Council Meeting of
July 28, 2009

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: General Services-Authorize contract for the operation, maintenance, and compliance testing of the landfill gas collection and control system at the City Yard.

Expenditure: Not to exceed $112,000

RECOMMENDATION

Recommendation of the General Services Director that the City Council award a contract to Shaw Environmental for a not to exceed amount of $112,000 for the operation, maintenance, and compliance testing of the landfill gas collection and control system at the City Yard

FUNDING

Funding is available in the Landfill Gas Collection and Control System Capital Project (FEAP 700).

BACKGROUND/ANALYSIS

The northern half of the City Yard was formerly a landfill site. As landfill gas builds underground due to the trash, it must be vented properly to avoid migration. The current landfill gas collection and control system vents the gas each day into the atmosphere. Currently, the gas levels are minimal enough that flaring of the gas is not required.

The operation of this system requires a permit issued by the Southern California Air Quality Management District (SCAQMD). Within the permit are specific guidelines which must be adhered to. One of which, Rule 1150.1, requires the City to produce a compliance plan to SCAQMD. The compliance plan is a detailed plan approved by the SCAQMD which specifies how the equipment should be operated based on the amount of gas at the site.

To generate a compliance plan, the City must take samples and conduct analysis of the landfill gas, and submit the results to the SCAQMD. Additionally, ongoing maintenance and operation of the equipment must be performed so that the system functions at optimum levels. This period of testing generally occurs for a one year period so that a wide spectrum of samples can be measured.

Once the information is compiled by the SCAQMD and feedback is received, the compliance plan can be finalized. Once complete, the plan will be the basis for annual SCAQMD permit approval and renewal for the landfill gas collection and control system at the Yard.

Respectfully submitted,

SHERYL BALLEW
General Services Director

By _____
Shant Megerdichian
Facility Operations Manager

Concur:

Sheryl Ballew
Sheryl Ballew
General Services Director

LeRoy J. Jackson
City Manager

Attachments:
A – Shaw Environmental Consulting Services Agreement

CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT ("Agreement") is made and entered into as of July 28, 2009 (the "Effective Date"), by and between the CITY OF TORRANCE, a municipal corporation ("CITY"), and Shaw Environmental, a California corporation ("CONSULTANT").

RECITALS:

A. CITY wishes to retain the services of an experienced and qualified CONSULTANT to provide ongoing operations, maintenance, and compliance testing of the landfill gas collection and control system at the City Yard.

B. CONSULTANT represents that it is qualified to perform those services.

AGREEMENT:

1. SERVICES TO BE PERFORMED BY CONSULTANT

CONSULTANT will provide the services listed in the Scope of Services attached as Exhibit A. CONSULTANT warrants that all work and services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner.

2. TERM

Unless earlier terminated in accordance with Paragraph 4 below, this Agreement will continue in full force and effect from the Effective Date through July 27, 2010.

3. COMPENSATION

A. CONSULTANT's Fee.

For services rendered pursuant to this Agreement, CONSULTANT will be paid in accordance with the Compensation Schedule attached as Exhibit B, provided, however, that in no event will the total amount of money paid the CONSULTANT, for services initially contemplated by this Agreement, exceed the sum of $112,000 ("Agreement Sum"), unless otherwise first approved in writing by CITY.

B. Schedule of Payment.

Provided that the CONSULTANT is not in default under the terms of this Agreement, upon presentation of an invoice, CONSULTANT will be paid monthly the fees described in Paragraph 3.A. above, according to the Compensation Schedule. Payment will be due within 30 days after the date of the monthly invoice.

4. TERMINATION OF AGREEMENT

A. Termination by CITY for Convenience.

1. CITY may, at any time, terminate the Agreement for CITY's convenience and without cause with 30 days advanced written notice.

2. Upon receipt of written notice from CITY of such termination for CITY's convenience, CONSULTANT will:

   a. cease operations as directed by CITY in the notice;
   b. take actions necessary, or that CITY may direct, for the protection and preservation of the work; and
   c. except for work directed to be performed prior to the effective date of termination stated in the notice, terminate all existing subcontracts and purchase orders and enter into no further subcontracts and purchase orders.

3. In case of such termination for CITY's convenience, CONSULTANT will be entitled to receive payment for work executed; and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.

B. Termination for Cause.

1. If either party fails to perform any term, covenant or condition in this Agreement and that failure continues for 15 calendar days after the nondefaulting party gives the defaulting party written notice of the failure to perform, this Agreement may be terminated for cause; provided, however, that if during the notice period the defaulting party has promptly commenced and continues diligent efforts to remedy the default, the defaulting party will have such additional time as is reasonably necessary to remedy the default.

2. In the event this Agreement is terminated for cause by the default of the CONSULTANT, the CITY may, at the expense of the CONSULTANT and its surety, complete this Agreement or cause it to be completed. Any check or bond delivered to the CITY in connection with this Agreement, and the money payable thereon, will be forfeited to and remain the property of the CITY. All moneys due the CONSULTANT under the terms of this Agreement will be retained by the CITY, but the retention will not release the CONSULTANT and its surety from liability for the default. Under these circumstances, however, the CONSULTANT and its surety will be credited with the amount of money retained, toward any amount by which the cost of completion exceeds the Agreement Sum and any amount authorized for extra services.

3. Termination for cause will not affect or terminate any of the rights of the CITY as against the CONSULTANT or its surety then existing, or which may thereafter accrue because of the default; this provision is in addition to all other rights and remedies available to the CITY under law.

C. Termination for Breach of Law.

In the event the CONSULTANT or any of its officers, directors, shareholders, employees, agents, subsidiaries or affiliates is convicted (i) of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of a contract or subcontract; (ii) under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a public consultant or contractor; (iii) under state or federal antitrust statutes arising out of the submission of bids or proposals; or (iv) of violation of Paragraph 19 of this Agreement; or for any other cause the CITY determines to be so serious and compelling as to affect CONSULTANT's responsibility as a public consultant or contractor, including but not limited to, debarment by another governmental agency, then the CITY reserves the unilateral right to terminate this Agreement or to impose such other sanctions (which may include financial sanctions, temporary suspensions or any other condition deemed appropriate short of termination) as it deems proper. The CITY will not take action until CONSULTANT has been given notice and an opportunity to present evidence in mitigation.

5. FORCE MAJEURE

If any party fails to perform its obligations because of strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental control, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform, then that party's performance shall be excused for a period equal to the period of such cause for failure to perform.

6. RETENTION OF FUNDS

CONSULTANT authorizes CITY to deduct from any amount payable to CONSULTANT (arising out of this Agreement) any amounts the payment of which may be in dispute or that are necessary to compensate CITY for any losses, costs, liabilities, or damages suffered by CITY, and all amounts for which CITY may be liable to third parties, by reason of CONSULTANT's negligent acts or omissions or willful misconduct in performing or failing to perform CONSULTANT's obligations under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by CONSULTANT, or any indebtedness exists that appears to be the basis for a claim of lien, CITY may withhold from any payment due, without liability for interest because of the withholding, an amount sufficient to cover the claim. The failure of CITY to exercise the right to deduct or to withhold will not, however, affect the obligations of CONSULTANT to insure, indemnify, and protect CITY as elsewhere provided in this Agreement.

7. **CITY REPRESENTATIVE**
Shant Megerdichian and John Drakodaidis are designated as the "City Representatives," authorized to act in its behalf with respect to the work and services specified in this Agreement and to make all decisions in connection with this Agreement. Whenever approval, directions, or other actions are required by CITY under this Agreement, those actions will be taken by the City Representative, unless otherwise stated. The City Manager has the right to designate another City Representative at any time, by providing notice to CONSULTANT.

8. **CONSULTANT REPRESENTATIVE(S)**
The following principal(s) of CONSULTANT are designated as being the principal(s) and representative(s) of CONSULTANT authorized to act in its behalf with respect to the work specified in this Agreement and make all decisions in connection with this Agreement:

Paul Nguyen
John Burns

9. **INDEPENDENT CONTRACTOR**
The CONSULTANT is, and at all times will remain as to CITY, a wholly independent contractor. Neither CITY nor any of its agents will have control over the conduct of the CONSULTANT or any of the CONSULTANT's employees, except as otherwise set forth in this Agreement. The CONSULTANT may not, at any time or in any manner, represent that it or any of its agents or employees are in any manner agents or employees of CITY.

10. **BUSINESS LICENSE**
The CONSULTANT must obtain a City business license prior to the start of work under this Agreement, unless CONSULTANT is qualified for an exemption.

11. **OTHER LICENSES AND PERMITS**
CONSULTANT warrants that it has all professional, contracting and other permits and licenses required to undertake the work contemplated by this Agreement.

12. **FAMILIARITY WITH WORK**
By executing this Agreement, CONSULTANT warrants that CONSULTANT (a) has thoroughly investigated and considered the scope of services to be performed, (b) has carefully considered how the services should be performed, and (c) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, CONSULTANT warrants that CONSULTANT has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services set forth in this Agreement. Should CONSULTANT discover any latent or unknown conditions that will materially affect the performance of the services set forth in this Agreement, CONSULTANT must immediately inform CITY of that fact and may not proceed except at CONSULTANT's risk until written instructions are received from CITY.

13. CARE OF WORK

CONSULTANT must adopt reasonable methods during the term of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and other components to prevent losses or damages, and will be responsible for all damages, to persons or property, until acceptance of the work by CITY, except those losses or damages as may be caused by CITY's own negligence.

14. CONSULTANT'S ACCOUNTING RECORDS; OTHER PROJECT RECORDS

Records of the CONSULTANT's time pertaining to the project, and records of accounts between CITY and the CONSULTANT, will be kept on a generally recognized accounting basis. CONSULTANT will also maintain all other records, including without limitation specifications, drawings, progress reports and the like, relating to the project. All records will be available to CITY during normal working hours. CONSULTANT will maintain these records for three years after final payment.

15. INDEMNIFICATION

CONSULTANT will indemnify, defend, and hold harmless CITY, the Redevelopment Agency of the City of Torrance, the City Council, each member thereof, present and future, members of boards and commissions, its officers, employees and volunteers from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, bodily injury, death, personal injury, property damage, loss of use, or property loss however the same may be caused and regardless of the responsibility for negligence. The obligation to indemnify, defend and hold harmless includes, any liability or expense, including defense costs and legal fees, to the extent arising from the negligent acts or omissions, or willful misconduct of CONSULTANT, its officers, employees, subcontractors or vendors

16. NON-LIABILITY OF CITY OFFICERS AND EMPLOYEES

No officer or employee of CITY will be personally liable to CONSULTANT, in the event of any default or breach by the CITY or for any amount that may become due to CONSULTANT.

17. INSURANCE

A. CONSULTANT must maintain at its sole expense the following insurance, which will be full coverage not subject to self insurance provisions:

1. Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:

a. Primary Bodily Injury with limits of at least $500,000 per person, $1,000,000 per occurrence; and

b. Primary Property Damage of at least $250,000 per occurrence; or

c. Combined single limits of $1,000,000 per occurrence.

2. General Liability including coverage for premises, products and completed operations, independent contractors/vendors, personal injury and contractual obligations with combined single limits of coverage of at least $1,000,000 per occurrence.

3. Professional liability insurance with limits of at least $1,000,000 per occurrence.

4. Workers' Compensation with limits as required by the State of California and Employers Liability with limits of at least $1,000,000.

B. The insurance provided by CONSULTANT will be primary and non-contributory

C. CITY ("City of Torrance"), the Redevelopment Agency of the City of Torrance, the City Council and each member thereof, members of boards and commissions, every officer, agent, official, employee and volunteer must be named as additional insured under the automobile and general liability policies.

D. CONSULTANT must provide certificates of insurance and/or endorsements to the City Clerk of the City of Torrance before the commencement of work.

E. Each insurance policy required by this Paragraph must contain a provision that no termination or cancellation can be made without thirty days notice to CITY.

18. <u>SUFFICIENCY OF INSURERS AND SURETIES</u>

Insurance or bonds required by this Agreement will be satisfactory only if issued by companies admitted to do business in California, rated "B+" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the Risk Manager of CITY ("Risk Manager") due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to CITY, the CONSULTANT agrees that the minimum limits of any insurance policies or performance bonds required by this Agreement may be changed accordingly upon receipt of written notice from the Risk Manager; provided that CONSULTANT will have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of CITY within 10 days of receipt of notice from the Risk Manager.

19. <u>CONFLICT OF INTEREST</u>

A. No officer or employee of the CITY may have any financial interest, direct or indirect, in this Agreement, nor may any officer or employee participate in any decision relating to the Agreement that effects the officer or employee's financial interest or the financial interest of any corporation, partnership or association in which the officer or employee is, directly or indirectly interested, in violation of any law, rule or regulation.

B. No person may offer, give, or agree to give any officer or employee or former officer or employee, nor may any officer or employee solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation or any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any way pertaining to any program requirement, contract or subcontract, or to any solicitation or proposal.

20. NOTICE

A. All notices, requests, demands, or other communications under this Agreement will be in writing. Notice will be sufficiently given for all purposes as follows:

1. Personal delivery. When personally delivered to the recipient: notice is effective on delivery.

2. First Class mail. When mailed first class to the last address of the recipient known to the party giving notice: notice is effective three mail delivery days after deposit in an United States Postal Service office or mailbox.

3. Certified mail. When mailed certified mail, return receipt requested: notice is effective on receipt, if delivery is confirmed by a return receipt.

4. Overnight delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account: notice is effective on delivery, if delivery is confirmed by the delivery service.

5. Facsimile transmission. When sent by fax to the last fax number of the recipient known to the party giving notice: notice is effective on receipt. Any notice given by fax will be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a non-business day.

6. Addresses for purpose of giving notice are as follows:

CONSULTANT:	Shaw Environmental, Inc 3347 Michelson Drive, Suite 200 Irvine, CA 92612 Fax: 661-775-2502
CITY:	City Clerk City of Torrance 3031 Torrance Boulevard Torrance, CA 90509-2970 Fax: (310) 618-2931

B. Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified, will be deemed effective as of the first date the notice was refused, unclaimed or deemed undeliverable by the postal authorities, messenger or overnight delivery service.

C. Either party may change its address or fax number by giving the other party notice of the change in any manner permitted by this Agreement.

21. PROHIBITION AGAINST ASSIGNMENT AND SUBCONTRACTING

This Agreement and all exhibits are binding on the heirs, successors, and assigns of the parties. The Agreement may not be assigned or subcontracted by either CITY or CONSULTANT without the prior written consent of the other.

22. INTEGRATION; AMENDMENT

This Agreement represents the entire understanding of CITY and CONSULTANT as to those matters contained in it. No prior oral or written understanding will be of any force or effect with respect to the terms of this Agreement. The Agreement may not be modified or altered except in writing signed by both parties.

23. INTERPRETATION

The terms of this Agreement should be construed in accordance with the meaning of the language used and should not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction that might otherwise apply.

24. SEVERABILITY

If any part of this Agreement is found to be in conflict with applicable laws, that part will be inoperative, null and void insofar as it is in conflict with any applicable laws, but the remainder of the Agreement will remain in full force and effect.

25. TIME OF ESSENCE

Time is of the essence in the performance of this Agreement.

26. GOVERNING LAW; JURISDICTION

This Agreement will be administered and interpreted under the laws of the State of California. Jurisdiction of any litigation arising from the Agreement will be in Los Angeles County, California.

27. COMPLIANCE WITH STATUTES AND REGULATIONS

CONSULTANT will be knowledgeable of and will comply with all applicable federal, state, county and city statutes, rules, regulations, ordinances and orders.

28. WAIVER OF BREACH

No delay or omission in the exercise of any right or remedy by a nondefaulting party on any default will impair the right or remedy or be construed as a waiver. A party's consent or approval of any act by the other party requiring the party's consent or approval will not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and will not be a waiver of any other default concerning the same or any other provision of this Agreement.

29. ATTORNEY'S FEES

Except as provided for in Paragraph 15, in any dispute, litigation, arbitration, or other proceeding by which one party either seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party will be awarded reasonable attorney's fees, together with any costs and expenses, to resolve the dispute and to enforce any judgment.

30. EXHIBITS

All exhibits identified in this Agreement are incorporated into the Agreement by this reference.

31. CONSULTANT'S AUTHORITY TO EXECUTE

The person(s) executing this Agreement on behalf of the CONSULTANT warrant that (i) the CONSULTANT is duly organized and existing; (ii) they are duly authorized to execute this Agreement on behalf of the CONSULTANT; (iii) by so executing this Agreement, the CONSULTANT is formally bound to the provisions of this Agreement;

and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which the CONSULTANT is bound.

CITY OF TORRANCE
a Municipal Corporation

_____
Frank Scotto, Mayor

ATTEST:

_____
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:_____

Shaw Environmental,
a California Corporation

By:_____
Paul Nguyen
Client Program Manager

Attachments:	Exhibit A	Scope of Services
	Exhibit B	Compensation Schedule

Revised: 10/29/2008

EXHIBIT A

SCOPE OF SERVICES

See Attached Proposal dated April 23, 2009.

Shaw Environmental, Inc.

3347 Michelson Drive, Suite 200
Irvine, CA 92612-1692
661.775.9636
Fax 661.775.2502

Shaw® Shaw Environmental, Inc.

April 23, 2009

Mr. Shant Megerdichian
Facilities Operations Manager
City of Torrance, General Services Department
3301 Airport Drive
Torrance, CA 90505

SUBJECT: Proposal for Operations& Maintenance services, and Compliance Support for the Madrona Avenue Landfill gas collection and control system in Torrance, California

Dear Mr. Megerdichian:

Shaw is pleased to present this proposal for operations & maintenance (O&M) services, preparation of Rule 1150.1 Compliance Plan for the landfill, and compliance support for the Madrona Avenue Landfill gas (Madrona LFG) collection and control system.

The existing gas extraction and collection system was installed in 1983. The LFG control system consists of a small gas blower with two carbon adsorption units. The system is designed to pull the LFG through the carbon adsorption units, thereby reducing the amount of organics in LFG prior to being released into the atmosphere.

The City of Torrance (City) requested Shaw Environmental Inc. (Shaw) to provide assistance with preparing the permit applications for the gas collection system and the control system located at the Madrona Avenue Landfill in the City of Torrance, California. Per the request, Shaw prepared the applicable permit applications for the City and it was submitted to the local air district, South Coast Air Quality Management District (SCAQMD), on October 2, 2008. It was indicated in the permit applications that a raw gas sample will need to be collected from the landfill and sent to laboratory for chemical analysis. The application also indicated that the emissions estimate will be made based on the laboratory analysis results and the estimate along with the analysis results will be submitted to SCAQMD for to process the permit. The City is required to submit the emissions estimate to SCAQMD at the earliest possible time to process the permit. Shaw had recommended that the City prepare and submit an alternate Rule 1150.1 compliance plan to SCAQMD to comply with the sampling and monitoring requirements of SCAQMD Rule 1150.1. The application indicated that the City willperform monitoring and sampling as per Rule 1150.1 until the submitted alternate compliance plan is approved by SCAQMD. This is required per SCAQMD Rule 1150.1. The City must operate the gas collection and control system in compliance with SCAQMD rules.

This proposal has been prepared to assist the City with achieving compliance per SCAQMD requirements through the end of year 2009.

SCOPE OF WORK

Shaw proposes to complete the following routine tasks:

- Task 1 – Complete O&M of the gas collection and control system
- Task 2 – Preparation of Alternate Rule 1150.1 Compliance Plan
- Task 3 – Complete compliance of the gas collection and control system

The following describes each of the proposed routine tasks in detail.

ROUTINE ACTIVITIES

Task 1 – Complete O&M of the gas collection and control system

- Monthly probe monitoring and sampling;
- Monthly Integrated surface sampling;
- Quarterly Instantaneous surface emissions monitoring;
- Monthly raw gas sampling for laboratory analysis;
- Monthly ambient air sampling;
- Monthly wellfield monitoring and tuning; and
- Monthly monitoring for VOC across carbon adsorption unit.

The above-listed activities are required to be performed to comply with the monitoring and sampling requirements of Rule 1150.1. The City can propose an alternate compliance plan consisting of different frequencies for the above monitoring and sampling activities. The alternate compliance plan must be submitted to SCAQMD for approval. Once approved, the City must perform monitoring and sampling as per the approved compliance plan. Until an alternate compliance plan is approved, the City must perform the above-listed activities to be in compliance with Rule 1150.1. Samples collected will be submitted to a certified laboratory for analysis.

Task 2 – Preparation of Alternate Rule 1150.1 Compliance Plan

As recommended earlier, the City must perform an initial round of monitoring and sampling tasks listed in Task 1 and propose a monitoring and compliance plan to SCAQMD. Shaw will prepare an alternate compliance plan based on the results of monitoring and sampling and submit the plan to SCAQMD for their approval. Once approved, the City must perform monitoring and sampling as per the plan.

Task 3 – Complete compliance of the gas control and collection system

- Review of field and other data to assure compliance with regulations;
- Monthly O&M internal report to support compliance with Rule 1150.1; and
- Quarterly O&M report for submission to SCAQMD.

Shaw will perform Non-Routine and Emergency activities as described below.

NON-ROUTINE ACTIVITIES

In addition to routine activities, Shaw will perform non-routine work as recommended and directed by the City. Non-routine work or work not included in the routine work section above can include items such as additional visits to the site to repair, modify existing wells, probes, install new wells, probes, other repairs of the gas extraction and collection system, coordinate activities of third party contractors, and helping the City to address comments and questions from SCAQMD. These activities are essential to achieving the operational and compliance goal and are considered work that can be scheduled to allow for efficient procurement of materials, renting of equipment, and scheduling of additional personnel that may be required. Shaw will provide all necessary labor, equipment and tools required to perform these types of services on an as-needed, time and materials basis.

EMERGENCY WORK

Emergency work includes any situation related to the collection and control system that constitutes an imminent safety hazard and/or a severe detrimental compliance related issue. Emergency services consist of responding to conditions that would require an immediate response and restoration of the operation of the collection system. These can include, but not limited to, odor complaints and repair of LFG pipe breaks that disrupt LFG flow. The urgent nature of these items is such that schedules cannot be defined.

Shaw will provide emergency work detail sheets to the City's representative for each emergency call-out. These sheets will detail all field labor hours, equipment, and materials utilized in the completion of the emergency work. These sheets will be presented within 72 hours of the call-out. Shaw has provided rates for emergency call-outs. These, along with the work detail sheets, will be used to invoice the City.

Shaw will respond to emergency conditions, as needed on an event-by-event basis, seven (7) days per week, within a twelve (12) hour period from notification of the problem. If upon response to an emergency call, Shaw staff determines that the facets of the "emergency" do not constitute an immediate safety emergency, the technician will only perform the work required to eliminate any related safety hazard. Once the safety hazard has been mitigated, Shaw will proceed to coordinate and schedule the non-emergency repairs as described under Non-Routine Activities.

PROJECT BUDGET ESTIMATE AND SCHEDULE

Shaw proposes to perform the aforementioned **routine** activities through the end of 2009 for estimated lump sum price of $111,885. This work will be done on a time and materials basis in accordance with a mutually agreeable set of terms and conditions. Parts and materials and outside services (such as laboratory analyses, carbon change-out, compliance source test, etc.) will be procured upon approval at a cost plus 10% mark up. The non-routine and emergency work will be performed on a time and material basis per the enclosed rate sheet. Mr. Paul Nguyen will be assigned as the project manager, senior technical resource, and assigned reviewer for all products and activities resulting from this project. He will be supported by engineers, scientists, and technicians on an as needed basis. Any changes to the costs or scope of work will be discussed with the City of Torrance staff and agreed to in writing prior to proceeding with any work.

Shaw® Shaw Environmental, Inc.

ASSUMPTIONS

The Shaw proposed price is based on the scope provided in the routine activities section of this proposal and the following assumptions:

- The estimated total price for routine activities is based on the frequencies of monitoring and sampling and requirements as spelled out in SCAQMD Rule 1150.1. Upon approval of the submitted alternate compliance plan, the frequency may be reduced to follow the approved plan thus bringing the price down. The price provided also assumes an annual laboratory cost of approximately $ 44,000.

- The City of Torrance will provide access to the site.

- The City of Torrance will pay compliance plan evaluation fees.

- The proposed price does not include the costs of carbon change-out for the carbon adsorption system. The City will be informed about the requirement of a change-out after the monitoring.

- Shaw is not responsible for any penalties for late compliance plans that is beyond our control.

- Shaw may hire vendors to perform one or more of the routine field tasks to expedite the process and/or meet short deadlines.

If this proposal is acceptable to the City of Torrance, please execute and return a purchase/work order to my attention.

Please do not hesitate to call me if you have any questions or require additional information. Shaw appreciates the opportunity to be of service to the City of Torrance.

Sincerely,

Paul Nguyen
Client Program Manager

cc: John C. Burns, Shaw

Attachments: *Project Estimate Summary Table.*

EXHIBIT B

COMPENSATION SCHEDULE

See Attached.

SPM REVISION: FY09 REV 5
Release Date: 2/17/09

Shaw The Shaw Group Inc.

PROJECT NUMBER: 501255085
PROPOSAL NUMBER: 14000101
Date Pricing Model was Prepared: 4/23/09

Project Estimate
Summary By Task

City of Torrance
Torrance, CA

Task Number	Task Name	Labor	Subcontractors	Equipment	Materials	Other Costs	Total
1	Operations & Maintenance	$ 30,024.00	$ -	$ 5,908.00	$ 440.00	$ 44,000.00	$ 80,372.00
2	Compliance Plan 1150.1	$ 6,762.00	$ -	$ -	$ -	$ 165.00	$ 6,927.00
3	Compliance	$ 21,300.00	$ -	$ -	$ -	$ 550.00	$ 21,850.00
4	Project Management	$ 2,736.00	$ -	$ -	$ -	$ -	$ 2,736.00
5	0	$ -	$ -	$ -	$ -	$ -	$ -
6	0	$ -	$ -	$ -	$ -	$ -	$ -
7	0	$ -	$ -	$ -	$ -	$ -	$ -
8	0	$ -	$ -	$ -	$ -	$ -	$ -
9	0	$ -	$ -	$ -	$ -	$ -	$ -
10	0	$ -	$ -	$ -	$ -	$ -	$ -
Total		$ 60,822.00	$ -	$ 5,908.00	$ 440.00	$ 44,715.00	$ 111,885.00

Submitted By: _____

Submitted To: _____

Submission Date: _____

2009 Category Rate Schedule

Category Number	Typical Category Function	Commercial Rate
1	Assistant Environmental Technician Driller/Field/Administrative Support	$47.00
2	Environmental Technician I Administrative Support II	$55.00
3	Environmental Technician II Technical Assistant CAD Operator I Assistant Driller	$67.00
4	Staff Engineer/Scientist Environmental Technician III Project/Laboratory Administrator I Driller/Equipment Operator I	$80.00
5	Project Engineer/Scientist I Operations Supervisor I Senior Laboratory/Environmental Technician Cost Estimator I CAD Operator II Equipment Operator II	$89.00
6	Project Engineer/Scientist II Project/Laboratory Administrator II Health & Safety/QA-QC Specialist I Field Analytical Specialist/Field Project Engineer I Foreman/Operations Supervisor II Driller II/Equipment Operator III	$101.00
7	Project Engineer/Scientist III Field Analytical Specialist/Field Project Engineer II Cost Estimator II Senior Operations Supervisor/Master Driller	$113.00
8	Project Engineer/Scientist IV Project/Laboratory Administrator III Senior Field Project Engineer Field Analytical Specialist III Data Management Specialist I	$123.00
9	Project Engineer/Scientist V Senior Field Analytical Specialist Data Management Specialist II Health & Safety/QA-QC Specialist II Superintendent	$132.00
10	Project/Laboratory Manager I Senior Project Engineer/Scientist Senior Laboratory/Project Administrator Senior Data Management Specialist Senior Cost Engineer	$141.00
11	Project/Laboratory Manager II Client Program Manager I Staff Consultant General Superintendent Senior Health & Safety/QA-QC Specialist	$152.00
12	Senior Project/Laboratory Manager Client Program Manager II Technical Consultant	$171.00
13	Project/Laboratory/Program Director Senior Staff Consultant Senior Technical Consultant	$200.00

TIME AND MATERIALS PRICING TERMS

1.0 Personnel Charges

1.1 Personnel time charges for technical, management, and direct project clerical and administrative support activities will be invoiced according to the applicable Category Rate.

1.2 All time is rounded to the nearest one-half hour.

1.3 The Category Rate Schedule is revised periodically; Shaw E&I will provide written notice of a revision thirty (30) days prior to the effective date thereof.

1.4 All field labor and equipment are subject to a four (4) hour minimum charge and are charged portal-to-portal, Shaw E&I's facility.

1.5 All temporary (contract) personnel located at Shaw E&I facilities or working under Shaw E&I supervision will be charged at the applicable Category Rate.

1.6 Personnel time charges for travel within the continental United States are invoiced at the applicable Category Rate up to a maximum of eight (8) hours per day each way. International travel is charged at the actual time incurred.

2.0 Premium Charges

2.1 The Category Rate Schedule applies for all hours worked by exempt (salaried) personnel.

2.2 The Category Rate Schedule applies to the first eight (8) hours worked by salaried non-exempt and hourly personnel between 0700 hours and 1700 hours, Monday through Friday.

2.2.1 A premium equal to 30% of the applicable Category Rate will be charged for all hours worked by salaried non-exempt and hourly personnel:

- Exceeding eight (8) hours per day; or
- Exceeding forty (40) hours per week; or
- Between 1700 hours one day and 0700 hours the next day; or
- On Saturday.

2.2.2 A premium equal to 70% of the applicable Category Rate will be charged for all hours worked by salaried non-exempt and hourly personnel on Saturdays and holidays (9 holidays per year defined annually by Shaw E&I policy or holidays per applicable union agreements).

2.3 Emergency Response Premium - All emergency response personnel time (salaried and hourly) is charged at 1.5 times the applicable Category Rate.

2.4 Expert testimony, including testimony about the nature or extent of Shaw E&I's services, preparation, and standby is charged at 2.0 times the applicable Category Rate.

2.5 After the applicable premium is applied, the Category Rates are rounded to the nearest dollar.

3.0 Travel and Living Expenses

3.1 Travel expenses for transportation (including mileage reimbursement) and lodging expenses will be charged at cost plus 15%.

3.2 Meals and incidental expenses will be charged at a pre-determined daily rate (based on location) plus 15%.

3.3 Long-term, on-site project personnel are permitted to return home every three (3) weeks. These travel expenses will be invoiced at cost plus 15%.

4.0 Other Charges

4.1 Microcomputer and text processing equipment is invoiced at $15 per connect hour, rounded to the nearest half hour.

4.2 Charges for other equipment will be invoiced in accordance with Shaw E&I's Equipment Rate Schedule.

4.3 Special services such as computer/CAD design services, reprographics, and drilling are available and pricing will be provided upon request.

5.0 Reimbursable Expenses

All project-related expenses including materials, purchased equipment, subcontractor costs, fees, duties, deposits, tolls, weight certificates, special permits, and applicable federal, state, county, city taxes or surcharges and other costs incurred specifically for the project will be invoiced at cost plus 15%.

6.0 Invoicing and Terms of Payment

6.1 Invoices may be submitted as frequently as biweekly; however, on any project where total billings are expected to exceed $1,000,000 or monthly billings are expected to exceed $250,000, progress billings may be made as frequently as weekly.

6.2 Payment for services is due upon receipt of the invoice.

6.3 A service charge equal to 1.0% per month or the maximum lawful rate, whichever is lesser, will be charged on all account balances past due over 30 days.