

**City and County of San Francisco  
Airport Commission  
P.O. Box 8097  
San Francisco, California 94128**

**Agreement between the City and County of San Francisco and  
Engineered Arresting Systems Corporation**

**Contract No. 8672B**

This Agreement is made subject to Purchase Order No. [insert number] on this [insert day] day of [insert month], 2013, in the City and County of San Francisco, State of California, by and between: **Engineered Arresting Systems Corporation, 2239 High Hill Road, Logan Township, New Jersey 08085**, hereinafter referred to as "Contractor," and the City and County of San Francisco, a municipal corporation, hereinafter referred to as "City," acting by and through its Airport Commission or the Commission's designated agent, hereinafter referred to as "Commission."

**Recitals**

WHEREAS, Director of the Office of Contract Administration, and Purchaser and Airport Commission wishes to enter into an EMAS material purchase and supply agreement with the Contractor for EMASMAX Blocks and related installation support materials for the installation of four (4) Engineered Material Arresting Systems (EMAS) for the Runway Safety Area Program; and,

WHEREAS, Director of the Office of Contract Administration, and Purchaser and Airport Commission is authorized to enter into all contracts which relate to matters under its jurisdiction; and

WHEREAS, pursuant to San Francisco Charter Section 9.118, the Board of Supervisors by its Resolution No. [insert resolution number], adopted [insert date], approved a waiver for the Purchasing Agent to contract with Contractor; and

WHEREAS, Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract;

Now, THEREFORE, the parties agree as follows:

**1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. **Term of the Agreement.** Subject to Section 1, the term of this Agreement shall be from [insert beginning date] to [insert termination date].

3. **Effective Date of Agreement.** This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. **EMAS Bed Materials to be provided by Contractor.** The Contractor agrees to supply the materials described in Appendix A, "EMAS Bed Materials to be provided by Contractor," attached hereto and incorporated by reference as though fully set forth herein. If Appendix A includes as-needed services, such services shall be requested by City through the issuance of a written task order signed by City and Contractor, which task order shall be made a part of and incorporated into the Agreement as though fully set forth herein without the need for a formal amendment to the Agreement. The task order shall include a description of the as-needed services, the deliverables, schedule for performance, cost, and method and timing of payment.

5. **Compensation.**

A. In no event shall the amount of this Agreement exceed **Thirty Five Million Two Hundred Forty-four Thousand Nine Hundred Seventy-six Dollars (\$35,244,976)**. The breakdown of costs associated with this Agreement appears in Appendix B, "Contract Price and Payment Terms," attached hereto and incorporated by reference as though fully set forth herein. No charges shall be incurred and no invoices shall be issued under this Agreement nor shall any payments become due to Contractor until proof of materials provided for in Appendix A have been manufactured and have been segregated and allocated to this Agreement, and proof that such materials are insured and are in accordance with this Agreement and has been submitted to the City. Risk and Title to the material invoiced by Contractor shall pass to the City at time of invoicing. City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

B. Payment will be made within thirty (30) days from the receipt of an acceptable invoice with satisfactory backup documentation, approved by the Airport Program Manager. As used herein, the term "invoice" shall include the Contractor's bill or written request for payment under this Agreement for materials. All invoices shall be made in writing. The Contractor agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor's work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of the City. This clause applies to both DBE and non-DBE subcontractors.

C. Unless approved otherwise by the Airport's Program Manager, the Contractor shall, within three (3) days after receipt of payment by the Airport specified in this Agreement pay to all of its immediate subconsultants (or their respective assignees) the amounts to which they are entitled, after deducting any prior payments and any amounts due and payable to the Contractor by those subconsultants.

D. The Contractor shall invoice for the material manufactured and stored at or near Contractor's Logan Township, NJ facility as approved by the City and at the prices set forth in Appendix B then current rate agreement.

- a. Such invoices shall segregate current costs from previously invoiced costs.
- b. Notwithstanding the above, in no case shall the Contractor invoice include costs which Airport has disallowed or otherwise indicated that it will not recognize.

E. Such invoices shall be as a minimum, (i) mechanically accurate, (ii) substantially vouchered and properly supported and (iii) in compliance with Contractor's and subconsultants' generally accepted accounting principles.

F. The Airport's Program Manager reserves the right to withhold payment(s) otherwise due the Contractor in the event of the Contractor's material non-compliance with any of the provisions of this Agreement, including, but not limited to, the requirements imposed upon the Contractor in Article 15, Insurance, and Article 16, Indemnification. The Airport shall provide notice of withholding, and may continue the withholding until the Contractor has provided evidence of compliance which is acceptable to the Airport.

G. All invoices shall be made in writing and delivered or mailed to the Airport as follows:

By US mail: **Jim Chiu, Program Manager**  
San Francisco International Airport  
Airport Development & Technology Division (Contract 8672B)  
P.O. Box 8097  
San Francisco, CA 94128

By Personal Delivery  
or Express Mail: **Jim Chiu, Program Manager**  
San Francisco International Airport  
Jason Yuen Architecture & Engineering Building  
Airport Development & Technology Division (Contract 8672B)  
676 McDonnell Road  
San Francisco, CA 94128

H. The Controller is not authorized to pay invoices submitted by Contractor prior to Contractor's submission of Airport Federal Progress Payment Report – Federal Form 3 and Airport Federal Contract Exit Report and Affidavit – Federal Form 5 with the final payment request/invoice.

I. In no event shall City be liable for interest or late charges for any late payments except as set forth in San Francisco Administrative Code section 6.22(J)(6).

**6. Guaranteed Maximum Costs.** The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

**7. Payment; Invoice Format.** Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller, and must include a unique invoice number. All amounts paid by City to Contractor shall be subject to audit by City. Payment shall be made by City to Contractor at the address specified in the section entitled "Notices to the Parties."

**8. Submitting False Claims; Monetary Penalties.** Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. The text of Section 21.35, along with the entire San Francisco Administrative Code is available on the web at: [http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco\\_ca](http://www.amlegal.com/nxt/gateway.dll?f=templates&fn=default.htm&vid=amlegal:sanfrancisco_ca). A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

**9. Disallowance. LEFT BLANK BY AGREEMENT OF THE PARTIES**

**10. Taxes. LEFT BLANK BY AGREEMENT OF THE PARTIES**

**11. Payment Does Not Imply Acceptance of Work.** The granting of any payment by City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that does not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay.

**12. Qualified Personnel.** Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

**13. Responsibility for Equipment.** City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by City.

**14. Independent Contractor**

**a. Independent Contractor.** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City

does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

**15. Insurance.**

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverage:

(1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(2) Commercial General Liability Insurance with limits not less than \$2,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and

(3) Commercial Automobile Liability Insurance with limits not less than \$2,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(4) Professional liability insurance, applicable to Contractor's profession, with limits not less than \$2,000,000 each claim with respect to negligent acts, errors or omissions in connection with professional services to be provided under this Agreement.

b. Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(1) Name as Additional Insured the City and County of San Francisco, the Airport Commission and its members, and all of their Officers, Agents, and Employees.

(2) That such policies are primary insurance to any other insurance available to the Additional Insured, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. Regarding Workers' Compensation, Contractor hereby agrees to waive subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the City for all work performed by the Contractor, its employees, agents and subcontractors.

d. All policies shall provide thirty days' advance written notice to the City of reduction or nonrenewal of coverage or cancellation of coverage for any reason. Notices shall be sent to the City address in the "Notices to the Parties" section.

e. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

f. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in

such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

g. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

h. Before commencing any operations under this Agreement, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverage set forth above. Failure to maintain insurance shall constitute a material breach of this Agreement.

i. Approval of the insurance by City shall not relieve or decrease the liability of Contractor hereunder.

j. If a subcontractor will be used to complete any portion of this agreement, the Contractor shall ensure that the subcontractor shall provide all necessary insurance and shall name the City and County of San Francisco, its officers, agents and employees and the Contractor listed as additional insured.

k. Regarding Builders Risk Insurance, the City hereby agrees to provide Builders Risk insurance coverage at the time the City assumes ownership of the Engineered Materials Arresting System (EMAS) components. For the purpose of this agreement, ownership for Builders Risk insurance purposes will occur at the time the EMAS components complete their fabrication cycle and are readied for shipment to California at Engineered Arresting Systems Corporation facility in Logan Township New Jersey. The Contractor recognizes that they will not have an insurable interest in the City's Builders Risk Insurance policy, and as such, will not be considered an additional named insured.

## **16. Indemnification**

a. **General.** To the fullest extent permitted by law, Contractor shall assume the defense of, including costs and attorney fees (with legal counsel subject to approval of the City), indemnify and save harmless the City, its boards, commissions, officers, and employees (collectively "Indemnities"), from and against any and all claims, loss, cost, damage, injury (including, without limitation, injury to or death of an employee of the Contractor or its subconsultants), expense and liability directly arising out of negligence, recklessness, or willful misconduct of the Contractor, or anyone directly employed by them, or anyone that they control (collectively, "Liabilities").

In no event shall the Contractor indemnify the City, its boards, commissions, officers, and employees from the City's gross negligence or fault of its boards, commissions, officers, and employees, agents, representatives or employees.

Contractor has the right to rely upon the information and data, as supplied by the City, in carrying out the material supply required under Appendix A. Contractor has no duty to independently check, verify, or confirm the accuracy or completeness of the information or data provided as long as, in the professional opinion of the Contractor, such data is reasonable. However, Contractor will promptly report to the City any apparent error or incompleteness in the information or data that it discovers, and seek confirmation or clarification of the questioned data before proceeding with its manufacturing.

b. **Limitations.** No insurance policy covering the Contractor's performance under this Agreement shall operate to limit the Contractor's Liabilities under this provision. Nor shall the amount of insurance coverage operate to limit the extent of such Liabilities. The Contractor assumes no liability whatsoever for the sole negligence, active negligence, or willful misconduct of any Indemnities or the contractors of any Indemnities.

c. **Copyright infringement.** Contractor shall also indemnify, defend and hold harmless all indemnities' from all suits or claims for infringement of the patent rights, copyright, trade secret, trade name, trademark, service mark, or any other proprietary right of any person or persons in consequence of the use by the City, or any of its boards, commissions, officers, or employees of articles or services to be supplied in the performance of Contractor's services under this Agreement. Infringement of patent rights, copyrights, or other proprietary rights in the performance of this Agreement, if not the basis for indemnification under the law, shall nevertheless be considered a material breach of contract.

**17. Incidental and Consequential Damages.** Neither party shall be responsible to the other for incidental and consequential damages arising from this contract.

**18. Liability of City.** CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE FOR LOST PROFITS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

**19. Liquidated Damages. LEFT BLANK BY AGREEMENT OF THE PARTIES**

**20. Default; Remedies.**

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

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|---------------------------------------|---|
| 8. Submitting False Claims            | 10. Taxes   |
| 15. Insurance                         | 24. Proprietary or Confidential Information of City |
| 30. Assignment                        | 37. Drug-free Workplace Policy,                     |
| 53. Compliance with Laws              | 55. Supervision of Minors                           |
| 57. Protection of Private Information | 58. Graffiti Removal                                |

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from City to Contractor.

(3) Contractor (a) is generally not paying its debts as they become due, (b) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (c) makes an assignment for the benefit of its creditors, (d) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (e) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (a) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (b) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (c) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

## 21. Termination for Convenience

a. City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by City.

(2) Not placing any further orders or subcontracts for materials, services, equipment or other items.

(3) Terminating all existing orders and subcontracts.

(4) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(5) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(6) Completing performance of any services or work that City designates to be completed prior to the date of termination specified by City.

(7) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:



(1) The reasonable cost to Contractor, without profit, for all services and other work City directed Contractor to perform prior to the specified termination date, for which services or work City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of City, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the City or otherwise disposed of as directed by the City.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the services or other work.

d. In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, City may deduct: (1) all payments previously made by City for work or other services covered by Contractor's final invoice; (2) any claim which City may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. City's payment obligation under this Section shall survive termination of this Agreement.

**22. Rights and Duties upon Termination or Expiration.** This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement:

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| 8. Submitting False Claims                          | 9. Disallowance   |
| 10. Taxes   | 11. Payment Does Not Imply Acceptance of Work                   |
| 13. Responsibility for Equipment                    | 14. Independent Contractor; Payment of Taxes and Other Expenses |
| 15. Insurance                                       | 16. Indemnification   |
| 17. Incidental and Consequential Damages            | 18. Liability of City   |
| 24. Proprietary or Confidential Information of City | 26. Ownership of Results  |
| 27. Works for Hire                                  | 28. Audit and Inspection of Records                             |

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| 48. Modification of Agreement.          | 49. Administrative Remedy for Agreement Interpretation. |
| 50. Agreement Made in California; Venue | 51. Construction  |
| 52. Entire Agreement                    | 56. Severability  |
| 57. Protection of private information   |   |

Subject to the immediately preceding sentence, upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City. This subsection shall survive termination of this Agreement.

**23. Conflict of Interest.** Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provision of Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitutes a violation of said provisions and agrees that it will immediately notify the City if it becomes aware of any such fact during the term of this Agreement.

**24. Proprietary or Confidential Information of City.** Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to City. Contractor agrees that all information disclosed by City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data. Notwithstanding Articles 26 and 27 of this Agreement, the City acknowledges that Contractor's computer model for determining the stopping distance of aircraft when EMAS is employed, Contractor's EMAS product design methods, and its EMAS product testing methods have been developed by Contractor independently of the Work covered hereunder and are considered by Contractor to be the proprietary intellectual property of Contractor. The City agrees that Contractor does not transfer any rights or interest in any of this intellectual property to the City under this Agreement, and that Contractor remains the sole owner of such intellectual property.

**25. Notices to the Parties.** Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, or by e-mail, and shall be addressed as follows:

To City: Jim Chiu  
Program Manager  
Jason Yuen Architecture & Engineering Building  
San Francisco International Airport  
Airport Development & Technology Division  
676 McDonnell Road  
San Francisco, California 94128  
Fax: (650) 821-7779  
Email: [jim.chiu@flysfo.com](mailto:jim.chiu@flysfo.com)

To Contractor: Kevin Quan  
Director, US Sales & Marketing  
Engineered Arresting Systems Corporation

2239 High Hill Road  
Logan Township, New Jersey 08085  
FAX: (856) 241-8621  
Email: [Kevin.quan@zodiacaerospace.com](mailto:Kevin.quan@zodiacaerospace.com)

Any notice of default must be sent by registered mail.

- 26. Ownership of Results.** Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media, material manufactured or purchased by Contractor as required under Appendix A or other documents prepared by Contractor or its subcontractors in connection with services to be performed or materials supplied under this Agreement, shall become the property of and will be transmitted to City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.
- 27. Works for Hire.** If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.
- 28. Audit and Inspection of Records.** Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon City by this Section.
- 29. Subcontracting.** Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.
- 30. Assignment.** The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement.
- 31. Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

**32. Earned Income Credit (EIC) Forms.** Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the City may pursue any rights or remedies available under this Agreement or under applicable law. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

### **33. Federal Non-Discrimination Provisions**

**49 CFR Part 21.** Contractor for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that Contractor shall maintain and operate the Airport facilities and services in compliance with all requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964, as said regulations may be amended. Contractor, for itself, its personal representatives, successors in interest, and assigns, agrees that Contractor in its operation at and use of San Francisco International Airport, covenants that (1) no person on the grounds of race, color, national origin or sex shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that in the construction of any improvements on, over, or under the Airport and the furnishing of services thereon, no person on the grounds of race, color, national origin or sex shall be excluded from participation or denied the benefits of, or otherwise be subject to discrimination, (3) that Contractor shall use all City premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A – Office of the Secretary of Transportation, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. These Regulations are incorporated as though fully set forth herein. Contractor agrees to include the above statements in any subsequent contract that it enters into with subcontractors and cause those agreements to similarly include the statements, and cause those businesses to include the statements in further agreements.

### **34. Nondiscrimination; Penalties**

**a. Contractor Shall Not Discriminate.** In the performance of this Agreement, Contractor agrees not to discriminate against any employee, City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or

HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

**b. Subcontracts.** Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

**c. Nondiscrimination in Benefits.** Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the San Francisco Administrative Code.

**d. Condition to Contract.** As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

**e. Incorporation of Administrative Code Provisions by Reference.** The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §§12B.2(h) and 12C.3(g) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

**35. MacBride Principles—Northern Ireland.** Pursuant to San Francisco Administrative Code §12F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

**36. Tropical Hardwood and Virgin Redwood Ban.** Pursuant to §804(b) of the San Francisco Environment Code, the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

**37. Drug-Free Workplace Policy.** Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on City premises. Contractor agrees that any violation of this

prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

**38. Resource Conservation.** Chapter 5 of the San Francisco Environment Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 5 will be deemed a material breach of contract.

**39. Compliance with Americans with Disabilities Act.** Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

**40. Sunshine Ordinance.** In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

**41. Public Access to Meetings and Records.** If the Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the City to terminate and/or not renew the Agreement, partially or in its entirety.

**42. Limitations on Contributions.** Through execution of this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Contractor acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Contractor further acknowledges that the prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored

or controlled by Contractor. Additionally, Contractor acknowledges that Contractor must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Contractor further agrees to provide to City the names of each person, entity or committee described above.

#### **43. Requiring Minimum Compensation for Covered Employees**

a. Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Sections 12P.5 and 12P.5.1 of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at [www.sfgov.org/olse/mco](http://www.sfgov.org/olse/mco). A partial listing of some of Contractor's obligations under the MCO is set forth in this Section. Contractor is required to comply with all the provisions of the MCO, irrespective of the listing of obligations in this Section.

b. The MCO requires Contractor to pay Contractor's employees a minimum hourly gross compensation wage rate and to provide minimum compensated and uncompensated time off. The minimum wage rate may change from year to year and Contractor is obligated to keep informed of the then-current requirements. Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, City may pursue any of the remedies set forth in this Section against Contractor.

c. Contractor shall not take adverse action or otherwise discriminate against an employee or other person for the exercise or attempted exercise of rights under the MCO. Such actions, if taken within 90 days of the exercise or attempted exercise of such rights, will be rebuttably presumed to be retaliation prohibited by the MCO.

d. Contractor shall maintain employee and payroll records as required by the MCO. If Contractor fails to do so, it shall be presumed that the Contractor paid no more than the minimum wage required under State law.

e. The City is authorized to inspect Contractor's job sites and conduct interviews with employees and conduct audits of Contractor.

f. Contractor's commitment to provide the Minimum Compensation is a material element of the City's consideration for this Agreement. The City in its sole discretion shall determine whether such a breach has occurred. The City and the public will suffer actual damage that will be impractical or extremely difficult to determine if the Contractor fails to comply with these requirements. Contractor agrees that the sums set forth in Section 12P.6.1 of the MCO as liquidated damages are not a penalty, but are reasonable estimates of the loss that the City and the public will incur for Contractor's noncompliance. The procedures governing the assessment of liquidated damages shall be those set forth in Section 12P.6.2 of Chapter 12P.

g. Contractor understands and agrees that if it fails to comply with the requirements of the MCO, the City shall have the right to pursue any rights or remedies available under Chapter 12P (including liquidated damages), under the terms of the contract, and under applicable law. If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days,

Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the City shall have the right to pursue any rights or remedies available under applicable law, including those set forth in Section 12P.6(e) of Chapter 12P. Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to the City.

h. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

i. If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000, but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 in the fiscal year.

#### **44. Requiring Health Benefits for Covered Employees**

Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of section 12Q.5.1 of Chapter 12Q are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the HCAO is available on the web at [www.sfgov.org/olse](http://www.sfgov.org/olse). Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12Q.

a. For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

b. Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(e) of the HCAO, it shall have no obligation to comply with part (a) above.

c. Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, City shall have the right to pursue the remedies set forth in 12Q.5.1 and 12Q.5(f)(1-6). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to City.

d. Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.



e. Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Contractor's noncompliance or anticipated noncompliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

f. Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

g. Contractor shall maintain employee and payroll records in compliance with the California Labor Code and Industrial Welfare Commission orders, including the number of hours each employee has worked on the City Contract.

h. Contractor shall keep itself informed of the current requirements of the HCAO.

i. Contractor shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

j. Contractor shall provide City with access to records pertaining to compliance with HCAO after receiving a written request from City to do so and being provided at least ten business days to respond.

k. Contractor shall allow City to inspect Contractor's job sites and have access to Contractor's employees in order to monitor and determine compliance with HCAO.

l. City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with City when it conducts such audits.

m. If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the City to be equal to or greater than \$75,000 in the fiscal year.

#### **45. First Source Hiring Program**

a. **Application of Administrative Code Provisions by Reference.** The provisions of Chapter 83 of the San Francisco Administrative Code apply to this Agreement. Contractor shall comply fully with, and be bound by, all of the provisions that apply to this Agreement under such Chapter, including but not limited to the remedies provided therein. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 83.

b. **First Source Hiring Agreement.** As an essential term of, and consideration for, any contract or property contract with the City, not exempted by the FSHA, the Contractor shall enter into a first source hiring agreement ("agreement") with the City, on or before the effective date of the contract or property contract. Contractors shall also enter into an agreement with the City for any other work that it performs in the City. Such agreement shall:

1) Set appropriate hiring and retention goals for entry level positions. The employer shall agree to achieve these hiring and retention goals, or, if unable to achieve these goals, to establish

good faith efforts as to its attempts to do so, as set forth in the agreement. The agreement shall take into consideration the employer's participation in existing job training, referral and/or brokerage programs. Within the discretion of the FSHA, subject to appropriate modifications, participation in such programs maybe certified as meeting the requirements of this Chapter. Failure either to achieve the specified goal, or to establish good faith efforts will constitute noncompliance and will subject the employer to the provisions of Section 83.10 of this Chapter.

2) Set first source interviewing, recruitment and hiring requirements, which will provide the San Francisco Workforce Development System with the first opportunity to provide qualified economically disadvantaged individuals for consideration for employment for entry level positions. Employers shall consider all applications of qualified economically disadvantaged individuals referred by the System for employment; provided however, if the employer utilizes nondiscriminatory screening criteria, the employer shall have the sole discretion to interview and/or hire individuals referred or certified by the San Francisco Workforce Development System as being qualified economically disadvantaged individuals. The duration of the first source interviewing requirement shall be determined by the FSHA and shall be set forth in each agreement, but shall not exceed 10 days. During that period, the employer may publicize the entry level positions in accordance with the agreement. A need for urgent or temporary hires must be evaluated, and appropriate provisions for such a situation must be made in the agreement.

3) Set appropriate requirements for providing notification of available entry level positions to the San Francisco Workforce Development System so that the System may train and refer an adequate pool of qualified economically disadvantaged individuals to participating employers. Notification should include such information as employment needs by occupational title, skills, and/or experience required, the hours required, wage scale and duration of employment, identification of entry level and training positions, identification of English language proficiency requirements, or absence thereof, and the projected schedule and procedures for hiring for each occupation. Employers should provide both long-term job need projections and notice before initiating the interviewing and hiring process. These notification requirements will take into consideration any need to protect the employer's proprietary information.

4) Set appropriate record keeping and monitoring requirements. The First Source Hiring Administration shall develop easy-to-use forms and record keeping requirements for documenting compliance with the agreement. To the greatest extent possible, these requirements shall utilize the employer's existing record keeping systems, be nonduplicative, and facilitate a coordinated flow of information and referrals.

5) Establish guidelines for employer good faith efforts to comply with the first source hiring requirements of this Chapter. The FSHA will work with City departments to develop employer good faith effort requirements appropriate to the types of contracts and property contracts handled by each department. Employers shall appoint a liaison for dealing with the development and implementation of the employer's agreement. In the event that the FSHA finds that the employer under a City contract or property contract has taken actions primarily for the purpose of circumventing the requirements of this Chapter, that employer shall be subject to the sanctions set forth in Section 83.10 of this Chapter.

6) Set the term of the requirements.

7) Set appropriate enforcement and sanctioning standards consistent with this Chapter.

8) Set forth the City's obligations to develop training programs, job applicant referrals, technical assistance, and information systems that assist the employer in complying with this Chapter.

9) Require the developer to include notice of the requirements of this Chapter in leases, subleases, and other occupancy contracts.

c. **Hiring Decisions.** Contractor shall make the final determination of whether an Economically Disadvantaged Individual referred by the System is "qualified" for the position.

d. **Exceptions.** Upon application by Employer, the First Source Hiring Administration may grant an exception to any or all of the requirements of Chapter 83 in any situation where it concludes that compliance with this Chapter would cause economic hardship.

c. **Liquidated Damages.** Contractor agrees:

1) To be liable to the City for liquidated damages as provided in this section;

2) To be subject to the procedures governing enforcement of breaches of contracts based on violations of contract provisions required by this Chapter as set forth in this section;

3) That the contractor's commitment to comply with this Chapter is a material element of the City's consideration for this contract; that the failure of the contractor to comply with the contract provisions required by this Chapter will cause harm to the City and the public which is significant and substantial but extremely difficult to quantify; that the harm to the City includes not only the financial cost of funding public assistance programs but also the insidious but impossible to quantify harm that this community and its families suffer as a result of unemployment; and that the assessment of liquidated damages of up to \$5,000 for every notice of a new hire for an entry level position improperly withheld by the contractor from the first source hiring process, as determined by the FSHA during its first investigation of a contractor, does not exceed a fair estimate of the financial and other damages that the City suffers as a result of the contractor's failure to comply with its first source referral contractual obligations.

4) That the continued failure by a contractor to comply with its first source referral contractual obligations will cause further significant and substantial harm to the City and the public, and that a second assessment of liquidated damages of up to \$10,000 for each entry level position improperly withheld from the FSHA, from the time of the conclusion of the first investigation forward, does not exceed the financial and other damages that the City suffers as a result of the contractor's continued failure to comply with its first source referral contractual obligations;

5) That in addition to the cost of investigating alleged violations under this Section, the computation of liquidated damages for purposes of this section is based on the following data:

(a) The average length of stay on public assistance in San Francisco's County Adult Assistance Program is approximately 41 months at an average monthly grant of \$348 per month, totaling approximately \$14,379; and

(b) In 2004, the retention rate of adults placed in employment programs funded under the Workforce Investment Act for at least the first six months of employment was 84.4%. Since qualified individuals under the First Source program face far fewer barriers to employment than their counterparts in programs funded by the Workforce Investment Act, it is reasonable to conclude that

the average length of employment for an individual whom the First Source Program refers to an employer and who is hired in an entry level position is at least one year;

Therefore, liquidated damages that total \$5,000 for first violations and \$10,000 for subsequent violations as determined by FSHA constitute a fair, reasonable, and conservative attempt to quantify the harm caused to the City by the failure of a contractor to comply with its first source referral contractual obligations.

6) That the failure of contractors to comply with this Chapter, except property contractors, may be subject to the debarment and monetary penalties set forth in Sections 6.80 et seq. of the San Francisco Administrative Code, as well as any other remedies available under the contract or at law; and violation of the requirements of Chapter 83 is subject to an assessment of liquidated damages in the amount of \$5,000 for every new hire for an Entry Level Position improperly withheld from the first source hiring process. The assessment of liquidated damages and the evaluation of any defenses or mitigating factors shall be made by the FSHA.

f. **Subcontracts.** Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of Chapter 83 and shall contain contractual obligations substantially the same as those set forth in this Section.

**46. Prohibition on Political Activity with City Funds.** In accordance with San Francisco Administrative Code Chapter 12.G, Contractor may not participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure (collectively, "Political Activity") in the performance of the services provided under this Agreement. Contractor agrees to comply with San Francisco Administrative Code Chapter 12.G and any implementing rules and regulations promulgated by the City's Controller. The terms and provisions of Chapter 12.G are incorporated herein by this reference. In the event Contractor violates the provisions of this section, the City may, in addition to any other rights or remedies available hereunder, (i) terminate this Agreement, and (ii) prohibit Contractor from bidding on or receiving any new City contract for a period of two (2) years. The Controller will not consider Contractor's use of profit as a violation of this section.

**47. Preservative-treated Wood Containing Arsenic.** Contractor may not purchase preservative-treated wood products containing arsenic in the performance of this Agreement unless an exemption from the requirements of Chapter 13 of the San Francisco Environment Code is obtained from the Department of the Environment under Section 1304 of the Code. The term "preservative-treated wood containing arsenic" shall mean wood treated with a preservative that contains arsenic, elemental arsenic, or an arsenic copper combination, including, but not limited to, chromated copper arsenate preservative, ammoniacal copper zinc arsenate preservative, or ammoniacal copper arsenate preservative. Contractor may purchase preservative-treated wood products on the list of environmentally preferable alternatives prepared and adopted by the Department of the Environment. This provision does not preclude Contractor from purchasing preservative-treated wood containing arsenic for saltwater immersion. The term "saltwater immersion" shall mean a pressure-treated wood that is used for construction purposes or facilities that are partially or totally immersed in saltwater.

**48. Modification of Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall complete and submit an Airport Federal Contract Modification – Federal Form 4 with every Modification of the Agreement.

**49. Administrative Remedy for Agreement Interpretation.** Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Purchasing who shall decide the true meaning and intent of the Agreement.

**50. Agreement Made in California; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

**51. Construction.** All paragraph captions are for reference only and shall not be considered in construing this Agreement.

**52. Entire Agreement.** This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 48, "Modification of Agreement."

**53. Compliance with Laws.** Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

**54. Services Provided by Attorneys.** Any services to be provided by a law firm or attorney must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided by law firms or attorneys, including, without limitation, as subcontractors of Contractor, will be paid unless the provider received advance written approval from the City Attorney.

**55. Supervision of Minors: Left Blank by Agreement of the Parties – Contract Does Not Involve Supervision of Minors.**

**56. Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

**57. Protection of Private Information.** Contractor has read and agrees to the terms set forth in San Francisco Administrative Code Sections 12M.2, "Nondisclosure of Private Information," and 12M.3, "Enforcement" of Administrative Code Chapter 12M, "Protection of Private Information," which are incorporated herein as if fully set forth. Contractor agrees that any failure of Contractor to comply with the requirements of Section 12M.2 of this Chapter shall be a material breach of the Contract. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Contract, bring a false claim action against the Contractor pursuant to Chapter 6 or Chapter 21 of the Administrative Code, or debar the Contractor.

**58. Graffiti Removal.** Graffiti is detrimental to the health, safety and welfare of the community in that it promotes a perception in the community that the laws protecting public and private property can be disregarded with impunity. This perception fosters a sense of disrespect of the law that results in an increase in crime; degrades the community and leads to urban blight; is detrimental to property values, business opportunities and the enjoyment of life; is inconsistent with the City's property maintenance goals and aesthetic standards; and results in additional graffiti and in other properties becoming the target of graffiti unless it is quickly removed from public and private property. Graffiti results in visual pollution and is a public nuisance. Graffiti must be abated as quickly as possible to avoid detrimental impacts on the City and County and its residents, and to prevent the further spread of graffiti. Contractor shall remove all graffiti from any real property owned or leased by Contractor in the City and County of San Francisco within forty eight (48) hours of the earlier of Contractor's (a) discovery or notification of

the graffiti or (b) receipt of notification of the graffiti from the Department of Public Works. This section is not intended to require a Contractor to breach any lease or other agreement that it may have concerning its use of the real property. The term "graffiti" means any inscription, word, figure, marking or design that is affixed, marked, etched, scratched, drawn or painted on any building, structure, fixture or other improvement, whether permanent or temporary, including by way of example only and without limitation, signs, banners, billboards and fencing surrounding construction sites, whether public or private, without the consent of the owner of the property or the owner's authorized agent, and which is visible from the public right-of-way. "Graffiti" shall not include: (1) any sign or banner that is authorized by, and in compliance with, the applicable requirements of the San Francisco Public Works Code, the San Francisco Planning Code or the San Francisco Building Code; or (2) any mural or other painting or marking on the property that is protected as a work of fine art under the California Art Preservation Act (California Civil Code Sections 987 et seq.) or as a work of visual art under the Federal Visual Artists Rights Act of 1990 (17 U.S.C. §§ 101 et seq.).

Any failure of Contractor to comply with this section of this Agreement shall constitute an Event of Default of this Agreement.

**59. Food Service Waste Reduction Requirements.** Effective June 1, 2007, Contractor agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this Agreement as though fully set forth. This provision is a material term of this Agreement. By entering into this Agreement, Contractor agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine; further, Contractor agrees that the sum of one hundred dollars (\$100) liquidated damages for the first breach, two hundred dollars (\$200) liquidated damages for the second breach in the same year, and five hundred dollars (\$500) liquidated damages for subsequent breaches in the same year is reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time this Agreement was made. Such amount shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Contractor's failure to comply with this provision.

**60. Slavery Era Disclosure: Left Blank by Agreement of the Parties – Contract Not for Insurance or Applicable Financial Services or Textiles.**

**61. Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

**62. Dispute Resolution Procedure: Left Blank by Agreement of the Parties – Contract Not with Health or Human Services Nonprofit.**



**63. Airport Intellectual Property.** Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

**64. Labor Peace / Card Check Rule.** Without limiting the generality of other provisions herein requiring Contractor to comply with all Airport Rules, Contractor shall comply with the Airport's Labor Peace / Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "Labor Peace / Card Check Rule"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule. To comply with the Labor Peace/Card Check Rule, Contractor shall, among other actions: (a) Enter into a Labor Peace/Card Check Rule Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his / her designee, within thirty (30) days after Labor Peace/Card Check Rule Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Agreement, Contractor shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Airport Director or his / her designee (registered labor organization"), that Contractor is seeking to modify or extend this Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Contractor shall provide notice to all registered Labor Organizations that Contractor is seeking to enter into such Subcontract; and (d) Contractor shall include in any subcontract with a Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that Contractor violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Agreement, in addition to exercising all other remedies available to him / her.

**65. Warranty & Liability**

Notwithstanding anything to the contrary herein or in any other document or agreement pertaining to the EMAS, ESCO is not providing any warranty, indemnity or hold harmless to any party except as specifically provided in ESCO's STANDARD LIMITED WARRANTY, which is attached hereto as Appendix C. The Commission acknowledges that it has had the benefit of counsel in understanding its rights under this purchase order and the limited warranty extended to it by ESCO.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.
By: _____ John L. Martin, Airport Director	I have read and understood paragraph 35, the City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.
By _____ Jaci Fong, Director of the Office of Contract Administration and Purchaser	
Approved as to Form:  Dennis J. Herrera City Attorney	Authorized Signature
By  Kathryn Luhe Deputy City Attorney	PETER T. MAHAL Printed Name
	EXECUTIVE VICE PRESIDENT Title
	Engineered Arresting Systems Corporation Company Name
	81006 City Vendor Number
	2239 High Hill Road Address
	Logan Township, New Jersey 08085 City, State, ZIP
	856-241-8620 Telephone Number
	22-3667589 Federal Employer ID Number



## Appendices

- A: Materials to be supplied by Contractor
- B: Calculation of Charges
- C: Contractor's Standard Limited Warranty

**Attachment A**  
**EMAS Bed Material to be provided by Contractor**  
**At**  
**SAN FRANCISCO INTERNATIONAL AIRPORT**  
**Runway Ends 1L, 19R, 1R, and 19L**

This is an Appendix attached to, and incorporated by reference in the Agreement made on INSERT DATE between the City and County of San Francisco, acting by and through its Director of the Office of Contract Administration and Purchaser and Airport Commission (Commission), and **Engineered Arresting Systems Corporation** (Contractor) providing labor, equipment, material, insurance, storage and freight to furnish EMAS Bed Material for the Runway Safety Program. Provide all labor, material, equipment and supplies to furnish the following EMAS bed material:

**A. Material To Be Supplied:**

ITEM	QUANTITY
<p>Jet Blast Resistant EMAS Blocks and associated installation materials including debris deflector, backer rods, caulk, side vents, and spare EMAS to cover reasonable potential losses during shipping or installation</p> <p>(Each Jet Blast Resistant EMAS Block is priced at \$1,243 with associated installation material priced at \$130 each)</p>	<p><b>23,372 Total EMAS Blocks</b></p> <ul style="list-style-type: none"> <li>• <b>5,712 blocks for 1L dep end</b></li> <li>• <b>5,656 blocks for 1R dep end</b></li> <li>• <b>5,116 blocks for 19L dep end</b></li> <li>• <b>6,888 blocks for 19R dep end</b></li> </ul>

**B. Material Technical Specifications:**

23,372 (4' x 4') jet-blast-resistant (JBR) EMAS blocks (approximate EMAS arrestor bed sizes (1L departure (dep) end 408 ft. long x 224 ft. wide), (1R dep end 404 ft. long x 224 ft. wide), (19L dep end 368 ft. long x 224 ft. wide), (19R dep end 492 ft. long x 224 ft. wide) and associated installation support materials as described below. Total number of EMAS blocks provided will be prorated up or down if the final bed size approved by Commission is larger or smaller than described herein. Once the blocks are shipped to the Airport, they are to be stored in trailers at a secured location until time for installation. Storage site at Airport to be provided by the Commission at no charge to ESCO. ESCO will provide the Commission with a production schedule within thirty (30) days of Contract certification. Blocks will be shipped starting approximately four (4) weeks prior to installation start.

**Spare Installation Support Materials:** including debris deflector, backer rod, caulk, side seal tape, joint seal tape and side vents shall be provided by ESCO at no additional cost to the Commission. Spare Installation Support Materials not used during the installation will be loaded by the Contractor (ESCO) and returned to the Contractor at no cost to the Commission.

**Spare Jet Blast Resistant EMAS Blocks:** Contractor (ESCO) will also provide a limited number of spare Jet Blast Resistant EMAS blocks to replace reasonable losses during shipping and installation. These blocks will not be separately priced, and any blocks not used during the installation will be loaded by the Contractor (ESCO) and returned to the Contractor at no cost to the Commission.

**C. ESCO's Warranty Requirements**

The Limited Warranty (Appendix C) is expressly conditioned on the Commission's satisfying all of the following requirements:

1. Commission shall promptly inform ESCO of the identity of the designer and contractor selected so that ESCO may determine if they are acceptable. It is a requirement under this Contract that the designer and contractor selected by Commission must cooperate to allow ESCO to review the design documents and the construction for compliance with ESCO's Warranty Requirements.
2. It is desired that installation of the EMAS be conducted during daylight hours.
3. **MAINTENANCE:** ESCO requires that the Commission initiate and follow a preventative maintenance program in accordance with the ESCO Inspection, Maintenance and Repair Manual listed under the clause "Applicable Documents."
4. **RIGHT OF INSPECTION:** The Commission shall provide ESCO with reasonable access to the EMAS after its installation for the purpose of conducting semi-annual inspections during the warranty period. Reasonable access shall include, without limitation, access during daylight hours to permit careful visual assessment of the condition of the EMAS and access to all records of maintenance carried out by the Commission.
5. **INSTALLATION:** The EMAS must be installed by an ESCO-authorized EMAS contractor in strict compliance with ESCO's specifications, and project drawings and submittals approved by ESCO. There must be no deviations from ESCO's specifications or the approved project drawings and submittals, without the prior written approval of ESCO. During the entire installation process and upon completion of the installation, the work must be inspected and approved by a technical representative of ESCO as conforming with ESCO's specifications and approved project drawings and submittals.
6. **NOTIFICATION:** If the Commission believes that it has a claim arising from the failure of the EMAS to conform with this Warranty, the Commission must notify ESCO of the claim, within ten (10) days after discovering the conditions giving rise to the claim, and in any case before the Warranty period has expired. All such notices shall be given by certified mail addressed to Director of Quality Assurance, Attention: Warranty Claim Engineered Arresting Systems Corporation, 2239 High Hill Road, Logan Township, NJ 08085, USA.
7. Failure to adhere to any of the conditions stated above shall void this Warranty.
8. Applicable Documents provided by ESCO:
  - a. Project Installation Drawing No. \_\_\_\_\_
  - b. Item P-555 Rev \_\_\_\_ EMAS Bed Installation by Prime Contractor
  - c. EMAS Quality Control plan for EMAS installation at Airport, with associated Quality Control Instructions.
  - d. SM-\_\_\_\_, Inspection, Maintenance and Repair Manual

**D. Reports**

Contractor shall submit written reports as requested by the Commission. Format for the content of such reports shall be determined by the Commission. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible. The final report shall include a manufacturing schedule and delivery plan subject to Commission approval.

**E. Department Liaison**

In performing the services provided for in this Agreement, Contractor's liaison with the Commission will be Jim Chiu, Program Manager.

**END OF APPENDIX A**

**ATTACHMENT B  
CONTRACT PRICE AND PAYMENT TERMS  
AND CONDITIONS**

This is an Appendix attached to, and incorporated by reference in the Agreement made on INSERT DATE between the City and County of San Francisco, acting by and through its Director of the Office of Contract Administration and Purchaser and Airport Commission (Commission), and **Engineered Arresting Systems Corporation** (Contractor) providing for the furnishing of EMAS Bed Material for the Runway Safety Program. ESCO to provide to the Commission a schedule of values and production schedule within thirty (30) day of Contract certification.

**A. Contract Price**

The not-to-exceed lump-sum total Contract Price is **Thirty-five Million Two Hundred Forty-four Thousand Nine Hundred Seventy-six Dollars (\$35,244,976.)**

Total Contract Price reflects any increase or decrease in the total number of Jet Blast Resistant EMAS Blocks shipped if the final bed size approved by Purchaser is larger or smaller than described herein.

**EMAS Bed Sizes Based on Preliminary Design:**

1L dep end 408 ft. long x 224 ft. wide (5,712 blocks)

1R dep end 404 ft. long x 224 ft. wide (5,656 blocks)

19L dep end 368 ft. long x 224 ft. wide (5,116 blocks)

19R dep end 492 ft. long x 224 ft. wide (6,888 blocks)

Production (23,372 blocks@\$1,243 each, plus \$130 each for installation materials)	\$32,089,756
Shipping (Logan Township, NJ to San Francisco International Airport)	\$ 2,874,756
Local Warehouse (storage for about 5,000 blocks for 4 months)	\$ 280,464
ESCO storage (blocks produced & stored prior to shipping)	<i>-No Charge-</i>
<b>ESCO Total Price Direct to San Francisco International Airport =</b>	<b><u>\$35,244,976*</u></b>

\* No sales, use, or other taxes are included in the quoted price

**B. Payment Terms and Timing**

1. Notice to proceed (NTP) is granted upon full certification of contract.
2. ESCO installation support is a requirement for this project. ESCO onsite services shall be priced and offered under a separate contract with the airport authority or its authorized contractor.
3. Ship-in-Place. ESCO may, at its sole discretion, complete fabrication of some or all required EMAS blocks prior to required ship date to fit into ESCO's production schedule and to ensure blocks are ready and available for installation as required. Completed blocks allocated to the project and held at ESCO facilities for later shipment shall be considered delivered to the customer after the Commission receives from ESCO a manufacturer's certification for each completed block in accordance with Federal Aviation Administration (FAA) requirements;

payment due in accordance to the terms of payment (see below) identical to terms for blocks shipped. Decision to ship or allocate completed blocks as stored material is solely at ESCO's discretion.

4. Invoices will be submitted monthly in accordance with the following details. Progress payments are due in full Net 30 days.
5. Production – One Thousand Two Hundred Forty-three Dollars (\$1,243) per block shipped or allocated (ship in place). Allocation as detailed below:
6. Shipping - Percentage of shipping completed divided by total price
7. Installation Materials - Lump sum upon allocation (ship in place) or shipment to San Francisco International Airport

**C. Program Schedule:**

Program schedule assumes certification of a contract for block production and installation support **on or before April 30, 2013**. Execution beyond this date could result in program slippage.

1. Order Execution for EMAS system: by April 30, 2013
2. Production schedule and schedule of values due to the Commission within thirty (30) days of contract certification.
3. Delivery of blocks to San Francisco International Airport: spring (March 2014 through June 2014) or time mutually agreed upon between ESCO and the Commission.
4. Installation: summer 2014 or time mutually agreed upon between ESCO and the Commission.
5. The Airport is a 24-hour/7-day a week facility. Delivery of EMAS Bed Material shall be based on a schedule mutually agreed to between the Commission and the Contractor.

**END OF APPENDIX B**

**ATTACHMENT C  
LIMITED WARRANTY**

This is an Appendix attached to, and incorporated by reference in the Agreement made on INSERT DATE between the City and County of San Francisco, acting by and through its Director of the Office of Contract Administration and Purchaser and Airport Commission (Commission), and **Engineered Arresting Systems Corporation** (Contractor) providing for the furnishing of EMAS Bed Material for the Runway Safety Program.

**ENGINEERED ARRESTING SYSTEMS CORPORATION** ("ESCO") warrants to the original purchaser (the "Commission") of the ESCO Engineered Material Arresting System ("EMAS") that, for a period of one year from the earlier of the date of acceptance, as evidenced by a final acceptance document signed by the Commission or thirty (30) days from date ESCO notifies Commission that the EMAS is ready for acceptance, and subject to the limitations stated herein, the EMAS arrestor bed (excludes base surface preparation) conforms to the Technical Specifications listed in Attachment A to the Contract. This Warranty is expressly conditioned on the Commission's satisfying all of the following requirements:

1. **MAINTENANCE:** ESCO requires that the Commission initiate and follow a preventative maintenance program in accordance with the ESCO Inspection, Maintenance and Repair Manual, which is identified ESCO's Warranty Requirements (Attachment A).
2. **RIGHT OF INSPECTION:** The Commission shall provide ESCO with reasonable access to the EMAS after its installation for the purpose of conducting semi-annual inspections. Reasonable access shall include, without limitation, access during daylight hours to permit careful visual assessment of the condition of the EMAS and access to all records of maintenance carried out by the Commission.
3. **INSTALLATION:** The EMAS must be installed by an ESCO-authorized EMAS contractor in strict compliance with ESCO's Warranty Requirements, and project drawings and submittals approved by ESCO. There must be no deviations from ESCO's Warranty Requirements or the approved project drawings and submittals, without the prior written approval of ESCO. During the entire installation process and upon completion of the installation, the work must be inspected and approved by a technical representative of ESCO as conforming with ESCO's specifications and approved project drawings and submittals.
4. **NOTIFICATION:** If the Commission believes that it has a claim arising from the failure of the EMAS to conform with this Warranty, the Commission must notify ESCO of the claim, within ten (10) days after discovering the conditions giving rise to the claim, and in any case before the Warranty period has expired. All such notices shall be given by certified mail addressed to Director of Quality Assurance, Attention: Warranty Claim Engineered Arresting Systems Corporation, 2239 High Hill Road, Logan Township, NJ 08085, USA.

Failure to adhere to any of the conditions stated above shall void this Warranty.

5. **WARRANTY REMEDY:** If the Warranty set forth above is breached, ESCO will, at its sole option, either (1) correct the non-conformity at its own cost within a reasonable time after receiving notice of the breach, or (2) replace the non-conforming portion of the EMAS at its own cost within a reasonable time after receiving notice of the breach. The Commission shall give

ESCO reasonable access to the EMAS that allows ESCO to perform its warranty obligations on its most cost-effective basis possible.

**6. EXCLUSIONS:**

ESCO shall not be liable for any damage to the EMAS or other property attributable to any of the following (or any combination thereof):

- A. Standing water in and around the EMAS bed,
- B. Vehicular traffic,
- C. Aircraft traffic in contact with the EMAS bed,
- D. Damage caused by snow removal equipment that does not meet ESCO specifications detailed under the clause "Applicable Documents",
- E. Acts of nature, including, but not limited to, lightning, flood, winds in excess of 100 mph, earthquake, hurricane, tornado, hail storm, or impact of objects or other violent storm or casualty,
- F. Damage caused by birds or other wildlife indigenous to the area,
- G. Repairs or alterations of the EMAS, unless performed by personnel trained and qualified by ESCO and in a manner meeting the ESCO Warranty Requirements,
- H. Excessive buildup of debris in and around the EMAS bed,
- I. Impact or contact with other objects, spilled liquids or immersion in liquids (including fuel dropped from over-flying aircraft),
- J. Use of the EMAS for purposes other than those identified in the Contract,
- K. Improper maintenance, abuse or other neglect,
- L. Exposure to chemicals other than de-icers and aircraft engine exhaust,
- M. Jet Blast in excess of 100 mph,
- N. Damage or defect due to faulty or improper workmanship, including installation of the product that is not in accordance with ESCO's published specifications and installation recommendations in effect at the time of installation,
- O. Damage to the EMAS arrestor bed related to or caused by the base surface not being constructed per the drawings and specifications. ESCO must check and accept the base surface prior to the start of EMAS arrestor bed installation, and
- P. Any subsequent failure of the base surface whether or not originally constructed per the drawings and specifications.



**7. APPLICABLE DOCUMENTS**

Project Installation Drawing No. \_\_\_\_\_

Item P-555 Rev \_\_\_\_ EMAS Bed Installation by Prime Contractor

EMAS Quality Control plan for EMAS installation at XXXX Airport, with associated Quality Control Instructions.

SM-\_\_\_\_, Inspection, Maintenance and Repair Manual

Contract number \_\_\_\_\_

**WARRANTY EXCLUSIVE/LIMITATION OF LIABILITY**

**THE EXPRESS WARRANTY SET FORTH ABOVE IS EXCLUSIVE AND NO OTHER WARRANTIES OF ANY KIND, WHETHER STATUTORY, ORAL, WRITTEN, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, SHALL APPLY. THE OWNER'S EXCLUSIVE REMEDIES AND ESCO'S ONLY OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH DEFECTS OR NON-CONFORMITIES IN THE EMAS, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, SHALL BE THOSE STATED HEREIN. NOTWITHSTANDING ANY PROVISION TO THE CONTRARY IN ANY CONTRACT DOCUMENT, ESCO'S TOTAL LIABILITY TO THE OWNER ARISING FROM OR RELATING TO DEFECTS OR NON-CONFORMITIES IN THE EMAS SHALL BE LIMITED TO THE ORIGINAL PURCHASE PRICE OF THE EMAS PAID TO ESCO. ESCO SHALL HAVE NO LIABILITY TO THE OWNER FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES. REGARDLESS OF ANY STATUTORY LIMITATION PERIODS, ESCO SHALL NOT BE LIABLE FOR ANY BREACH OF WARRANTY OF WHICH IT IS NOT NOTIFIED AS REQUIRED BEFORE THE WARRANTY PERIOD HAS EXPIRED.**