



CITY OF
**PALO
ALTO**

CITY OF PALO ALTO
MEMORANDUM

8

TO: HONORABLE CITY COUNCIL

FROM: PUBLIC WORKS DEPARTMENT

AGENDA DATE: JUNE 6, 2016

SUBJECT: CONSENT ITEM NUMBER 8 - Approval of a Contract With Airport Management Consulting Group in the Amount of \$183,008 for Planning and Consulting Services at Palo Alto Airport, including Evaluation of Options in Managing the Office Spaces and Hangars, Development of Primary Management and Compliance Documents Including the Airport Rules and Regulations, Minimum Business Standards and Leasing/Rents and Fees Policies, and Related Matters; and Approval of Budget Amendments in the General Fund and Airport Fund

Last week, the contract was not included as Attachment A, however, it is now attached for the above subject-referenced staff report #6671 which is Item 8 on Council's agenda for June 6, 2016.

James Wadleigh, Manager
Maintenance Operations - Airport

ATTACHMENT A

CITY OF PALO ALTO CONTRACT NO. C16162180

AGREEMENT BETWEEN THE CITY OF PALO ALTO AND AVIATION MANAGEMENT CONSULTING GROUP, INC.

FOR PROFESSIONAL SERVICES

This Agreement is entered into on this 6th day of June, 2016, (“Agreement”) by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and AVIATION MANAGEMENT CONSULTING GROUP, INC., a Colorado corporation, located at 9085 East Mineral Circle, Suite 315, Centennial, Colorado 80112 (“CONSULTANT”).

RECITALS

The following recitals are a substantive portion of this Agreement.

A. CITY intends to evaluate and update existing rules, regulations, policies and minimum standards and the operational and leasing options for the Palo Alto Airport (PAO) (“Project Phase 1”) and desires to engage a consultant to provide the evaluation in connection with the Project Phase 1 (“Services”). If later approved by the City Council, this Agreement will be amended to include Phase 2: preparation of an Airport Business Plan.

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

C. CITY in reliance on these representations desires to engage CONSULTANT to provide the Phase 1 Services as more fully described in Exhibit “A”, attached to and made a part of this Agreement. However, unless or until the City Council approves amendment(s) to this Agreement to include Phase 2, this Agreement applies only to Phase 1 services.

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

AGREEMENT

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

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

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

SECTION 4. NOT TO EXCEED COMPENSATION. The compensation to be paid to CONSULTANT for performance of the Services described in Exhibit “A”, including both payment for professional services and reimbursable expenses, shall not exceed One Hundred Sixty Six Thousand Three Hundred Seventy One Dollars (\$166,371.00). In the event Additional Services are authorized, the total compensation for Services, Additional Services and reimbursable expenses shall not exceed One Hundred Eighty Three Thousand Eight Dollars (\$183,008.10). The applicable rates and schedule of payment are set out at Exhibit “C-1”, entitled “HOURLY RATE SCHEDULE,” which is attached to and made a part of this Agreement.

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

SECTION 5. INVOICES. In order to request payment, CONSULTANT shall submit monthly invoices to the CITY describing the services performed and the applicable charges (including an identification of personnel who performed the services, hours worked, hourly rates, and reimbursable expenses), based upon the CONSULTANT’s billing rates (set forth in Exhibit “C-1”). If applicable, the invoice shall also describe the percentage of completion of each task. The information in CONSULTANT’s payment requests shall be subject to verification by CITY. CONSULTANT shall send all invoices to the City’s project manager at the address specified in Section 13 below. The City will generally process and pay invoices within thirty (30) days of receipt.

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

All of the services to be furnished by CONSULTANT under this agreement shall meet the professional standard and quality that prevail among professionals in the same discipline and of

similar knowledge and skill engaged in related work throughout California under the same or similar circumstances.

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

SECTION 8. ERRORS/OMISSIONS. CONSULTANT shall correct, at no cost to CITY, any and all errors, omissions, or ambiguities in the work product submitted to CITY, provided CITY gives notice to CONSULTANT. If CONSULTANT has prepared plans and specifications or other design documents to construct the Project, CONSULTANT shall be obligated to correct any and all errors, omissions or ambiguities discovered prior to and during the course of construction of the Project. This obligation shall survive termination of the Agreement.

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

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

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

SECTION 12. SUBCONTRACTING.

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

Mead & Hunt

CONSULTANT shall be responsible for directing the work of any subconsultants and for any compensation due to subconsultants. CITY assumes no responsibility whatsoever concerning compensation. CONSULTANT shall be fully responsible to CITY for all acts and omissions of a subconsultant. CONSULTANT shall change or add subconsultants only with the prior approval

of the city manager or his designee.

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

CITY's project manager is James Wadleigh, Public Works Department, Airport Division, 250 Hamilton Avenue, Palo Alto, CA 94303, Telephone: (650) 329-2687. The project manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate project manager from time to time.

SECTION 14. OWNERSHIP OF MATERIALS. Upon delivery, all work product, including without limitation, all writings, drawings, plans, reports, specifications, calculations, documents, other materials and copyright interests developed under this Agreement shall be and remain the exclusive property of CITY without restriction or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in CITY, and CONSULTANT waives and relinquishes all claims to copyright or other intellectual property rights in favor of the CITY. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.

SECTION 15. AUDITS. CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.

SECTION 16. INDEMNITY.

16.1. To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, experts fees, court costs and disbursements ("Claims") resulting from, arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.

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

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

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

SECTION 18. INSURANCE.

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

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

18.3. Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the Purchasing Manager thirty (30) days' prior written notice of the cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.

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

including such damage, injury, or loss arising after the Agreement is terminated or the term has expired.

SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.

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

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

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

19.4. Upon such suspension or termination by CITY, CONSULTANT will be paid for the Services rendered or materials delivered to CITY in accordance with the scope of services on or before the effective date (i.e., 10 days after giving notice) of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's services which are of direct and immediate benefit to CITY as such determination may be made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 19.4, 20, and 25.

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

SECTION 20. NOTICES.

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

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

With a copy to the Purchasing Manager

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

SECTION 21. CONFLICT OF INTEREST.

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

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

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

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

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

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

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

SECTION 24. NON-APPROPRIATION

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

SECTION 25. MISCELLANEOUS PROVISIONS.

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

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

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

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

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

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

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

25.8 If, pursuant to this contract with CONSULTANT, CITY shares with

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

25.9 All unchecked boxes do not apply to this agreement.

25.10 The individuals executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

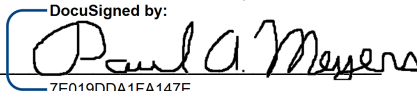
25.11 This Agreement may be signed in multiple counterparts, which shall, when executed by all the parties, constitute a single binding agreement

IN WITNESS WHEREOF, the parties hereto have by their duly authorized representatives executed this Agreement on the date first above written.

CITY OF PALO ALTO

**AVIATION MANAGEMENT
CONSULTING GROUP, INC.**

City Manager

By: 
Name: Paul Meyers

APPROVED AS TO FORM:

Title: _____

City Attorney

Attachments:

- EXHIBIT “A”: SCOPE OF WORK
- EXHIBIT “B”: SCHEDULE OF PERFORMANCE
- EXHIBIT “C”: COMPENSATION
- EXHIBIT “C-1”: SCHEDULE OF RATES
- EXHIBIT “D”: INSURANCE REQUIREMENTS

**EXHIBIT “A”
SCOPE OF WORK**

Scope of Work

In accordance with the proposal submitted by CONSULTANT to CITY of Palo Alto (CITY), Public Works Department, Palo Alto Airport Division, Request for Proposal (RFP) Number 162180, Professional Services, Palo Alto Airport, dated December 23, 2015, CONSULTANT shall accomplish the scope of work for the following selected and optional elements which have been identified by CITY:

1-D (1): Highest and Best Use Analysis

City Requirement

Develop a highest and best use analysis and market assessment for the real estate assets at the Airport to develop recommendations to manage the future FBO leases.

Scope of Work

CONSULTANT shall conduct a highest and best use analysis of the real estate assets at the Airport. Highest and best use is defined as "The reasonable probable and legal use of property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." In estimating highest and best use of the real estate assets, the uses will be submitted to four different analyses (i.e., physically possible, legally permissible, financially feasible, and most profitable). CONSULTANT shall ascertain the level of demand in the market and the level of capacity at the Airport (for aviation products, services, and facilities – including hangars) and identify any existing deficiencies. CONSULTANT shall provide recommendations for managing future FBO leases, consistent with federal, state, and local law including City Council policy regarding protecting resident quality of life and the environment.

NOTE: CONSULTANT will not ascertain the level of demand in the market and the level of capacity at the Airport for non-aviation or non-aeronautical products, services, and facilities nor identify any deficiencies that exist.

NOTE: CONSULTANT will not review any lease agreements (other than the existing FBO lease agreements) nor provide recommendations for managing any other future leases (other than the future FBO lease agreement).

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation on the community, market, Airport, FBOs, SASOs, and non-commercial aeronautical entities located at the Airport shall be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained and conduct initial research.

Task 2: Field Visit (First)

CONSULTANT shall conduct a field visit (first field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY, (2) tour of the Airport, FBOs, SASOs, and non-commercial leased premises, (3) meetings with the Task Force (to be appointed by the City Manager), the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBOs, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget, and (4) a public meeting (open forum or open house) that can be attended by the larger community, Airport users, and other interested parties. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 8 hours (or 3 people for 0.33 days) for this task.

Task 3: Draft Document (First)

CONSULTANT shall prepare the first draft of the analysis (based on the information, data, and documentation provided/obtained and the input provided by CITY). CONSULTANT shall provide the first draft of the analysis to CITY for review. CITY shall review first draft of the analysis.

Task 4: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the analysis and solicit input. The working session will be approximately one hour.

Task 5: Draft Document (Second)

CONSULTANT shall revise the first draft of the analysis (based on the input provided by CITY during the first working session) and provide the second draft of the analysis to CITY. CITY shall provide the analysis to other CITY departments for review and comment. Other CITY departments shall review the second draft of the analysis.

Task 6: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to discuss the second draft of the analysis and solicit input. The working session will be approximately one hour.

NOTE: CONSULTANT may be able to conduct the working session in person (second field visit) based on available time and budget.

Task 7: Final Document

CONSULTANT shall revise the second draft of the analysis (based on the input provided by CITY and other CITY departments during the second working session) and provide the final analysis to CITY.

NOTE: Comment Compilation and Response. Upon conclusion of the review periods, CITY shall prepare a compilation of all comments provided by all sources (by document and section). If CITY, in consultation with CONSULTANT, determines that the magnitude or complexity of the work (time) required by CONSULTANT (to formulate a response) is excessive, the CITY, in its discretion, may authorize additional services on an hourly basis.

Deliverable

CONSULTANT shall provide a written summary of the analysis to CITY.

1-D (2): FBO Options Analysis

Scope of Work

CONSULTANT shall identify the potential options that exist with regard to the future development, operation, and management of the FBOs at the Airport. CONSULTANT shall discuss each of the options with CITY during the first field visit. CONSULTANT anticipates that the potential options will include FBO Lease Agreement, FBO Management Option, and Sponsor Operated FBO.

Under the Lessee Operated FBO option (the current situation at the Airport), a private entity would operate the FBO under a lease with CITY (i.e., CITY would lease land and/or improvements to a private entity for the operation and management of the FBO). The private entity would own the FBO and the entity's employees would operate and manage all aspects of the FBO utilizing the land and/or improvements leased from CITY and the entity's assets (i.e., facilities, vehicles, and equipment) and resources.

Under the FBO Management Contract option, a private entity would operate and manage all aspects of the FBO under a management contract with CITY using the CITY's FBO assets (i.e., facilities, vehicles, and equipment).

Under the Sponsor Operated FBO option, CITY would operate the FBO. CITY would own the FBO and CITY's employees would operate and manage all aspects of the FBO using CITY's assets (i.e., facilities, vehicles, and equipment) and resources.

As part of this analysis, CONSULTANT shall: (1) outline the advantages and disadvantages of the options from CITY and consumer (customer) perspective, (2) identify comparable airports and solicit input regarding the actual and perceived advantages and disadvantages associated with each option, and (3) evaluate the options from an operational, managerial, and financial perspective. The operational and managerial portions of the analysis shall be conducted from an airport sponsor and customer perspective.

From CITY perspective, the analysis shall encompass the following areas: FBO control and responsibility, FBO financial contribution, FBO capital requirements, FBO risk/liability (exposure), FBO administration, and the potential opportunity for complementary products, services, and/or facilities to be provided at the Airport.

From a customer perspective, the analysis shall encompass the following areas: FBO products, services, and facilities; FBO pricing; FBO vehicles, equipment and facilities; FBO personnel; FBO customer service; and the potential for competition.

The financial portion of the analysis shall be conducted from CITY's perspective. Within this context, CONSULTANT shall estimate the financial performance of the subject FBO(s) under each option based on a number of key underlying assumptions. To achieve this objective, CONSULTANT shall analyze historical and current activity indicators (e.g., aircraft operations, based aircraft, and fuel volumes), existing lease agreements, historical operational information pertaining to the subject FBO(s), the Airport's Primary Management and Compliance Documents (as applicable), and the Airport's Master

Plan/Airport Layout Plan. Additionally, the observations made by CONSULTANT during the field visit will be considered.

Through this analysis and observation, CONSULTANT shall identify key correlations and formulate an opinion regarding the type, range, and level of FBO products, services, and facilities that will be required to meet the needs of FBO customers at the Airport. With consideration given to best practices, CONSULTANT shall project the revenues, costs, expenses, capital expenditures, and the financial performance of the subject FBO(s) under each option.

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation on the community, market, Airport, FBOs, SASOs, and non-commercial aeronautical entities located at the Airport shall be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained and conduct initial research.

Task 2: Field Visit (Third)

CONSULTANT shall conduct a field visit (third field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY and (2) meetings with the Task Force, the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBOs, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 4 hours (or 1 person for 0.50 days) for this task.

Task 3: Draft Document (First)

CONSULTANT shall prepare the first draft of the analysis (based on the information, data, and documentation provided/obtained and the input provided by CITY) and provide the first draft of the analysis to CITY for review. CITY shall review the first draft of the analysis.

Task 4: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the analysis and solicit input. The working session will be approximately one hour.

Task 5: Draft Document (Second)

CONSULTANT shall revise the first draft of the analysis (based on the input provided by CITY during the first working session) and provide the second draft of the analysis to CITY. CITY shall provide the second draft of the analysis to other CITY departments for review and comment. Other CITY departments shall review the second draft of the analysis.

Task 6: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to discuss the second draft of the analysis and solicit input. The working session will be approximately one hour.

NOTE: CONSULTANT may be able to conduct the working session in person (fourth field visit) based on available time and budget.

Task 7: Final Document

CONSULTANT shall revise the second draft of the analysis (based on the input provided by CITY and other CITY departments during the second working session) and provide the final analysis to CITY.

NOTE: Comment Compilation and Response. Upon conclusion of the review periods, CITY shall prepare a compilation of all comments provided by all sources (by document and section). If CITY, in consultation with CONSULTANT, determines that the magnitude or complexity of the work (time) required by CONSULTANT (to formulate a response) is excessive, the CITY, in its discretion, may authorize additional services on an hourly basis.

Deliverable

CONSULTANT shall provide a written summary of the analysis to CITY.

1-D (X): FBO Interim Plan

City Requirement

The City needs an interim plan that will carry the City through possibly a year or more, or until such a time when the City knows what the Airport will look like after the many Airport Capital Improvement Projects.

Scope of Work

CONSULTANT shall prepare an FBO Interim Plan that can serve as a stop-gap measure until the planned Airport Capital Improvement Projects (ACIP) can be completed and CITY makes a decision regarding the future development, operation, and management of the FBO. Planned ACIP projects include rehabilitating the existing ramp/apron area(s) at the Airport and/or changing the layout of the ramp/apron area(s) at the Airport. The FBO Interim Plan shall cover a period of one to three years.

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation on the community, market, Airport, FBOs, SASOs, and non-commercial aeronautical entities located at the Airport shall be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained and conduct initial research.

Task 2: Field Visit (First)

CONSULTANT shall conduct a field visit (first field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY, (2) tour of the Airport, FBOs, SASOs, and non-commercial leased premises, (3) meetings with the Task Force, the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBOs, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget, and (4) a public meeting (open forum or open house) that can be attended by the larger community, Airport users, and other interested parties. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 4 hours (or 2 people for 0.25

days) for this task.

Task 3: Draft Document (First)

CONSULTANT shall prepare the first draft of the plan (based on the information, data, and documentation provided/obtained and the input provided by CITY) and provide the first draft of the plan to CITY for review. CITY shall review the first draft of the plan.

Task 4: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the plan and solicit input. The working session will be approximately one hour.

Task 5: Draft Document (Second)

CONSULTANT shall revise the first draft of the plan (based on the input provided by CITY during the first working session) and provide the second draft of the plan to CITY. CITY shall provide the second draft of the plan to other CITY departments for review and comment. Other CITY departments shall review the second draft of the plan.

Task 6: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to discuss the second draft of the plan and solicit input. The working session will be approximately one hour.

Task 7: Final Document

CONSULTANT shall revise the second draft of the plan (based on the input provided by CITY and other CITY departments during the second working session) and provide the final plan to CITY.

NOTE: Comment Compilation and Response. Upon conclusion of the review periods, CITY shall prepare a compilation of all comments provided by all sources (by document and section). If CITY, in consultation with CONSULTANT, determines that the magnitude or complexity of the work (time) required by CONSULTANT (to formulate a response) is excessive, the CITY, in its discretion, may authorize additional services on an hourly basis.

Deliverable

CONSULTANT shall provide a written summary of the plan to CITY.

1-G: FBO Lease Agreement

City Requirement

Develop lease agreements for FBOs.

Scope of Work

CONSULTANT shall develop an interim FBO lease agreement to facilitate the leasing of Airport land and/or improvements for the operation and management of an FBO(s). This interim FBO lease agreement can also be used as a template for the Lessee Operated FBO Option if City Council selects this management option.

An FBO lease agreement: (1) allows the use of airport property for a specified period of time (term) for specific consideration (payment of rent) and subject to various terms and

conditions; (2) conveys privileges to engage in FBO activities; (3) requires that certain obligations be met (in exchange for the privileges granted); and, (4) protects the sponsor, the public, and the lessee.

CITY will be able to utilize the new FBO lease agreement to educate (and/or negotiate with) existing and/or prospective FBOs. As such, the new FBO lease agreement will convey the requirements and obligations (and related terms and conditions) associated with leasing land and/or improvements for the operation and management of an FBO.

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation on the community, market, Airport, FBOs, SASOs, and non-commercial aeronautical entities located at the Airport shall be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained and conduct initial research.

Task 2: Field Visit (First)

CONSULTANT shall conduct a field visit (first field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY, (2) tour of the Airport, FBOs, SASOs, and non-commercial leased premises, (3) meetings with the Task Force, the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBOs, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget, and (4) a public meeting (open forum or open house) that can be attended by the larger community, Airport users, and other interested parties. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 4 hours (or 2 people for 0.25 days) for this task.

Task 3: Draft Document (First)

CONSULTANT shall prepare the first draft of the FBO lease agreement (based on the information, data, and documentation provided/obtained and the input provided by CITY) and provide the first draft of the FBO lease agreement to CITY. CITY shall review the first draft of the FBO lease agreement.

Task 4: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the FBO lease agreement and solicit input. The working session will be approximately one hour.

Task 5: Draft Document (Second)

CONSULTANT shall revise the first draft of the FBO lease agreement (based on the input provided by CITY during the first working session) and provide the second draft of the FBO lease agreement to CITY. CITY shall provide the second draft of the FBO lease agreement to other CITY departments for review and comment. Other CITY departments shall review the second draft of the FBO lease agreement.

Task 6: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to discuss the second draft of the FBO lease agreement and solicit input. The working session will be approximately one hour.

NOTE: CONSULTANT may be able to conduct the working session in person (second field visit) based on available time and budget.

Task 7: Final Document

CONSULTANT shall revise the second draft of the FBO lease agreement (based on the input provided by CITY and other CITY departments during the second working session) and provide the final FBO lease agreement to CITY.

NOTE: Comment Compilation and Response. Upon conclusion of the review periods, CITY shall prepare a compilation of all comments provided by all sources (by document and section). If CITY, in consultation with CONSULTANT, determines that the magnitude or complexity of the work (time) required by CONSULTANT (to formulate a response) is excessive, CITY, in its discretion, may authorize additional services on an hourly basis.

Deliverable

CONSULTANT shall provide a written FBO lease agreement to CITY.

1-J (1): Rate (Fee) Study

City Requirement

Prepare a rate study and recommend the adoption of a new fee structure.

Scope of Work

CONSULTANT shall conduct an Airport Fee Study (fee study) – consisting of two phases – to establish fees to help recover the costs that have been incurred (and/or are anticipated to be incurred) by CITY relating to the (non-AIP or other grant funded) planning, development, operation (including maintenance and repair), and management of the Airport.

Under Phase I, CONSULTANT shall review the current fee program for the Airport. More specifically, CONSULTANT shall review the types of fees currently being charged at the Airport, the methodologies currently being utilized to establish the fees, and the basis (or the unit measure) currently being deployed for charging fees.

CONSULTANT shall also identify current industry practices for establishing fees including summarizing the types of fees generally being charged, the methodologies generally being utilized, and the measures generally being deployed in the industry (in general) and at comparable airports (in particular).

CONSULTANT shall provide recommendations regarding the “types” of fees that could be charged, the “methodology” for establishing such fees, and the “basis” (or the unit measure) for charging such fees. CONSULTANT’s findings and recommendations (under Phase I) shall be conveyed to CITY in a written summary report.

Under Phase II, once the “types” of fees, the “methodologies”, and the “basis” for charging fees

have been selected by CITY, CONSULTANT shall conduct a "cost recovery" financial analysis (of revenue and expenses at the Airport) and calculate fees (dollar amounts for each fee) for the Airport.

Note: The fee study will not encompass air carrier (or related) fees or non-aviation or non-aeronautical (or related) fees. Additionally, it is important to note that CONSULTANT believes that fees should be cost-recovery based – not market based (like rents).

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation shall be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze the information, data, and documentation provided/obtained and conduct research.

Task 2: Field Visit (Second)

CONSULTANT shall conduct a field visit (second field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY and (2) meetings with the Task Force, the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBOs, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 4 hours (or 1 person for 0.50 days) for this task.

Task 3: Airport Profile

CONSULTANT shall develop a profile of the Airport based on the information, data, and documentation provided/obtained.

Task 4: Comparable and Competitive Airport Identification

CONSULTANT shall identify comparable and competitive airports based on the Airport profile. CONSULTANT shall develop a preliminary list of comparable and competitive airports and provide the list to CITY for review. CITY shall review the preliminary list of comparable and competitive airports.

Task 5: Comparative Analysis

CONSULTANT shall (1) identify current industry practices for establishing general aviation fees (including the types of fees typically being charged in the industry, the methodologies typically being utilized in the industry to establish fees, and the basis typically being deployed in the industry for charging fees) and (2) compare the current general aviation fee program at the Airport to the current general aviation fee programs at comparable and competitive airports. CONSULTANT shall obtain and/or validate pertinent/relevant information/data from comparable and competitive airports using CONSULTANT’s proprietary database, reference library, and/or directly from the airports identified.

Task 6: Draft Document – Phase I (First)

CONSULTANT shall prepare the first draft of the Airport Fee Study – Phase I (based on the information, data, and documentation provided/obtained and the input provided by CITY) and provide the first draft of the Airport Fee Study – Phase I to CITY for review. CITY shall review

the first draft of the Airport Fee Study – Phase I.

Task 7: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the Airport Fee Study – Phase I findings and identify the types, methodologies, and basis selected. The working session will be approximately one hour.

Task 8: Cost Recovery Analysis

Based on the types of fees, the methodologies, and the basis selected by CITY, CONSULTANT shall conduct a cost recovery analysis.

Task 9: Draft Document – Phase II (Second)

Predicated on the findings of the cost recovery analysis, CONSULTANT shall calculate fees (i.e., the dollar amounts for each fee) for the Airport. CONSULTANT shall provide the first draft of the Airport Fee Study – Phase II (including a written schedule of fees for the Airport) to CITY for review. CITY shall review the first draft of the Airport Fee Study – Phase II (including the written schedule of fees for the Airport).

Task 10: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to review the results of the “cost recovery” analysis, the fee calculations, and the schedule of fees. The working session will be approximately one hour.

NOTE: CONSULTANT may be able to conduct the working session in person (third field visit) based on available time and budget.

Task 11: Draft Document – Phase II (Third)

CONSULTANT shall revise the fee calculations, the schedule of fees, and provide the second draft of the Airport Fee Study – Phase II to CITY for review. CITY shall review the second draft of the Airport Fee Study – Phase II.

Task 12: Working Session (Third)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to review the revised calculations and the schedule of fees. The review session will be approximately one-half hour.

Task 13: Final Document

CONSULTANT shall finalize the Airport Fee Study – Phase II (including the fee calculations and the schedule of fees) and provide the final Airport Fee Study – Phase II to CITY.

Deliverables

Upon completion of Task 6: Draft Document – Phase I (First), CONSULTANT shall convey the findings of the comparative analysis and its best practices recommendations (regarding the “types” of fees, the “methodologies” to establish fees, and the “basis” for charging fees) to CITY in a written summary report.

Upon completion of Task 13: Final Document, CONSULTANT shall provide a written schedule of general aviation fees for the Airport to CITY. The schedule shall convey the results of the calculations performed by CONSULTANT.

1-J (2): Airport Rent Study

Scope of Work

CONSULTANT shall conduct an Airport Rent Study (rent study) to derive an opinion of the wholesale market rent for certain land and improvements (identified in the table that follows) located at the Airport (hereinafter referred to as the “subject properties”). CONSULTANT will "not" provide an opinion of the retail market rent (i.e., the rental rate that a sublessee would pay to a lessee of the City or the rental rate an end user would pay to the City) - Valbridge Property Advisors, a City Real Property consultant, will be providing this opinion to the City (through a separate engagement). Valbridge Property Advisors will inventory, measure, and provide general descriptions (and photographs) of certain land and improvements (identified in the table) to Consultant for inclusion in Consultant's deliverable (i.e., written summary report).

Subject Properties (Aeronautical)			
Building	Use	Component	Size
Building 1	Non-Commercial	T-Hangar	11,000
Building 2	Non-Commercial	T-Hangar	10,000
Building 3	Non-Commercial	T-Hangar	10,000
Building 4	Non-Commercial	T-Hangar	11,000
Building 5	Non-Commercial	T-Hangar	10,000
Building 6	Commercial	Community Hangar	24,000
Building 7	Non-Commercial	Executive Hangars	22,000
Building 8	Non-Commercial	T-Hangar	7,000
Building 9	Commercial	Executive Hangars Asphalt Vehicle Parking	10,000
Building 10	Commercial	Office Executive Hangar Shop Asphalt Vehicle Parking	20,000
Building 11	Commercial	Executive Hangar Office Asphalt Vehicle Parking	6,000
CAP Building	Non-Commercial	Office	1,000
Total			142,000
Land	Commercial	Improved Land	Variable

All figures are approximate

Improvement	Size
Self-Serve Fueling Station	Area to be determined
Fuel Storage Facilities	Capacity Varies

In essence, a rent study is a streamlined approach that is used to derive an opinion of market rent for airport properties (land and/or improvements) being used for general aviation purposes without conducting an appraisal. This approach is consistent with the FAA’s policy which gives airport sponsors the flexibility to establish market rents for airport properties being used for general aviation purposes using any reasonable, justified, and consistently applied method.

To achieve this objective, CONSULTANT shall analyze rental rates (on a comparative basis) for similar land and improvements at comparable and competitive airports (and rental rates at national and regional airports) to derive an appropriate market based and supported rental rate for each component of the subject properties. If fees are being charged in lieu of rent, CONSULTANT shall take that into account.

The selection of comparable airports and the assimilation and analysis of data for similar properties (including, but not limited to, type, use, and attributes) at comparable airports is essential to the Rent Study process.

CONSULTANT maintains an extensive database of approximately 700 airports located throughout the United States and approximately 2,850 data points specifically for this purpose.

Identification and Selection of Comparable Airports (Criteria)

CONSULTANT shall consider a number of variables when identifying and selecting comparable airports, including, but not limited to, the following:

- Infrastructure (number, configuration, and capacity of runways and taxiways)
- Approaches (precision versus non-precision)
- Presence or absence of a control tower
- Number and type of aviation businesses located at the airport (including the number of fuel providers)
- Amount of land that is available for aviation development (and related land use considerations)
- Type of market
- Number and type of airports in the market
- Activity levels (based aircraft, aircraft operations, and fuel volumes).

Consideration of Regional and National Airport Data

As a supplement to the comparable airport data, the rental rates being charged at airports within the FAA's Western-Pacific Region as well as those being charged at airports located throughout the United States – as maintained within CONSULTANT's proprietary database – shall be considered by CONSULTANT.

Identification and Selection of Similar Properties (Criteria)

CONSULTANT shall consider the following factors when identifying and selecting similar improvements at comparable airports, including, but not limited to, the following:

- Use (commercial versus non-commercial)
- Size (usable versus unusable)
- Location and access (landside and airside) to/from the subject properties, infrastructure, and utilities
- Lease terms and conditions
- Type, quality, condition, and functional utility or limitations of the subject properties (this includes, but is not necessarily limited to, any restrictions on the development of the land, the availability of utilities, and the ability of the land to support the aircraft that normally frequent the subject airport).

The rental rates being charged for similar properties at competitive airports shall be considered as well (as appropriate).

Marketplace Considerations

General conditions, trends, and demographics in the market shall be considered by CONSULTANT (as appropriate).

Other Considerations

CONSULTANT shall assume that the highest and best use of the subject properties is aviation

related (aeronautical use), that the subject properties will continue to be part of an operating airport, and that access to the infrastructure and amenities of the airport will be available.

Determining Market Rents

Based on an analysis of the data compiled, CONSULTANT shall derive a market based and supported rental rate for each component of the subject properties. A written summary report will be provided to CITY as the final work product or deliverable.

In addition to conveying CONSULTANT's opinion of the market rental rate for the subject properties, the summary report will describe the data, reasoning, and analysis (and identify the method/approach used by CONSULTANT) to develop CONSULTANT's opinion.

Unless otherwise noted, market rental rates will be conveyed on a "per square foot per year" and a "triple net" basis. As part of rent study process, CONSULTANT shall evaluate the market rental rates for reasonableness to ensure compliance with federal mandates.

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation will be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained and conduct initial research.

Task 2: Field Visit (First)

CONSULTANT shall conduct a field visit (first field visit) to include: (1) a project "kick-off" (initialization) meeting with representatives of CITY, (2) a tour of the subject properties, (3) photographs of the subject properties, and (4) meetings with select stakeholders – budget and schedule permitting. While on-site, CONSULTANT shall review the location of (and access to) each property and work with representatives of CITY to verify/confirm (as necessary) the type, use, and attributes of each property. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained and conduct additional research. CONSULTANT time on-site shall be limited to 8 hours (or 2 people for 0.50 days) for this task.

Task 3: Airport Profile

CONSULTANT shall develop a profile of the Airport based on the information provided/obtained.

Task 4: Comparable and Competitive Airport Identification

CONSULTANT shall identify comparable and competitive airports based on the Airport profile. CONSULTANT shall develop a preliminary list of comparable and competitive airports and provide the list to CITY for review. CITY shall review the preliminary list of comparable and competitive airports.

Task 5: Regional Airport Identification

CONSULTANT shall identify regional airports.

Task 6: Comparative Analysis

CONSULTANT shall obtain and/or validate pertinent/relevant information/data from comparable, competitive, regional, and national airports using CONSULTANT's proprietary database, reference library, and/or directly from the airports identified. CONSULTANT shall

analyze the information, data, and documentation obtained on a comparative basis. CONSULTANT shall derive the market rental rate for the subject properties (by component).

Task 7: Draft (First)

CONSULTANT shall prepare the first draft of the summary report (based on the comparative analysis) conveying the market rental rate for the subject properties (by component) and provide to CITY for review. CITY shall review the first draft of the summary report.

Task 8: Review Session (First)

CONSULTANT shall conduct a “review session” (by telephone) with CITY to review the first draft of the summary report. The working session will be approximately one hour.

NOTE: CONSULTANT may be able to conduct the working session in person (second field visit) based on available time and budget.

Task 9: Final Document

CONSULTANT shall finalize the summary report and provide the final report to CITY.

Deliverable

CONSULTANT shall provide a written summary of the study to CITY.

2: Rules and Regulations, Minimum Standards, and Leasing Policy (Airport Primary Management and Compliance Documents)

City Requirements

The selected consultant will be responsible for evaluating existing Rules and Regulations and Minimum Standards and Leasing Policies, conditions and current practices. As described more fully below, assist the Airport in a community-involved process of developing comprehensive new Rules & Regulations and Minimum Standards and Leasing Policies, culminating in approval by the City Council and the FAA.

Scope of Work

CONSULTANT shall develop Airport Primary Management and Compliance Documents (PMCDs) including: Rules and Regulations, Minimum Standards, Leasing/Rents and Fees Policy, and related documents (i.e., General Aviation Operator and Lessee Application, General Aviation Operator Permit, and if desired, a General Aviation Self-Fueling Permit).

In essence, PMCDs are a compendium of documents that govern the operation, management, and development of an airport. In combination, these documents: (1) contribute to the financial health of an airport; (2) facilitate (foster) orderly development; (3) promote the provision of quality products, services, and facilities; (4) protect the health, safety, interest, and general welfare of the public; (5) reduce the potential for conflict with lessees, consumers, and users; and, (6) reduce the potential for (and provide a platform for the resolution of) complaints.

Within this context, PMCDs set the stage (parameters) for the way an airport does business. While PMCDs are interrelated, each document functions independently of the other. Beyond serving the intended purpose, PMCDs need to be consistent with (not duplicate) the Airport Sponsor Assurances, applicable regulatory measures, and other the compliance related directives issued by the FAA.

An overview of each PMCD deliverable is provided in this section and an outline of the proposed content is provided at the end of this section – under Primary Management and Compliance Document Outlines.

When developing the PMCD deliverables, CONSULTANT shall ensure that its recommendations are:

- Consistent with the Airport Sponsor (Grant) Assurances
- Consistent with all other applicable airport compliance-related directives issued by the FAA including:
 - Advisory Circular No. 150/5100-16A (AIP, Grant Assurance Number One – General Federal Requirements)
 - Advisory Circular No. 150/5150-2B (Federal Surplus Personal Property for Public Airport Purposes)
 - Advisory Circular No. 150/5190-6 (Exclusive Rights at Federally Obligated Airports)
 - Advisory Circular No. 150/5190-7 (Minimum Standards for Commercial Aeronautical Activities)
 - Policy Regarding Airport Rates and Charges
 - Policy and Procedures Concerning the Use of Airport Revenue, FAA Order 5100.38A (Airport Improvement Program Handbook)
 - Order 5190.6B (Airports Compliance Manual)
- Appropriate, reasonable, and relevant for the Airport, the market, and the activities taking place (or reasonably anticipated to take place) at the Airport

As such, the unique characteristics of the Airport, the market, and the activities (as conveyed to CONSULTANT by CITY) shall be considered by CONSULTANT when developing the PMCD deliverables. In addition to being clear, concise, and well organized (structured), the PMCD deliverables will complement (not duplicate) the other governing documents for the Airport. Each PMCD deliverable will be a separate (standalone) document (i.e., the documents will not be combined with other documents or consolidated) and each PMCD deliverable or portions thereof will not be integrated into other documents or vice versa.

Rules and Regulations

By definition, this document sets forth the rules and regulations for the safe, orderly, and efficient operation and use of an airport. The purpose of rules and regulations is to protect the public health, safety, interest, and welfare on an airport (and to restrict any activity or action that would interfere with the safe, orderly, and efficient operation and use of an airport).

CITY shall be able to utilize Rules and Regulations to educate and inform all airport users about the regulatory measures that apply to the use of the Airport and/or engaging in activities at the Airport. In addition to being relevant, reasonable, and appropriate for the Airport, the market, and the activities, CITY should only establish rules and regulations that CITY is ready, willing, or able to enforce.

The Rules and Regulations shall also contain general provisions that are common to all PMCDs. General provisions eliminate redundancy (as opposed to being restated in each

PMCD). Key words (and acronyms) will also be defined in Rules and Regulations as well.

Minimum Standards

By definition, this document sets forth the minimum requirements (or criteria) that need to be met (by an entity) as a condition for conducting commercial general aviation aeronautical activities at an airport. The purpose of minimum standards is to provide a fair and reasonable opportunity, without unjust discrimination, to applicants to qualify, or otherwise compete, to occupy available airport land and/or improvements and engage in authorized commercial general aviation aeronautical activities at an airport.

In essence, by providing consistent threshold requirements for engaging in such activities at an airport, minimum standards “level the playing field” and promote “fair competition” among operators. Beyond providing the basis for the uniform treatment of operators, minimum standards reduce the potential for (and provide a platform for resolving) conflicts, complaints (informal and formal), and disputes. Consistent with the objectives established by the FAA, minimum standards should (1) promote safety, (2) protect airport users, (3) maintain and enhance the availability of services, (4) promote the orderly development of an airport, and (5) ensure operational efficiency.

To accomplish this objective (and ensure that Minimum Standards are relevant, reasonable, and appropriate for the Airport, the market, and the activities), CONSULTANT shall utilize a comprehensive approach that will consider the: (1) aeronautical activities occurring at the Airport (including the land and improvements being leased/used, the type, level, and quality of aeronautical products, services, and facilities being provided, and the vehicles, equipment, and personnel being deployed), (2) the aeronautical activities occurring at comparable airports, and (3) the requirements of airport customers (or consumers).

Leasing/Rents and Fees Policy

By definition, this policy sets forth the parameters for leasing airport land and improvements for general aviation purposes and outlines the process for establishing and adjusting general aviation rents and fees at an airport. The purpose of the policy is to convey an airport’s general aviation leasing (and rents and fees) practices.

CITY shall be able to utilize this policy to educate existing and prospective operators/aviation businesses and lessees about the process CITY shall utilize to lease airport land and/or improvements for general aviation purposes. As such, this policy will provide the structure for ensuring that the leasing process is consistent (uniformly applied) and not unjustly discriminatory. Additionally, this policy will identify the key terms and conditions that should be included in a lease agreement and this policy will convey the approach (i.e., methodology, frequency, etc.) for establishing and adjusting general aviation rents and fees in a timely manner without undue influence.

Other Related Documents

CONSULTANT shall develop a General Aviation Operator and Lessee Application (Application), a General Aviation Operator Permit, and if desired, a General Aviation Self-fueling Permit (Permits).

CITY shall be able to use the Application to obtain information, data, and documentation (for review and evaluation by CITY) from parties who are interested in leasing land and/or improvements and/or engaging in commercial or non-commercial general aviation aeronautical activities at the Airport.

CITY shall be able to use the Permits to convey permission to parties (who have completed an Application and been approved by CITY) to engage in commercial general aviation activities and if desired, self-fueling at the Airport.

CONSULTANT shall assist CITY in refining a public engagement (stakeholder outreach) approach for seeking input regarding the development of comprehensive Rules and Regulations, Minimum Standards, and Leasing Policies for the Airport culminating in the approval (of such documents) by CITY.

NOTE: While the FAA may be willing to review these documents and provide comments, it is the understanding of CONSULTANT that the FAA will not approve these documents. If CITY elects to include the FAA in the review and comment process, the schedule will need to be modified accordingly (i.e., the scheduled will need to be extended based on the amount of time the FAA takes to review these documents and provide comments).

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation on the community, market, Airport, FBOs, SASOs, and non-commercial aeronautical entities located at the Airport shall be compiled by CITY. This will include an inventory of the land and improvements (by leasehold, by component) currently being leased/used, the products, services, and facilities currently being provided, and the vehicles, equipment, and personnel currently being deployed by the aviation businesses at the Airport. CONSULTANT shall provide a written information request and a sample worksheet to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained (including the existing PMCDs and related information, data, and documentation) and conduct initial research.

Task 2: Field Visit (First) and Stakeholder Meetings (First)

CONSULTANT shall conduct a field visit (first field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY, (2) tour of the Airport, FBOs, SASOs, and non-commercial leased premises, (3) meetings with the Task Force, the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBO, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget, and (4) a public meeting (open forum or open house) that can be attended by the larger community, Airport users, and other interested parties. Additionally, CONSULTANT shall conduct a short course (or mini-workshop) on PMCDs for representatives of CITY (including City Council members) during the first field visit. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 30 hours (or 3 people for 1.25 days) for this task.

The purpose of the first field visit will be to gain a better understanding of: (1) the current

operating environment at the Airport, (2) the goals that have been established by CITY for the Airport (in general) and PMCDs (in particular), and (3) the key issues, problems, and/or challenges relating to (associated with) this element of the proposed scope of work.

Task 3: Prepare Documents (Expanded Outline and/or Sample Formats)

CONSULTANT shall prepare an expanded outline and/or sample formats of the PMCDs and provide the expanded outline and/or sample formats to CITY for review. CITY shall review the expanded outline and/or sample formats of the PMCDs.

Task 4: Working Session (Expanded Outline and/or Sample Formats)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the expanded outline and/or sample formats of the PMCDs and solicit comments, input, and direction. The working session will be approximately one hour.

Task 5: Draft Documents (First)

CONSULTANT shall prepare the first draft of the PMCDs (based on the information, data, and documentation provided/obtained and the comments, input, and direction provided by CITY) and provide the first draft of the PMCDs to CITY for review. CITY shall review the first draft of the PMCDs.

Task 6: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the PMCDs and solicit comments, input, and direction. The working session will be approximately two hours.

NOTE: CONSULTANT may be able to conduct the working session in person (third field visit) based on available time and budget.

Task 7: Draft Documents (Second)

CONSULTANT shall revise the first draft of the PMCDs (based on the input and direction provided by CITY during the first working session) and provide the second draft of the PMCDs to CITY. CITY shall provide the second draft of the PMCDs to other CITY departments for review. CITY and other CITY departments shall review the second draft of the PMCDs.

Task 8: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to discuss the second draft of the PMCDs and solicit comments, input, and direction. The working session will be approximately two hours.

Task 9: Draft Documents (Third)

CONSULTANT shall revise the second draft of the PMCDs (based on the input and direction provided by CITY and other CITY departments during the second working session) and provide the third draft of the PMCDs to CITY. CITY shall provide the third draft of the PMCDs to stakeholders. CITY and stakeholders will review the third draft of the PMCDs.

Task 10: Field Visit and Public Meeting (Fourth) and Working Session (Third)

During the third field visit, CONSULTANT shall facilitate a public meeting (open forum or open house) to discuss comments (and obtain input) from the stakeholders. CONSULTANT shall discuss (in person) the comments and input from the stakeholders with (and solicit input and direction from) CITY. CONSULTANT time on-site shall be limited to 12 hours (or 3 people for 0.50 days) for this

task.

Task 11: Draft Documents (Fourth)

CONSULTANT shall revise the third draft of the PMCDs (based on the input and direction provided by CITY during the third working session) and provide the fourth draft of the PMCDs to CITY. CITY shall provide the fourth draft of the PMCDs to other CITY departments for review. CITY and other CITY departments will review the fourth draft of the PMCDs.

Task 12: Working Session (Fourth)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to review the fourth draft of the PMCDs and solicit comments, input, and direction. The working session will be approximately one hour.

Task 13: Draft Documents (Fifth)

CONSULTANT shall revise the fourth draft of the PMCDs (based on the input and direction provided by CITY during the fourth working session) and provide the fifth draft of the PMCDs to CITY. CITY shall provide the documents to other CITY departments. CITY and other CITY departments will review the fifth draft of the PMCDs.

Task 14: Working Session (Fifth) and Final Documents

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to review the fifth draft of the PMCDs and solicit comments, input, and direction. The working session will be approximately one hour. CONSULTANT shall revise the fifth draft of the PMCDs (based on the input and direction provided by CITY and other CITY departments during the fifth working session) and provide the final PMCDs to CITY for approval and adoption. CITY shall approve and adopt the final PMCDs.

NOTE: Comment Compilation and Response. Upon conclusion of the review periods, CITY shall prepare a compilation of all comments provided by sources, document, and section and CITY shall respond to the comments provided by indicating that: (1) change is not merited/will not be made, (2) change is merited/will be made (as formulated by CITY), and (3) change is merited/will be made (as formulated by CITY working in collaboration with CONSULTANT). With regard to item 3, CONSULTANT shall work with CITY to formulate changes in those specific areas identified (accordingly) by CITY. If CITY, in consultation with CONSULTANT, determines that the magnitude or complexity of the work (time) required by CONSULTANT (to formulate a response) is excessive, City, in its discretion, may authorize additional services on an hourly basis. It is the experience of CONSULTANT that when a change is not merited/will not be made, it is helpful (from a stakeholder perspective) to provide an explanation and/or the rationale for not making a change.

Deliverable

CONSULTANT shall provide written Rules and Regulations, Minimum Standards, and Leasing Policy (and other related documents) to CITY.

2-A: Define Current and Potential Uses and Services at the Airport

City Requirement

Define current and potential future uses and services at the Airport.

Scope of Work

CONSULTANT shall define current and potential future uses and services at the Airport.

Work Plan (Tasking)

Task 1: Information Gathering

Relevant and pertinent information, data, and documentation will be compiled by CITY. CONSULTANT shall provide a written information request to CITY to help facilitate this process. CONSULTANT shall review and analyze initial information, data, and documentation provided/obtained and conduct initial research.

Task 2: Field Visit (First)

CONSULTANT shall conduct a field visit (first field visit) to include: (1) a project “kick-off” (initialization) meeting with representatives of CITY, (2) tour of the Airport, FBOs, SASOs, and non-commercial leased premises, (3) meetings with the Task Force, the Palo Alto Airport Pilot’s Association, and other stakeholders (i.e., representatives of the FBOs, SASOs, and/or non-commercial entities) – as determined by CITY working in collaboration with CONSULTANT and based on available time and budget, and (4) a public meeting (open forum or open house) that can be attended by the larger community, Airport users, and other interested parties. CONSULTANT shall review and analyze additional information, data, and documentation provided/obtained. CONSULTANT time on-site shall be limited to 6 hours (or 3 people for 0.25 days) for this task.

Task 3: Draft Document (First)

CONSULTANT shall prepare the first draft of the analysis (based on the information, data, and documentation provided/obtained and the input provided by CITY) and provide the first draft of the analysis to CITY for review. CITY shall review the first draft of the analysis.

Task 4: Working Session (First)

CONSULTANT shall conduct a “working session” (by telephone) with CITY to discuss the first draft of the analysis and solicit input. The working session will be approximately one hour.

NOTE: CONSULTANT may be able to conduct the working session in person (second field visit) based on available time and budget.

Task 5: Draft Document (Second)

CONSULTANT shall revise the first draft of the analysis (based on the input provided by CITY during the first working session) and provide the second draft of the analysis to CITY. CITY shall provide the second draft of the analysis to other CITY departments. CITY and other CITY departments will review the second draft of the analysis.

Task 6: Working Session (Second)

CONSULTANT shall conduct a “working session” (by telephone) with CITY and other CITY departments to discuss the second draft of the analysis and solicit input. The working session will be approximately one hour.

Task 7: Final Document

CONSULTANT shall revise the second draft of the analysis (based on the input provided by CITY and other CITY departments during the second working session) and provide the final analysis to CITY.

NOTE: Comment Compilation and Response. Upon conclusion of the review periods, CITY shall prepare a compilation of all comments provided by all sources (by document and section). If CITY, in consultation with CONSULTANT, determines that the magnitude or complexity of the work (time) required by CONSULTANT (to formulate a response) is excessive, CITY, in its discretion, may authorize additional services on an hourly basis.

Deliverable

CONSULTANT shall provide written summary report to CITY.

3: Public Outreach and Participation

City Requirements

It is expected that the study will be the focus of a series of public meetings over a 6-month period. It is also expected that the public participation process will be guided by the formation and periodic meeting of an Airport Stakeholders Task Force. Public outreach may include, at a minimum:

A. Lead a public engagement process and promote meaningful dialogue between all stakeholders, including recreational and commercial users of the Airport, Palo Alto residents, City officials and local, state and federal agencies.

B. Develop a strategic framework and guidelines to address the broad range of concerns and issues that will be identified in the public engagement process. For Example: noise impacts, infrastructure building conditions and needs, wildlife hazards, and environmental and sustainability opportunities...

C. Periodic meetings with the Airport Stakeholder Task Force. The City Manager will compose the Stakeholder Task Force, comprised of pilots, business owners, residents and other interested individuals or organizations. It is expected that there would be 11-15 committee members and they would meet approximately 3 times during the study.

D. 1-2 Larger community meetings with the surrounding communities, including businesses, residents, and others.

E. At least 1-2 meetings with the Palo Alto Airport Pilots Association and users.

F. At least 2-3 meetings with the City Council.

An early scoping meeting with the City should be used to refine the desired public outreach approach.

Scope of Work

A series of public meetings will be held during the project and the City Manager will designate an Airport Stakeholders Task Force to provide input to staff throughout the process. CONSULTANT shall:

3-A Lead a public engagement process and promote meaningful dialogue between stakeholders.

3-B Develop a strategic framework and guidelines that can be used by CITY to address the concerns and/or issues identified during the public engagement process.

3-C Meet with the Airport Stakeholder Task Force (consisting of 11 to 15 members) on a periodic basis (*a maximum of three times during the project*).

3-D Meet with the larger community (*a maximum of two times during the project*).

3-E Meet with the Palo Alto Airport Pilots Association and Airport users (*a maximum of two times during the project*).

3-F Meet with City Council (*a maximum of three times during the project*).

NOTE: While the proposed budget includes four field visits (and multiple meetings with each group identified), CONSULTANT’s project manager will meet with CITY (early on) to refine the desired public engagement approach. Once the approach has been refined, a revised budget (if necessary) will be provided to CITY.

Work Plan (Tasking)

Public outreach and participation is included in the work plans (tasking) for the other selected elements identified herein.

Deliverable

CONSULTANT shall provide a written summary of a strategic framework and guidelines (to address the concerns and/or issues identified during the public engagement process) to CITY.

Scope of Work

This is a future phase. On completion of Phase 1 Services, the City intends to evaluate and make a determination whether to amend this Agreement to authorize Phase 2. If authorized, Phase 2 will consist of development of an Airport Business Plan (ABP). An ABP is a document that uses a logical and disciplined structure to set out goals, objectives, and actions plans that drive the day-to-day operation and management of the airport. It includes mission, vision and values statements, goals (driven by a strengths, weaknesses, opportunities and threats analysis), objectives and action plans.

**EXHIBIT “B”
SCHEDULE OF PERFORMANCE**

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

Phase 1 Milestones/Tasks	Completion No. of Days/Weeks/Years From NTP
Highest and Best Use Analysis	TBD
FBO Options Analysis	TBD
FBO Interim Plan	one to three years
FBO Lease Agreements	TBD
Rate (Fee) Study	TBD
Airport Rent Study	TBD
Rules and Regulations, Minimum Standards, and Leasing Policy	TBD
Define Current and Potential Uses and Services at the Airport	TBD
Public Outreach and Participation	on-going
 Phase 2 Milestones/Tasks (if authorized)	 Completion No. of Days/Weeks/Years From NTP
Airport Business Plan	TBD

EXHIBIT “C” COMPENSATION

The CITY agrees to compensate the CONSULTANT for professional services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation for Phase 1 Services shall be paid by the CITY to CONSULTANT on a fixed fee basis in accordance with the Budget Schedule - Phase 1. Compensation for Additional Services shall be paid by the City to CONSULTANT based on the hourly rate schedule attached as exhibit C-1.

The compensation to be paid to CONSULTANT under this Agreement for all services described in Exhibit “A” (Scope of Work – Phase 1) and reimbursable expenses shall not exceed \$166,371.00. CONSULTANT agrees to complete all Phase 1 Services, including reimbursable expenses, within this amount. In the event CITY authorizes any Additional Services, the maximum compensation for all Phase 1 Services including reimbursable expenses and Additional Services shall not exceed \$183,008.10. Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth herein shall be at no cost to the CITY.

CONSULTANT shall perform the tasks and categories of work as outlined and budgeted below. The CITY’s Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below provided the total compensation for Basic Services, including reimbursable expenses, does not exceed \$166,371.00 and the total compensation for Additional Services does not exceed \$16,637.10.

BUDGET SCHEDULE – Phase 1 NOT TO EXCEED AMOUNT

Element	Budget
1-D (1): Highest and Best Use Analysis	\$18,368
1-D (2): FBO Options Analysis	\$19,920
1-D (X): FBO Interim Plan	\$7,360
1-G: FBO Lease Agreements	\$8,740
1-J (1): Rate (Fee) Study	\$17,980
1-J (2): Airport Rent Study	\$15,040
2: Rules and Regulations, Minimum Standards, and Leasing Policy	\$72,953
2-A: Define Current and Potential Uses and Services at the Airport	\$6,010
3: Public Outreach and Participation	Included
Total	\$166,371

Sub-total Phase 1 Services **\$166,371.00**

Total Phase 1 Services and Reimbursable expenses \$166,371.00

Additional Services (Not to Exceed) \$16,637.10

Maximum Total Compensation \$183,008.10

**BUDGET SCHEDULE – Phase 2 NOT TO EXCEED AMOUNT
TBD**

REIMBURSABLE EXPENSES

The administrative, overhead, secretarial time or secretarial overtime, word processing, photocopying, in-house printing, insurance and other ordinary business expenses are included within the scope of payment for services and are not reimbursable expenses. CITY shall reimburse CONSULTANT for the following reimbursable expenses at cost. Expenses for which CONSULTANT shall be reimbursed are:

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

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

All requests for payment of expenses shall be accompanied by appropriate backup information. Any expense anticipated to be more than \$500 shall be approved in advance by the CITY’s project manager.

ADDITIONAL SERVICES

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

EXHIBIT "C-1"
HOURLY RATE SCHEDULE

CONSULTANT

Position	Hourly Billing Rate
Staff	\$80
Project Analyst	\$140
Consultant	\$200
Principal	\$260

SUBCONSULTANT

Position	Hourly Billing Rate
Administrative	\$95
Project Planner III	\$144
Project Planner	\$177
Senior Project Planner	\$216

EXHIBIT "D" INSURANCE REQUIREMENTS

CONTRACTORS TO THE CITY OF PALO ALTO (CITY), AT THEIR SOLE EXPENSE, SHALL FOR THE TERM OF THE CONTRACT OBTAIN AND MAINTAIN INSURANCE IN THE AMOUNTS FOR THE COVERAGE SPECIFIED BELOW, **AFFORDED BY COMPANIES WITH AM BEST'S KEY RATING OF A-VII, OR HIGHER, LICENSED OR AUTHORIZED TO TRANSACT INSURANCE BUSINESS IN THE STATE OF CALIFORNIA.**

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS, AS SPECIFIED, BELOW:

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY STATUTORY		
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
		BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000	\$1,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY	\$1,000,000	\$1,000,000
		- EACH PERSON	\$1,000,000	\$1,000,000
		- EACH OCCURRENCE	\$1,000,000	\$1,000,000
		PROPERTY DAMAGE	\$1,000,000	\$1,000,000
	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$1,000,000
		ALL DAMAGES		\$1,000,000
YES	THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED: CONTRACTOR, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONTRACTOR AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.			

- I. INSURANCE COVERAGE MUST INCLUDE:
 - A. A PROVISION FOR A WRITTEN THIRTY (30) DAY ADVANCE NOTICE TO CITY OF CHANGE IN COVERAGE OR OF COVERAGE CANCELLATION; AND
 - B. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONTRACTOR'S AGREEMENT TO INDEMNIFY CITY.
 - C. DEDUCTIBLE AMOUNTS IN EXCESS OF \$5,000 REQUIRE CITY'S PRIOR APPROVAL.
- II. CONTACTOR MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE.
- III. ENDORSEMENT PROVISIONS, WITH RESPECT TO THE INSURANCE AFFORDED TO "ADDITIONAL INSUREDS"
 - A. PRIMARY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE OPERATIONS OF THE NAMED INSURED, INSURANCE AS AFFORDED BY THIS POLICY IS PRIMARY AND IS NOT ADDITIONAL TO OR CONTRIBUTING WITH ANY OTHER INSURANCE CARRIED BY OR FOR THE BENEFIT OF THE ADDITIONAL INSUREDS.

- B. CROSS LIABILITY

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

C. NOTICE OF CANCELLATION

1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.
2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.

NOTICES SHALL BE MAILED TO:

**PURCHASING AND CONTRACT ADMINISTRATION
CITY OF PALO ALTO
P.O. BOX 10250
PALO ALTO, CA 94303**