance shall be in full force and effect commencing on the first day of the term of this Lease.

Each insurance policy required by this Lease shall:

1. Be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City.

2. Include a waiver of all rights of subrogation against the City and the members of the City Council and elective or appointive officers or employees, and each party shall indemnify the other against any loss or expense including reasonable attorney fees, resulting from the failure to obtain such waiver.

3. Name the City of Palo Alto as a loss payee on the property policy.

4. Provide that the City, its officers, officials, employees, agents and volunteers are to be covered as insureds as respects: liability arising out of activities performed by or on behalf of the Lessee; products and completed operations of the Lessee; premises owned, occupied or used by the Lessee; or automobiles owned, leased, hired or borrowed by the Lessee. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees, agents or volunteers.

5. Provide that for any claims related to this Lease, the Lessee's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, agents or volunteers shall be excess of the Lessee's insurance and shall not contribute with it.

6. Provide that any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the City, its officers, officials, employees, agents or volunteers.

7. Provide that Lessee's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

8. Lessee agrees to promptly pay to City as Additional Rent, upon demand, the amount of any increase in the rate of insurance on the Premises or on any other part of Building that results by reason of Lessee’s act(s) or Lessee’s permitting certain activities to take place.

Acceptability of Insurers

All insurance policies shall be issued by California-admitted carriers having current A.M. Best's ratings of no lower than A-:VII.