

BOARD of SUPERVISORS



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MEMORANDUM

GOVERNMENT AUDIT AND OVERSIGHT COMMITTEE

SAN FRANCISCO BOARD OF SUPERVISORS

TO: Supervisor Dean Preston, Chair
Government Audit and Oversight Committee

FROM: Jessica Perkinson, Assistant Clerk

DATE: July 8, 2022

SUBJECT: **COMMITTEE REPORT, BOARD MEETING**
Tuesday, July 12, 2022

The following file should be presented as a **COMMITTEE REPORT** at the Board Meeting on Tuesday, July 12, 2022. This item was acted upon at the Government Audit and Oversight Committee Meeting on Thursday, July 7, 2022, at 10:00 a.m., by the votes indicated.

Item No. 48 File No. 220600

Contract - Lystek International Limited - Class A Biosolids Management Services - Not to Exceed \$22,800,000

Resolution authorizing the Office of Contract Administration to enter into PeopleSoft Contract ID 1000025273 between the City and County of San Francisco and Lystek International Limited for the provision of Class A Biosolids management services with an initial contract not to exceed amount of \$16,400,000 for five years and \$6,400,000 for two optional extension years for a total not to exceed amount of \$22,800,000 and total contract duration of seven years commencing on July 1, 2022, and ending on June 30, 2029.

RECOMMENDED AS A COMMITTEE REPORT

Vote: Supervisor Connie Chan - Aye
Supervisor Rafael Mandelman - Aye
Supervisor Dean Preston - Aye

c: Board of Supervisors
Angela Calvillo, Clerk of the Board
Alisa Somera, Legislative Deputy Director
Anne Pearson, Deputy City Attorney

File No. 220600

Committee Item No. 5

Board Item No. 48

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight

Date: July 7, 2022

Board of Supervisors Meeting:

Date: July 12, 2022

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
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| <input type="checkbox"/> | <input type="checkbox"/> | Legislative Digest |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Budget and Legislative Analyst Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Youth Commission Report |
| <input type="checkbox"/> | <input type="checkbox"/> | Introduction Form |
| <input type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
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| <input type="checkbox"/> | <input type="checkbox"/> | Grant Information Form |
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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Contract / Agreement |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Form 126 – Ethics Commission |
| <input type="checkbox"/> | <input type="checkbox"/> | Award Letter |
| <input type="checkbox"/> | <input type="checkbox"/> | Application |
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OTHER

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OCA Memorandum</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Presidential Action Memorandum</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OCA Presentation 06/0622</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Preston Committee Report 06/30/22</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Proposed Agreement TC 63002</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>OCA Memorandum 05/13/22</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Food Sec Taskforce Recommendations</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>BLA Report 07/01/22</u> |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>Biosolids Management Presentation 070722</u> |
| <input type="checkbox"/> | <input type="checkbox"/> | <u>_____</u> |

Prepared by: Jessica Perkinson

Date: July 8, 2022

Prepared by: Jessica Perkinson

Date: July 11, 2022

Prepared by: _____

Date: _____

1 [Contract - Lystek International Limited - Class A Biosolids Management Services - Not
2 to Exceed \$22,400,000]

3 **Resolution authorizing the Office of Contract Administration to enter into**
4 **PeopleSoft Contract ID 1000025273 between the City and County of San**
5 **Francisco and Lystek International Limited for the provision of Class A Biosolids**
6 **management services with an initial contract not to exceed amount of**
7 **\$16,400,000 for five years and \$6,400,000 for one two-year option to extend for a**
8 **total not to exceed amount of \$22,400,000 and total contract duration of seven**
9 **years commencing on July 1, 2022, through June 30, 2029.**

10

11 WHEREAS, Charter, Section 9.118(b), requires the Board of Supervisors to
12 approve by Resolution contracts estimated to cost the City \$10,000,000 or more; and

13 WHEREAS, The contract referenced above is on file with the Clerk of the Board
14 of Supervisors in File No. 220600, which is hereby declared to be part of this
15 Resolution as if set forth fully herein; and

16 WHEREAS, This Contract was competitively procured as required by
17 Administrative Code, Chapter 21.1, through an Invitation for Bids issued by the Office of
18 Contract Administration on March 29, 2022, under Sourcing Event 0000006728 for the
19 production and management of Class A biosolids; and

20 WHEREAS, Sourcing Event 0000006728 resulted in the award of Aggregate 1 to
21 Lystek International Limited as the lowest responsive bidder (PeopleSoft Contract ID
22 1000025273); and

23 WHEREAS, This is a contract for Services and the Local Business Entity (“LBE”)
24 subcontracting participation requirement for the Services has been waived; and

25

1 WHEREAS, Annually, the Oceanside and Southeast wastewater treatment
2 facilities produce approximately 60,000 tons of biosolids, which are nutrient rich solids
3 produced during wastewater treatment; and

4 WHEREAS, The conversion of these biosolids into Class A biosolids and their
5 subsequent use is a service necessary for the management of this material; and

6 RESOLVED, That the Board of Supervisors, under Charter, Section 9.118(b),
7 hereby authorizes the Purchaser and Director of the Office of Contract Administration
8 to execute PeopleSoft Contract ID 1000025273 between the City and County of San
9 Francisco and Lystek International Limited for the provision of Class A Biosolids
10 management services with an initial contract not to exceed amount of \$16,400,000 for
11 five years and \$6,400,000 for one two-year option to extend for a total not to exceed
12 amount of \$22,400,000 and total contract duration of seven years commencing on July
13 1, 2022, through June 30, 2029; and, be it

14 FURTHER RESOLVED, That within 30 days of the contracts being fully
15 executed by all parties, the Purchaser shall provide the final copies of the contracts to
16 the Clerk of the Board for inclusion into the official file.

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**City and County of San Francisco
Office of Contract Administration
Purchasing Division
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, California 94102-4685**

**Agreement between the City and County of San Francisco
and
Lystek International Limited
TC 63002**

AGREEMENT

This Agreement is made this 1st day of July, 2022, in the City and County of San Francisco (“City”), State of California, by and between Lystek International Limited (“Contractor”) and City.

Recitals

WHEREAS, the San Francisco Public Utilities Commission Wastewater Enterprise (“Department”) wishes to procure Class-A Biosolids Production and Management Services (“Services”) from Contractor; and

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

WHEREAS, Contractor was competitively selected pursuant to Sourcing Event ID 0000006728; and

WHEREAS, this is a contract for Services and the Local Business Entity (“LBE”) subcontracting participation requirement for the Services has been waived; and

WHEREAS, approval for the Agreement was obtained on [insert date of Civil Service Commission action or DHR approval date if under \$100K] from the [Civil Service Commission or Department of Human Resources on behalf of the Civil Service Commission] under PSC number [insert PSC number] in the amount of [insert Dollar Amount] for the period commencing [Insert Start Date] and ending [Insert End Date]; and

Now, THEREFORE, the parties agree as follows:

Article 1 Definitions

The following definitions apply to this Agreement:

1.1 “Agreement” means this contract document, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements specifically incorporated into this Agreement by reference as provided herein.

1.2 “City” or “the City” means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration or

the Director's designated agent, hereinafter referred to as "Purchasing" and all City Departments authorized to utilize this Agreement for the purpose of securing the Services described herein.

1.3 "City Data" means that data as described in Article 13 of this Agreement which includes, without limitation, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. City Data includes, without limitation, Confidential Information.

1.4 "CMD" means the Contract Monitoring Division of the City.

1.5 "Confidential Information" means confidential City information including, but not limited to, personally-identifiable information ("PII"), protected health information ("PHI"), or individual financial information (collectively, "Proprietary or Confidential Information") that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 et seq.); the California Confidentiality of Medical Information Act (Civil Code § 56 et seq.); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of part 164); and San Francisco Administrative Code Chapter 12M (Chapter 12M).

1.6 "Contractor" means Lystek International Limited.

1.7 "Deliverables" means Contractor's work product resulting from the Services provided by Contractor to City during the course of Contractor's performance of the Agreement, including without limitation, the work product (if any) described in Appendix A.

1.8 "Mandatory City Requirements" means those City laws set forth in the San Francisco Municipal Code, including the duly authorized rules, regulations, and guidelines implementing such laws that impose specific duties and obligations upon Contractor.

1.9 "Party" and "Parties" means the City and Contractor either collectively or individually.

1.10 "Services" means the work performed by Contractor under this Agreement as specifically described in Appendix A, including all services, labor, supervision, materials, equipment, actions and other requirements to be performed and furnished by Contractor under this Agreement.

Article 2 Term of the Agreement

2.1 The term of this Agreement shall be five (5) years, commencing on July 1, 2022 and expiring on June 30, 2027, unless earlier terminated as otherwise provided herein.

2.2 **Options.** The City has the option to renew the Agreement for a period of up to two (2) additional years, for a total contract term of seven (7) years. The City may extend this Agreement beyond the expiration date by exercising an option mutually agreed by the City and Contractor and by modifying this Agreement as provided in Section 11.5, "Modification of this Agreement."

Article 3 Financial Matters

3.1 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.

3.2 Guaranteed Maximum Costs. The City's payment obligation to Contractor cannot at any time exceed the amount certified by City's Controller for the purpose and period stated in such certification. Absent an authorized Emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor, any offered or promised payments to Contractor under this Agreement in excess of the certified maximum amount without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 11.5, "Modification of this Agreement."

3.3 Compensation.

3.3.1 Calculation of Charges. Contractor shall provide an invoice to the City on a monthly basis for Services completed in the immediate preceding month, unless a different schedule is set out in Appendix B, "Calculation of Charges." Compensation shall be made for Services identified in the invoice that the City, in its sole discretion, concludes has been satisfactorily performed. In no event shall the amount of this Agreement exceed [insert whole dollar amount in numbers and words -- no pennies and no ".00"]. The breakdown of charges associated with this Agreement appears in Appendix B, "Calculation of Charges." In no event shall City be liable for interest or late charges for any late payments. City will not honor minimum service order charges for any services covered by this Agreement.

3.3.2 Payment Limited to Satisfactory Services. Contractor is not entitled to any payments from City until City approves the Services delivered pursuant to this Agreement. Payments to Contractor by City shall not excuse Contractor from its obligation to cure Services provided in an unsatisfactory manner, even if the unsatisfactory character may have been apparent or detected at the time such payment was made. Services delivered pursuant to this Agreement that do not conform to the requirements of this Agreement may be rejected by City and in such case must be replaced by Contractor without delay at no cost to the City.

3.3.3 Withhold Payments. If Contractor fails to provide Services in accordance with Contractor's obligations under this Agreement, the City may withhold any and all payments due Contractor until such failure to perform is cured. Contractor shall not stop providing Services as a result of City's withholding of payments, as provided herein.

3.3.4 **Invoice Format.** Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller and City and include a unique invoice number and a specific invoice date. Payment shall be made by City as specified in Section 3.3.8, or in such alternate manner as the Parties have mutually agreed upon in writing. All invoices must show the PeopleSoft Purchase Order ID Number, PeopleSoft Supplier Name and ID, Item numbers (if applicable), complete description of Services performed, sales/use tax (if applicable), contract payment terms and contract price. Invoices that do not include all required information or contain inaccurate information may not be processed for payment.

3.3.5 **Reserved (LBE Payment and Utilization Tracking System).**

3.3.6 **Getting paid by the City for Services.**

(a) The City and County of San Francisco utilizes the Paymode-X[®] service offered by Bank of America Merrill Lynch to pay City contractors. Contractor must sign up to receive electronic payments to be paid under this Agreement. To sign up for electronic payments, visit http://portal.paymode.com/city_countyofsanfrancisco.

(b) At the option of the City, Contractor may be required to submit invoices directly in the City's financial and procurement system (PeopleSoft) via eSettlement. Refer to <https://sfcitypartner.sfgov.org/pages/training.aspx> for more information on eSettlement. For access to PeopleSoft eSettlement, submit a request through sfemployeeportalsupport@sfgov.org.

3.3.7 **Reserved (Grant Funded Contracts).**

3.3.8 **Payment Terms.**

(a) **Payment Due Date:** Unless City notifies the Contractor that a dispute exists, Payment shall be made within thirty (30) calendar days, measured from (1) the rendering of Services or (2) the date of receipt of the invoice, whichever is later. Payment is deemed to be made on the date on which City has issued a check to Contractor or, if Contractor has agreed to electronic payment, the date on which City has posted electronic payment to Contractor.

(b) **Reserved (Payment Discount Terms).**

3.4 **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 the Services. Contractor will permit City to audit, examine, copy, 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, unless required for a longer duration due to Federal, State, or local requirements of which the City will notify Contractor in writing, 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 as conferred upon City by this Section. Contractor shall include the same audit and inspection rights and record retention requirements in all subcontracts.

3.5 **Submitting False Claims.** The full text of San Francisco Administrative Code Chapter 21, Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Pursuant to San Francisco Administrative Code §21.35, any contractor or subcontractor who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor or subcontractor will be deemed to have submitted a false claim to the City if the contractor or subcontractor: (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.

3.6 **Payment of Prevailing Wages**^[EMI]

3.6.1 **Covered Services.** Services to be performed by Contractor under this Agreement may involve the performance of trade work covered by the provisions of Section 6.22(e) [Prevailing Wages] of the Administrative Code or Section 21C [Miscellaneous Prevailing Wage Requirements] (collectively, “Covered Services”). The provisions of Section 6.22(e) and 21C of the Administrative Code are incorporated as provisions of this Agreement as if fully set forth herein and will apply to any Covered Services performed by Contractor and its subcontractors.

3.6.2 **Wage Rates.** The latest prevailing wage rates for private employment on public contracts as determined by the San Francisco Board of Supervisors and the Director of the California Department of Industrial Relations, as such prevailing wage rates may be changed during the term of this Agreement, are hereby incorporated as provisions of this Agreement. Copies of the prevailing wage rates as fixed and determined by the Board of Supervisors are available from the Office of Labor Standards and Enforcement (“OLSE”) and on the Internet at <http://www.dir.ca.gov/DLSR/PWD> and <http://sfgov.org/olse/prevailing-wage>. Contractor agrees that it shall pay not less than the prevailing wage rates, as fixed and determined by the Board, to all workers employed by Contractor who perform Covered Services under this Agreement.

3.6.3 **Subcontract Requirements.** As required by Section 6.22(e)(5) of the Administrative Code, Contractor shall insert in every subcontract or other arrangement, which it may make for the performance of Covered Services under this Agreement, a provision that said subcontractor shall pay to all persons performing labor in connection with Covered Services under said subcontract or other arrangement not less than the highest general prevailing rate of wages as fixed and determined by the Board of Supervisors for such labor or services.

3.6.4 **Posted Notices.** As required by Section 1771.4 of the California Labor Code, Contractor shall post job site notices prescribed by the California Department of Industrial Relations (“DIR”) at all job sites where services covered by Chapter 6.22 are to be performed.

3.6.5 **Payroll Records.** As required by Section 6.22(e)(6) of the Administrative Code and Section 1776 of the California Labor Code, Contractor shall keep or cause to be kept complete and accurate payroll records for all trade workers performing Covered Services. Such records shall include the name, address and social security number of each worker who provided

Covered Services on the project, including apprentices, his or her classification, a general description of the services each worker performed each day, the rate of pay (including rates of contributions for, or costs assumed to provide fringe benefits), daily and weekly number of hours worked, deductions made and actual wages paid. Every subcontractor who shall undertake the performance of any part of Covered Services shall keep a like record of each person engaged in the execution of Covered Services under the subcontract. All such records shall at all times be available for inspection of and examination by the City and its authorized representatives and the DIR.

3.6.6 Certified Payrolls. Certified payrolls shall be prepared pursuant to Administrative Code Section 6.22(e)(6) and California Labor Code Section 1776 for the period involved for all employees, including those of subcontractors, who performed labor in connection with Covered Services. Contractor and each subcontractor performing Covered Services shall submit certified payrolls to the City and to the DIR electronically. Contractor shall submit payrolls to the City via the reporting system selected by the City. The DIR will specify how to submit certified payrolls to it. The City will provide basic training in the use of the reporting system at a scheduled training session. Contractor and all subcontractors that will perform Covered Services must attend the training session. Contractor and applicable subcontractors shall comply with electronic certified payroll requirements (including training) at no additional cost to the City.

3.6.7 Compliance Monitoring. Covered Services to be performed under this Agreement are subject to compliance monitoring and enforcement of prevailing wage requirements by the DIR and /or the OLSE. Contractor and any subcontractors performing Covered Services will cooperate fully with the DIR and/or the OLSE and other City employees and agents authorized to assist in the administration and enforcement of the prevailing wage requirements, and agrees to take the specific steps and actions as required by Section 6.22(e)(7) of the Administrative Code. Steps and actions include but are not limited to requirements that: (i) the Contractor will cooperate fully with the Labor Standards Enforcement Officer and other City employees and agents authorized to assist in the administration and enforcement of the Prevailing Wage requirements and other labor standards imposed on Public Works Contractor by the Charter and Chapter 6 of the San Francisco Administrative Code; (ii) the Contractor agrees that the Labor Standards Enforcement Officer and his or her designees, in the performance of their duties, shall have the right to engage in random inspections of job sites and to have access to the employees of the Contractor, employee time sheets, inspection logs, payroll records and employee paychecks; (iii) the contractor shall maintain a sign-in and sign-out sheet showing which employees are present on the job site; (iv) the Contractor shall prominently post at each job-site a sign informing employees that the project is subject to the City's Prevailing Wage requirements and that these requirements are enforced by the Labor Standards Enforcement Officer; and (v) that the Labor Standards Enforcement Officer may audit such records of the Contractor as he or she reasonably deems necessary to determine compliance with the Prevailing Wage and other labor standards imposed by the Charter and this Chapter on Public Works Contractors. Failure to comply with these requirements may result in penalties and forfeitures consistent with analogous provisions of the California Labor Code, including Section 1776(g), as amended from time to time.

3.6.8 Remedies. Should Contractor, or any subcontractor who shall undertake the performance of any Covered Services, fail or neglect to pay to the persons who perform

Covered Services under this Contract, subcontract or other arrangement for the Covered Services, the general prevailing rate of wages as herein specified, Contractor shall forfeit, and in the case of any subcontractor so failing or neglecting to pay said wage, Contractor and the subcontractor shall jointly and severally forfeit, back wages due plus the penalties set forth in Administrative Code Section 6.22 (e) and/or California Labor Code Section 1775. The City, when certifying any payment which may become due under the terms of this Agreement, shall deduct from the amount that would otherwise be due on such payment the amount of said forfeiture.

3.7 Reserved (Displaced Worker Protection Act). This Agreement is for building maintenance services, more than \$25,000 and for at least a 3-month term, employees must work at least 15 hours per week. Contractors are hereby notified of the requirements to comply with the Displaced Worker Protection Act (DWPA, Article 33C of the San Francisco Police Code). The DWPA applies to any contract (services contract) to be performed with the City and County of San Francisco (City), entered into between City and any individual, proprietorship, partnership, joint venture, corporation, Limited Liability Company, trust, association or other entity with 25 or more employees. Employee for the purpose of the DWPA includes any service employee of the contractor or its subcontractor(s) who works at least 15 hours per week and whose primary place of employment is in the City but does not include: 1) managerial, supervisory or confidential employees as defined by the Fair Labor Standards Act; or 2) employees who do not possess or have not maintained a required occupational license.

3.7.1 Transition Employment Period

A. Where the contracting City department has given notice that a service contract has been terminated or ended, or where a service contractor has given notice of such termination, upon giving or receiving such notice, as the case may be, the terminated or ending contractor shall, within ten days thereafter, provide to the successor contractor, the name, date of hire, and employment occupation classification of each employee employed at the site or sites covered by the prospective contractor at the time of contract termination (employment information). This provision shall also apply to the subcontractors of the terminated contractor. If the terminated contractor does not know the identity of the successor contractor, if any, by the time of the contract termination notice, the terminated contractor shall obtain such information from the contracting City department at such time. Where a subcontractor of a service contractor has been terminated prior to the termination of the service contract, the terminated subcontractor shall be deemed a terminated contractor for purposes of the DWPA.

B. A successor contractor shall retain, for a 90-day transition employment period, employees who have been employed by the terminated contractor or its subcontractors, if any, for the preceding eight months or longer at the site or sites covered by the contract.

C. If at any time a successor contractor determines that fewer employees are required to perform the new service contract than were required by the terminated contractor (and subcontractors, if any), the successor contractor shall retain employees by seniority within job classifications.

D. During such 90-day period, the successor contractor (or subcontractor, where applicable) shall maintain a preferential hiring list of eligible covered employees not retained by the successor contractor (or subcontractor) from which the successor contractor (or subcontractor) shall hire additional employees.

E. Except as provided in subsection C of this section, during such 90-day period, the successor contractor (or subcontractor, where applicable) shall not discharge without cause an employee retained pursuant to the DWPA. Cause for this purpose shall include, but not be limited to, the employee's conduct while in the employ of the terminated contractor or subcontractor that contributed to any decision to terminate the contract or subcontract for fraud or poor performance, excluding permissible union-related activity.

F. At the end of such 90-day period, a successor public sector contractor (or subcontractor, where applicable) shall perform a written performance evaluation for each employee retained pursuant to the DWPA. If the employee's performance during such 90-day period is satisfactory, the successor public sector contractor (or subcontractor) shall offer the employee continued employment under the terms and conditions established by the public sector successor contractor (or subcontractor) or as required by law.

G. Contractors must include a provision in all subcontracts requiring subcontractors to comply with the obligations imposed by the DWPA.

3.7.2 Enforcement

A. An employee who has been discharged in violation of the DWPA by a successor contractor or its subcontractor may bring an action in the Municipal Court or Superior Court of the State of California, as appropriate, against the successor contractor and, where applicable, its subcontractor, and may be awarded back pay, including the value of benefits, for each day during which the violation continues, which shall be calculated at a rate of compensation not less than the higher of:

1. The average regular rate of pay received by the employee during the last three years of the employee's employment in the same occupation classification; or
2. The final regular rate received by the employee.

B. If the employee is the prevailing party in any such legal action, the Court shall award reasonable attorney's fees and costs as part of the costs recoverable.

3.7.3 **Successor's Prior Employees.** A successor contractor or subcontractor may replace an employee retained pursuant to the DWPA with a person employed by the contractor or subcontractor continuously for eight months prior to the commencement of the successor service contract or subcontract in a capacity similar to that proposed under the successor service contract or subcontract, but only if the existing employee of the successor contractor or subcontractor would otherwise be laid off work as a result of the award of the successor contract.

Article 4 Services

4.1 Reserved (Primary and Secondary Contractors).

4.2 **Term Agreement – Indefinite Quantities.** This is a term, indefinite quantities Agreement to supply the Services identified in this Agreement. Unless otherwise specified herein, Services will be required in quantities and at times as ordered during the period of the Agreement. Estimated Services are approximate only. City, in its sole discretion, may purchase any greater or lesser quantity. Purchasing may also make purchases from other suppliers when Purchasing determines, in its sole discretion, that the City has an immediate need for the Services

or that it is not practical to purchase against this Agreement. City will not honor minimum order charges under this Agreement.

4.3 Personnel

4.3.1 **Qualified Personnel.** Contractor shall utilize only competent personnel under the supervision of, and in the employment of, Contractor (or Contractor's authorized subcontractors) to perform the Services. Contractor will comply with City's reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to allow timely completion within the project schedule specified in this Agreement.

4.3.2 **Contractor Vaccination Policy.**

(a) Contractor acknowledges that it has read the requirements of the 38th Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency ("Emergency Declaration"), dated February 25, 2020, and the Contractor Vaccination Policy for City Contractors issued by the City Administrator ("Contractor Vaccination Policy"), as those documents may be amended from time to time. A copy of the Contractor Vaccination Policy can be found at: <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors>.

(b) A Contract subject to the Emergency Declaration is an agreement between the City and any other entity or individual and any subcontract under such agreement, where Covered Employees of the Contractor or Subcontractor work in-person with City employees in connection with the work or services performed under the agreement at a City owned, leased, or controlled facility. Such agreements include, but are not limited to, professional services contracts, general services contracts, public works contracts, and grants. Contract includes such agreements currently in place or entered into during the term of the Emergency Declaration. Contract does not include an agreement with a state or federal governmental entity or agreements that do not involve the City paying or receiving funds.

(c) In accordance with the Contractor Vaccination Policy, Contractor agrees that:

(i) Where applicable, Contractor shall ensure it complies with the requirements of the Contractor Vaccination Policy pertaining to Covered Employees, as they are defined under the Emergency Declaration and the Contractor Vaccination Policy, and ensure such Covered Employees are either fully vaccinated for COVID-19 or obtain from Contractor an exemption based on medical or religious grounds; and

(ii) If Contractor grants Covered Employees an exemption based on medical or religious grounds, Contractor will promptly notify City by completing and submitting the Covered Employees Granted Exemptions Form ("Exemptions Form"), which can be found at <https://sf.gov/confirm-vaccine-status-your-employees-and-subcontractors> (navigate to "Exemptions" to download the form).

4.4 **Reserved.**

4.5 **Services.**

4.5.1 **Services Contractor Agrees to Perform.** Contractor agrees to perform the Services stated in Appendix A. Officers and employees of the City are not authorized to

request, and the City is not required to reimburse the Contractor for, Services beyond the Services listed in Appendix A, unless Appendix A is modified as provided in Section 11.5, “Modification of this Agreement.”

4.5.2 **Subcontracting.** Contractor may subcontract portions of the Services only upon prior written approval of City. Contractor is responsible for its subcontractors throughout the course of the work required to perform the Services. All Subcontracts must incorporate the terms of Article 10 “Additional Requirements Incorporated by Reference” of this Agreement, unless inapplicable. Neither Party shall, on the basis of this Agreement, contract on behalf of, or in the name of, the other Party. Any agreement made in violation of this provision shall be null and void.

4.5.3 **Awarded Services.** If, during the term of the Agreement, a contract service is determined to be unacceptable for a particular department, and such is documented by Purchasing, it is understood and agreed that the service will be canceled and removed from the Agreement without penalty to City. City’s sole obligation to Contractor is payment for Services performed prior to the cancellation date. City shall give Contractor ten days’ notice prior to any cancellation. City will contract for the required service from any source and in the manner as determined by Purchasing. Contractor must notify Purchasing in writing, which can include email, certified mail, registered mail, or other trackable mail, 30 days in advance of any changes in the Services required in the Agreement. Any changes made without the approval of Purchasing will constitute a Default.

4.5.4 Independent Contractor; **Payment of Employment Taxes and Other Expenses**

(a) Independent Contractor. For the purposes of this Section 4.5, “Contractor” shall be deemed to include not only Contractor, but also any agent or employee of Contractor. Contractor acknowledges and agrees that at all times, 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 delivers the Services required by this Agreement and work requested by City under this Agreement. Contractor, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. 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 any of the obligations pursuant to this Agreement, 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. Contractor agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Contractor's compliance with this section. Should City determine that Contractor, or any agent or employee of Contractor, is not performing in accordance with the requirements of this Agreement, City shall provide Contractor with written notice of such failure. Within five (5) business days of Contractor's receipt of such notice, and in accordance with Contractor policy and procedure, Contractor shall remedy the deficiency. Notwithstanding, if City believes that an action of Contractor, or any agent or employee of Contractor, warrants immediate remedial action by Contractor, City shall contact Contractor and provide Contractor in writing with the reason for requesting such immediate action.

(b) **Payment of Employment Taxes and Other Expenses.**

Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past Services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to this Section 4.5 shall be solely limited to the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, Contractor agrees to indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorneys' fees, arising from this section.

4.6 Assignment. The Services to be performed by Contractor are personal in character. Neither this Agreement, nor any duties or obligations hereunder, may be directly or indirectly assigned, novated, hypothecated, transferred, or delegated by Contractor, or, where the Contractor is a joint venture, a joint venture partner, (collectively referred to as an "Assignment") unless first approved by City by written instrument executed and approved in the same manner as this Agreement in accordance with the Administrative Code. The City's approval of any such Assignment is subject to the Contractor demonstrating to City's reasonable satisfaction that the proposed transferee is: (i) reputable and capable, financially and otherwise, of performing each of Contractor's obligations under this Agreement and any other documents to be assigned, (ii) not forbidden by applicable law from transacting business or entering into contracts with City; and (iii) subject to the jurisdiction of the courts of the State of California. A change of ownership or control of Contractor or a sale or transfer of substantially all of the assets of Contractor shall be deemed an Assignment for purposes of this Agreement. Contractor shall immediately notify City about any Assignment. Any purported Assignment made in violation of this provision shall be null and void.

4.7 **Reserved (Liquidated Damages).**

4.8 **Reserved (Performance Bond).**

4.9 **Reserved (Fidelity Bond).**

4.10 **Emergency - Priority 1 Service.** In case of an emergency that affects any part of the San Francisco Bay Area, Contractor will give the City and County of San Francisco Priority 1 service with regard to the Services procured under this Agreement unless preempted by State and/or Federal laws. Contractor will make every good faith effort in attempting to deliver Services using all modes of transportation available. Contractor shall provide a 24-hour emergency telephone number of a company representative who is able to receive and process orders for immediate delivery or will call in the event of an emergency. In addition, the Contractor shall charge fair and competitive prices for Services ordered during an emergency and not covered under the awarded Agreement.

4.11 **Usage Reports by Contractor.**

4.11.1 Each year, no later than February 15, Contractor shall prepare and submit to City an electronic report of the total Services rendered under this Agreement during the preceding calendar year (January 1 – December 31). The report must list by City department the following: (1) all Services ordered (“Order”) (2) all Services delivered; (3) the date on which each Order was placed; (4) the date on which each Order was delivered; and (5) total quantity and unit price of the Services contained within each Order. Contractor must also furnish a separate similar report for the total of all items Services ordered by City which are not part of this Agreement. Contractor shall email reports to OCAVendor.Reports@sfgov.org.

4.11.2 Any report files larger than 10MB must be submitted in electronic format on USB drive and mailed to the address shown below with the term Agreement number and “Annual Supplier Reporting” clearly marked on the envelope/packaging. Contractor shall mail the reports to:

OCA Supplier Reporting
Re: Term Contract No. 63002
City and County of San Francisco
Office of Contract Administration – Purchasing
City Hall, Room 430
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4685

4.11.3 City reserves the right to terminate this Agreement if information requested from and submitted by Contractor fails to satisfy City and/or Contractor is unable to provide the information and/or documentation within the period requested.

Article 5 Insurance and Indemnity

5.1 **Insurance.**

5.1.1 **Required Coverages.** 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 coverages:

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

(b) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

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

(d) Reserved (Professional Liability Insurance).

(e) Reserved (Technology Errors and Omissions Liability Insurance).

(f) Reserved (Cyber and Privacy Insurance).

(g) Pollution Liability Insurance applicable to Contractor's activities and responsibilities under this Agreement with limits not less than \$1,000,000 each occurrence combined single limit, including coverage for on-site third party claims for bodily injury and property damage.

5.1.2 Additional Insured Endorsements

(a) The Commercial General Liability policy must be endorsed to name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(b) The Commercial Automobile Liability Insurance policy must be endorsed to name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(c) The Commercial Automobile Liability Insurance policy must be endorsed to include (i) Auto Pollution Additional Insured Endorsement naming as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees; and (ii) Form MCS-90 for Motor Carrier Policies of Insurance for Public Liability under Sections 29 and 30 of the Motor Carrier Act of 1980.

5.1.3 Waiver of Subrogation Endorsements

(a) The Workers' Compensation policy(ies) 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.

5.1.4 Primary Insurance Endorsements

(a) The Commercial General Liability policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(b) The Commercial Automobile Liability Insurance policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

(c) The Pollution Liability Insurance policy shall provide that such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that the insurance applies separately to each insured against whom claim is made or suit is brought.

5.1.5 Other Insurance Requirements

(a) Thirty (30) days' advance written notice shall be provided to the City of cancellation, intended non-renewal, or reduction in coverages, except for non-payment for which no less than ten (10) days' notice shall be provided to City. Notices shall be sent to the City address set forth in Section 11.1 entitled "Notices to the Parties."

(b) 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 Agreement term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

(c) 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.

(d) 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.

(e) Before delivering commencing any Services, 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 coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

(f) If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and the Contractor as additional insureds.

5.2 Indemnification.

5.2.1 Contractor shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them from and against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise) arising from or in any way connected with any: (i) injury to or death of a person, including employees of City or Contractor; (ii) loss of or damage to property; (iii) violation of local, state, or federal common law, statute or regulation, including but not limited to privacy or personally identifiable information, health information, disability and labor laws or regulations; (iv) strict liability imposed by any law or regulation; (v) breach of contract; or (vi) losses arising from Contractor's execution of subcontracts not in accordance with the requirements of this Agreement applicable

to subcontractors; so long as such injury, violation, loss, or strict liability (as set forth in subsections (i) – (vi) above) arises directly or indirectly from Contractor’s performance of this Agreement, including, but not limited to, Contractor’s use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors, or either’s agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City’s costs of investigating any claims against the City.

5.2.2 In addition to Contractor’s obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

5.2.3 Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys’ fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by City, or any of its officers or agents, of Contractor’s Services pursuant to this Agreement.

Article 6 Liability of the Parties

6.1 **Liability of City.** CITY’S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 3.3.1, “PAYMENT,” OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT

6.2 **Liability for Use of Equipment.** City shall not be liable for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or any of its subcontractors, or by any of their employees, even though such equipment is furnished, rented or loaned by City.

6.3 **Liability for Incidental and Consequential Damages.** Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor’s acts or omissions.

Article 7 Payment of Taxes

7.1 **Contractor to Pay All Taxes.** Except for any applicable California sales and use taxes charged by Contractor to City, Contractor shall pay all taxes, including possessory interest

taxes levied upon or as a result of this Agreement, or the Services delivered pursuant hereto. Contractor shall remit to the State of California any sales or use taxes paid by City to Contractor under this Agreement. Contractor agrees to promptly provide information requested by the City to verify Contractor's compliance with any State requirements for reporting sales and use tax paid by City under this Agreement.

7.2 Possessory Interest Taxes. Contractor acknowledges that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply.

7.2.1 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest.

7.2.2 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

7.2.3 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

7.2.4 Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

7.3 Withholding. Contractor agrees that it is obligated to pay all amounts due to the City under the San Francisco Business and Tax Regulations Code during the term of this Agreement. Pursuant to Section 6.10-2 of the San Francisco Business and Tax Regulations Code, Contractor further acknowledges and agrees that City may withhold any payments due to Contractor under this Agreement if Contractor is delinquent in the payment of any amount required to be paid to the City under the San Francisco Business and Tax Regulations Code. Any payments withheld under this paragraph shall be made to Contractor, without interest, upon Contractor coming back into compliance with its obligations.

Article 8 Termination and Default

8.1 Termination for Convenience

8.1.1 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.

8.1.2 Upon receipt of the notice of termination, 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 may include any or all of the following, without limitation:

(a) Halting the performance of all obligations under this Agreement on the date(s) and in the manner specified by City.

(b) Terminating all existing orders and subcontracts, and not placing any further orders or subcontracts for Services.

(c) 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.

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

(e) Completing performance of any obligations that City designates to be completed prior to the date of termination specified by City.

(f) 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.

8.1.3 Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth the cost of all Services delivered prior to City's notice of termination. City's payment obligation pursuant to this Subsection 8.1.3 shall be subject to Section 3.3.2 of this Agreement.

8.1.4 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 listed in Section 8.1.2. Such non-recoverable costs include, but are not limited to, anticipated profits on the Services rendered by Contractor under 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 Section 8.1.2.

8.1.5 In arriving at the amount due to Contractor under this Section, City may deduct: (i) all payments previously made by City for the Services rendered by Contractor's final invoice; (ii) any claim which City may have against Contractor in connection with this Agreement; (iii) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection 8.1.4; and (iv) in instances in which, in the opinion of the City, the cost of any Service rendered by Contractor under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected Services, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced Services in compliance with the requirements of this Agreement.

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

8.2 Termination for Default; Remedies.

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

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

| | | | |
|-----------|--------------------------|------------|---------------------------------|
| 3.5 | Submitting False Claims. | 10.10 | Alcohol and Drug-Free Workplace |
| 4.6 | Assignment | | |
| Article 5 | Insurance and Indemnity | 11.10 | Compliance with Laws |
| Article 7 | Payment of Taxes | Article 13 | Data and Security |

(b) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default is not cured within ten days after written notice thereof from City to Contractor. If Contractor defaults a second time in the same manner as a prior default cured by Contractor, City may in its sole discretion immediately terminate the Agreement for default or grant an additional period not to exceed five days for Contractor to cure the default.

(c) Contractor (i) is generally not paying its debts as they become due; (ii) 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; (iii) makes an assignment for the benefit of its creditors; (iv) 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 (v) takes action for the purpose of any of the foregoing.

(d) A court or government authority enters an order (i) 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, (ii) 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 (iii) ordering the dissolution, winding-up or liquidation of Contractor.

8.2.2 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. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all

damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City. This Section 8.2.2 shall survive termination of this Agreement.

8.2.3 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. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

8.2.4 Any notice of default must be sent by registered mail to the address set forth in Article 11.

8.3 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.

8.4 Rights and Duties upon Termination or Expiration.

8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

| | | | |
|-----------|--|------------|---|
| 3.3.2 | Payment Limited to Satisfactory Services | 9.2 | Works for Hire |
| 3.3.7 | Reserved (Grant Funded Contracts) | 11.6 | Dispute Resolution Procedure |
| 3.4 | Audit and Inspection of Records | 11.7 | Agreement Made in California; Venue |
| 3.5 | Submitting False Claims | 11.8 | Construction |
| Article 5 | Insurance and Indemnity | 11.9 | Entire Agreement |
| 6.1 | Liability of City | 11.10 | Compliance with Laws |
| 6.3 | Liability for Incidental and Consequential Damages | 11.11 | Severability |
| Article 7 | Payment of Taxes | Article 12 | Department Specific Terms |
| 8.1.6 | Payment Obligation | Article 13 | Data and Security |
| 9.1 | Ownership of Results | Appendix D | Reserved (Business Associate Agreement) |

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this

Agreement shall 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.

8.5 Relief for Force Majeure/Uncontrollable Circumstances; Change in Law.

Neither Party shall be liable to the other Party for breach or for failure or delay in the performance of its obligations hereunder caused by any act or occurrence beyond its reasonable control, including, but not limited to: fires; floods; strikes (except any strikes involving a Party's personnel); a change in Federal, State, or local law or ordinance; orders or judgments of any Federal, State or local court, administrative agency or governmental body; change in permit conditions or requirements; accidents; extreme weather conditions including, for example, hurricanes, tornadoes, unusually high amounts of precipitation, unusual extremes of temperature or wind, or unusually extended periods of adverse weather conditions; acts of war, aggression or terrorism (foreign or domestic); equipment failure (other than due to the inadequate maintenance thereof); and acts of God. It is specifically understood that, without limitation, none of the following acts, events or circumstances shall constitute an act or occurrence beyond a Party's reasonable control: (i) reasonably anticipated weather conditions normal for the region in which the work is performed or (ii) any failure to pay any sums in accordance with the terms of this Contract. Whenever the provisions of this Section are believed to apply, the Party relying thereon shall give prompt notice to the other Party of the circumstances, the basis for applicability of this Section and the time required to cure such breach or delay. Contractor shall promptly provide notice of the need, if any, for additional compensation or for renegotiation of terms in order to mitigate the effects of such event or to comply with a change in law or regulation or interpretation thereof. Contractor shall be entitled to additional time and compensation if such event delays performance into a season different from that assumed when this Contract was executed. Contractor and City shall use reasonable best efforts to agree on appropriate mitigating actions under the circumstances.

Article 9 Rights In Deliverables

9.1 **Ownership of Results.** Any interest of Contractor or its subcontractors, in the Deliverables, including any drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors for the purposes of this Agreement, shall become the property of and will be transmitted to City. However, unless expressly prohibited elsewhere in this Agreement, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

9.2 **Works for Hire.** If, in connection with Services, Contractor or its subcontractors creates Deliverables including, without limitation, artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes, or any other original works of authorship, whether in digital or any other format, 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 shall be the property of the City. If any

Deliverables created by Contractor or its subcontractor(s) under this Agreement are ever determined not to be works for hire under U.S. law, Contractor hereby assigns all Contractor's copyrights to such Deliverables to the City, agrees to provide any material and execute any documents necessary to effectuate such assignment, and agrees to include a clause in every subcontract imposing the same duties upon subcontractor(s). With City's prior written approval, Contractor and its subcontractor(s) may retain and use copies of such works for reference and as documentation of their respective experience and capabilities.

Article 10 Additional Requirements Incorporated by Reference

10.1 **Laws Incorporated by Reference.** The full text of the laws listed in this Article 10, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Article and elsewhere in the Agreement ("Mandatory City Requirements") are available at http://www.amlegal.com/codes/client/san-francisco_ca/.

10.2 **Conflict of Interest.** By executing this Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

10.3 **Prohibition on Use of Public Funds for Political Activity.** In performing the Services, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

10.4 **Consideration of Salary History.** Contractor shall comply with San Francisco Administrative Code Chapter 12K, the Consideration of Salary History Ordinance or "Pay Parity Act." Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of 12K, irrespective of the listing of obligations in this Section.

10.5 Nondiscrimination Requirements

10.5.1 **Nondiscrimination in Contracts.** Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to

comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

10.5.2 Nondiscrimination in the Provision of Employee Benefits. San Francisco Administrative Code 12B.2. 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 employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

10.6 Local Business Enterprise and Non-Discrimination in Contracting Ordinance. Contractor shall comply with all applicable provisions of Chapter 14B (“LBE Ordinance”). Contractor is subject to the enforcement and penalty provisions in Chapter 14B.

10.7 Minimum Compensation Ordinance. If Administrative Code Chapter 12P applies to this Agreement, Contractor shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P, including a minimum hourly gross compensation, compensated time off, and uncompensated time off. Contractor is subject to the enforcement and penalty provisions in Chapter 12P. Information about and the text of the Chapter 12P is available on the web at <http://sfgov.org/olse/mco>. Contractor is required to comply with all of the applicable provisions of 12P, irrespective of the listing of obligations in this Section. By signing and executing this Agreement, Contractor certifies that it complies with Chapter 12P.

10.8 Health Care Accountability Ordinance. If Administrative Code Chapter 12Q applies to this Agreement, Contractor shall comply with the requirements of Chapter 12Q. 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. Information about and the text of the Chapter 12Q, as well as the Health Commission’s minimum standards, is available on the web at <http://sfgov.org/olse/hcao>. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q. Any Subcontract entered into by Contractor shall require any Subcontractor with 20 or more employees to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section.

10.9 First Source Hiring Program. Contractor must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

10.10 Alcohol and Drug-Free Workplace. City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of any Contractor or subcontractor who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City’s ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering,

purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

10.11 Limitations on Contributions. By executing this Agreement, Contractor acknowledges its obligations under Section 1.126 of the City’s Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of 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, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. 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 10% in Contractor; any subcontractor listed in the bid, proposal or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

10.12 Reserved (Slavery Era Disclosure).

10.13 Reserved (Working with Minors).

10.14 Consideration of Criminal History in Hiring and Employment Decisions.

10.14.1 Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, “City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions,” of the San Francisco Administrative Code (“Chapter 12T”), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement as though fully set forth herein. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. Contractor is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

10.14.2 The requirements of Chapter 12T shall only apply to a Contractor’s or Subcontractor’s operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

10.15 **Public Access to Nonprofit Records and Meetings.** If Contractor is a non-profit organization; provides Services that do not include services or benefits to City employees (and/or to their family members, dependents, or their other designated beneficiaries); and receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds, Contractor must comply with the City's Public Access to Nonprofit Records and Meetings requirements, as set forth in Chapter 12L of the San Francisco Administrative Code, including the remedies provided therein; and receives a cumulative total per year of at least \$250,000 in City or City-administered funds and as defined in Chapter 12L of the San Francisco Administrative Code, Contractor must comply with the City's Public Access to Nonprofit Records and Meetings requirements, as set forth in Chapter 12L of the San Francisco Administrative Code, including the remedies provided therein.

10.16 **Food Service Waste Reduction Requirements.** Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the remedies for noncompliance provided therein.

10.17 **Distribution of Beverages and Water.**

10.17.1 **Sugar-Sweetened Beverage Prohibition.** Contractor agrees that it shall not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by San Francisco Administrative Code Chapter 101, as part of its performance of this Agreement.

10.17.2 **Packaged Water Prohibition.** Contractor agrees that it shall not sell, provide, or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Agreement.

10.18 **Tropical Hardwood and Virgin Redwood Ban.** Pursuant to San Francisco Environment Code Section 804(b), the City urges Contractor not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.^[TM2]^[EM3]

10.18.1 **Reserved.**

10.19 **Reserved (Preservative Treated Wood Products).**

10.20 **Reserved (Sweat Free Procurement).**

10.21 **Environment Code Chapter 5, Resource Conservation Ordinance.**

10.21.1 **Reserved (Printing Services and/or Writing Paper Products).**

10.21.2 **Reserved (Collection of Recyclable Materials).**

10.22 **Reserved (Prop J Approval).**

10.23 **Use of City Opinion.** Contractor shall not quote, paraphrase, or otherwise refer to or use any opinion of City, its officers or agents, regarding Contractor or Contractor's performance under this Agreement without prior written permission of Purchasing.

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

| | |
|----------------|---|
| To City: | Director of Purchasing City and County of San Francisco Office of Contract Administration Purchasing Division City Hall, Room 430 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4685 Email: OCA@sfgov.org Phone: (415) 554-6743 Fax: (415) 554-6717 |
| To Contractor: | James Dunbar General Manager Lystek International Limited 1014 Chadbourne Road Fairfield, CA 94534 Email: jdunbar@lystek.com Phone: (888) 501-6508 |

Any notice of default must be sent by registered mail or other trackable overnight mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.2 **Compliance with Americans with Disabilities Act.** Contractor shall provide the Services in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II’s program access requirements, and all other applicable federal, state and local disability rights legislation.

11.3 **Incorporation of Recitals.** The matters recited above are hereby incorporated into and made part of this Agreement.

11.4 **Sunshine Ordinance.** Contractor acknowledges that this Agreement and all records related to its formation, Contractor’s performance of Services, and City’s payment are subject to the California Public Records Act, (California Government Code §6250 et. seq.), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

11.5 **Modification of this Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except as noted in Section 11.1, “Notices to Parties,” regarding change in personnel or place, and except by written instrument executed and approved in the same manner as this Agreement.

11.6 **Dispute Resolution Procedure.**

11.6.1 **Negotiation; Alternative Dispute Resolution.** The Parties will attempt in good faith to resolve any dispute or controversy arising out of or relating to the performance of Services under this Agreement. If the Parties are unable to resolve the dispute, then, pursuant to

San Francisco Administrative Code Section 21.36, Contractor may submit to the Contracting Officer a written request for administrative review and documentation of the Contractor's claim(s). Upon such request, the Contracting Officer shall promptly issue an administrative decision in writing, stating the reasons for the action taken and informing the Contractor of its right to judicial review. If agreed by both Parties in writing, disputes may be resolved by a mutually agreed-upon alternative dispute resolution process. If the Parties do not mutually agree to an alternative dispute resolution process or such efforts do not resolve the dispute, then either Party may pursue any remedy available under California law. The status of any dispute or controversy notwithstanding, Contractor shall proceed diligently with the performance of its obligations under this Agreement in accordance with the Agreement and the written directions of the City. Neither Party will be entitled to legal fees or costs for matters resolved under this section.

11.6.2 Government Code Claim Requirement. No suit for money or damages may be brought against the City until a written claim therefor has been presented to and rejected by the City in conformity with the provisions of San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq. Nothing set forth in this Agreement shall operate to toll, waive or excuse Contractor's compliance with the California Government Code Claim requirements set forth in San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq.

11.6.3 Health and Human Service Contract Dispute Resolution Procedure. If this Agreement is with a health and human services nonprofit, the Parties shall resolve disputes that have not been resolved administratively by other departmental remedies in accordance with the Dispute Resolution Procedure set forth in this Agreement and incorporated herein by this reference.

11.7 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.

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

11.9 Entire Agreement. This contract sets forth the entire Agreement between the Parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 11.5, "Modification of this Agreement."

11.10 Compliance with Laws. Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and duly adopted rules 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.

11.11 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 (i) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (ii) 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.

11.12 Cooperative Drafting. This Agreement has been drafted through a cooperative effort of City and Contractor, 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.

11.13 Order of Precedence. Contractor agrees to perform the Services described herein in accordance with the terms and conditions of this Agreement. If the Appendices to this Agreement include any standard printed terms from the Contractor, Contractor agrees that in the event of discrepancy, inconsistency, gap, ambiguity, or conflicting language between the City's terms and Contractor's printed terms attached, the City's terms shall take precedence, followed by the procurement issued by the department, Contractor's bid and/or proposal, and Contractor's printed terms, respectively.

11.14 Notification of Legal Requests. Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests ("Legal Requests") related to all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), or which in any way might reasonably require access to City's Data, and in no event later than 24 hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

11.15 Cooperative Agreement. Contractor agrees that during the term of this Agreement and any authorized extension, the Director of Purchasing may allow other public agencies or non-profits made up of multiple public agencies to utilize this Agreement to obtain some or all of the Services to be provided by Contractor under the same terms and conditions as the City.

Article 12 Department Specific Terms

12.1 Third Party Beneficiaries.

No third parties are intended by the Parties hereto to be third party beneficiaries under this Agreement, and no action to enforce the terms of this Agreement may be brought against either Party by any person who is not a party hereto.

12.2 Exclusion Lists and Employee Verification.

12.2.1 Contractor acknowledges that some or all of the Services that Contractor furnishes to City under this Agreement may be included, directly or indirectly, in whole or in part, in claims submitted by City to Federal or State health care programs. By executing this Agreement Contractor certifies that it is not currently, and shall not during the term of this Agreement become, excluded, directed to be excluded, suspended, ineligible or otherwise sanctioned from participation in any Federal or State assistance programs. Contractor shall notify City, as provided in Section 11.1 ("Notices to the Parties"), within thirty (30) days of any such exclusion, suspension, ineligibility, or other sanction. This is a material term of this

Agreement. Contractor agrees to indemnify and hold harmless City and City's officers, directors, employees, agents, successors and permitted assigns from and against any and all (including but not limited to Federal, State, or third party) civil monetary penalties, assessments, repayment obligations, losses, damages, settlement agreements and expenses (including reasonable attorneys' fees) arising from the exclusion, suspension, ineligibility, or other sanction of Contractor and/or Contractor's workforce (including those who oversee Contractor's workforce, supervisors and governing body members) from participation in any Federal or State assistance program.

Article 13 Data and Security

13.1 Nondisclosure of Private, Proprietary or Confidential Information.

13.1.1 Protection of Private Information. If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services under this Agreement. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

13.1.2 Confidential Information. In the performance of Services pursuant to this Agreement, Contractor may have access to City's proprietary or Confidential Information, the disclosure of which to third parties may damage City. If City discloses proprietary or Confidential Information to Contractor, or Contractor collects such information on City's behalf, such information must be held by Contractor in confidence and used only in performing 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 or Confidential Information.

13.2 Reserved (Payment Card Industry ("PCI") Requirements).

13.3 Business Associate Agreement.

The Parties acknowledge that CITY is a Covered Entity as defined in the Healthcare Insurance Portability and Accountability Act of 1996 ("HIPAA") and is required to comply with the HIPAA Privacy Rule governing the access, use, disclosure, transmission, and storage of protected health information (PHI) and the Security Rule under the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act").

The Parties acknowledge that CONTRACTOR will:

1. Do **at least one** or more of the following:
 - A. Create, receive, maintain, or transmit PHI for or on behalf of City (including storage of PHI, digital or hard copy, even if Contractor does not view the PHI or only does so on a random or infrequent basis); or
 - B. Receive PHI, or access to PHI, from City or another Business Associate of City, as part of providing Services to or for City including legal,

actuarial, accounting, consulting, data aggregation, management, administrative, accreditation, or financial; or

C. Transmit PHI data for City and require access on a regular basis to such PHI. (Such as health information exchanges (HIEs), e-prescribing gateways, or electronic health record vendors)

For purposes of this Agreement, Contractor is a Business Associate of CITY, as defined under HIPAA. Contractor must comply with and complete the Business Associate Agreement and attestations attached to this Agreement.

2. **NOT do any of the activities listed above in subsection 1;**

Contractor is not a Business Associate of CITY. A Business Associate Agreement and Attestations are not required for the purposes of this Agreement.

13.4 **Protected Health Information.** Where applicable, Contractor, all subcontractors, all agents and employees of Contractor and any subcontractor shall comply with all federal and state laws regarding the transmission, storage and protection of all private health information, if any, disclosed to Contractor by City in the performance of this Agreement. Contractor agrees that any failure of Contractor to comply with the requirements of federal and/or state and/or local privacy laws shall be a material breach of the Agreement. In the event that City pays a regulatory fine, and/or is assessed civil penalties or damages through private rights of action, based on an impermissible use or disclosure of protected health information given to Contractor or its subcontractors or agents by City, Contractor shall indemnify City for the amount of such fine or penalties or damages, including costs of notification. In such an event, in addition to any other remedies available to it under equity or law, the City may terminate the Agreement.

13.5 **Management of City Data and Confidential Information**

13.5.1 **Use of City Data and Confidential Information.** Contractor agrees to hold City's Confidential Information received from or created on behalf of the City in strictest confidence. Contractor shall not use or disclose City's Data or Confidential Information except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City's Confidential Information outside the United States is subject to prior written authorization by the City. Access to City's Confidential Information must be strictly controlled and limited to Contractor's staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data or Confidential Information solely for performing its obligations under the Agreement and not for Contractor's own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data or Confidential Information, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors or other third parties is prohibited. For purpose of this requirement, the phrase "unauthorized use" means the data mining or processing of data, stored or transmitted by the service, for commercial purposes,

advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

13.6 **Disposition of Confidential Information.** Upon request of City or termination or expiration of this Agreement, and pursuant to any document retention period required by this Agreement, Contractor shall promptly, but in no event later than thirty (30) calendar days, return all data given to or collected by Contractor on City's behalf, which includes all original media. Once Contractor has received written confirmation from City that City's Data has been successfully transferred to City, Contractor shall within ten (10) business days clear or purge all City Data from its servers, any hosted environment Contractor has used in performance of this Agreement, including its subcontractors environment(s), work stations that were used to process the data or for production of the data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five (5) business days of the purge. Secure disposal shall be accomplished by "clearing," "purging" or "physical destruction," in accordance with National Institute of Standards and Technology (NIST) Special Publication 800-88 or most current industry standard.

13.7 **Ownership of City Data.** The Parties agree that as between them, all rights, including all intellectual property rights, in and to the City Data and any derivative works of the City Data is the exclusive property of the City.

Article 14 MacBride And Signature

14.1 MacBride Principles -Northern Ireland.

The provisions of San Francisco Administrative Code §12F are incorporated herein by this reference and made part of this Agreement. By signing this Agreement, Contractor confirms that Contractor has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

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

CITY

CONTRACTOR

Recommended by:

Lystek International Limited

Linda Repola
Supervising Purchaser
Office of Contract Administration

James Dunbar
General Manager

City Supplier Number: 0000016015

Approved as to Form:

David Chiu
City Attorney

By: _____
Tyson Arbuthnot
Deputy City Attorney

Approved:

Sailaja Kurella
Director of the Office of Contract Administration,
and Purchaser

| | |
|----|--|
| A: | Scope of Services |
| B: | Calculation of Charges |
| C: | Regulatory and Compliance Requirements |
| D: | Reserved (BAA) |

Appendix A Scope of Work

A. Services to be Provided

1. Contractor shall provide services to produce Class-A biosolids from biosolids from the Southeast and Oceanside Treatment Plants. SFPUC generates approximately 55,000 to 65,000 wet tons of anaerobically digested, Class-B biosolids [AT(4)]per year.
2. The SFPUC's Biosolids Coordinator will determine the daily quantities of biosolids to be delivered to the Contractor's facilities. If multiple facilities are provided, the SFPUC Biosolids Coordinator will ensure that the annual quantity of biosolids delivered to each site is in keeping with the annual quantity for each site proposed by the Contractor.
3. Contractor must have an operational facility capable of producing a useable Class-A biosolids product. The Class-A biosolids product should meet Class-A pathogen standards, as specified in 40 CFR 503. Biosolids products should be suitable for use in agricultural or horticultural markets in Northern California.
4. No minimum tonnage is guaranteed to any Contractor's facility via this Contract.
5. Distribution of the biosolids products created through this Contract will be the responsibility of the Contractor. Biosolids products shall be beneficially used and not sent to a landfill for disposal or use as alternative daily cover.
6. SFPUC staff may, at any time during the Contract period, request any available analysis, data, or reports of the final product quality from the Contractor. The data could consist of any analysis, data, or reports required by USEPA, Regional Water Quality Control Board, CalRecycle Permits, Regional Air Quality Management District and the applicable County Agency. The data reports must be provided within two calendar weeks of the request date, at no charge to the SFPUC.
7. The Contractor shall produce monthly and annual usage reports. These reports should include, at a minimum, the dates and tonnages of biosolids deliveries, the number of truck loads received, and quantity and price of biosolids products sold which were derived from SFPUC biosolids.
8. The SFPUC shall provide anaerobically digested, dewatered biosolids that are as free of grit and screenings as possible, and that have been dewatered through mechanical equipment. For reference, in 2021 Oceanside biosolids were an average of 21.3% total solids and Southeast biosolids solids were an average of 23.5% total solids. The SFPUC makes no guarantee as to the percent total solids of the biosolids. |

[AT(5)]EM6

9. The SFPUC uses a Biosolids Management System to oversee its biosolids program. The policy of this management system is for the SFPUC, "To promote

the beneficial and cost-effective use of biosolids while preventing any negative impacts, maximizing the recycling of resources, and protecting public health and the environment.” The Contractor’s actions shall be consistent with the SFPUC’s Biosolids Management System policy.

B. Contractor’s Facility(ies)

1. The Contractor’s facility(ies) must have a minimum annual capacity of 35,000 wet tons.
2. The Contractor’s facility(ies) must be located no more than 175 miles (one-way distance) from the Southeast Treatment Plant, located at 750 Phelps Street, San Francisco.
3. The Contractor’s facility(ies) must have all required permits to perform and provide the services as required under this Contract. All services provided as a part of this Contract must comply fully with all applicable Federal, State, and Local laws and requirements including those set forth by CalRecycle, the California Air Resources Board, Bay Area Air Quality Management District, and the California Regional Water Quality Control Boards.
4. Facilities under this Contract shall be open and available for delivery of biosolids at least 8 hours per day, seven days per week. The facility must have a start time at least as early as 8am.
5. Facilities must be fully operational and able to receive biosolids upon award of the Contract, anticipated to be May 15, 2022.
6. If feasible based on the type of biosolids product produced, the SFPUC may request up to two (2) backhauls of finished product from the Contractor per year. Such product would be given to the SFPUC free of charge and hauled by the SFPUC’s contracted trucking company to a destination specified by the SFPUC.
7. The facilities proposed must not cause a nuisance to nearby residences, including excessive dust, odor and vectors.
8. Site visits and inspections may be conducted unannounced by City staff. Access to City staff and agents cannot be unreasonably restricted.

C. Requirements for Class-A Biosolids

1. The Contractor will not be responsible for creating a product which meets the limits in Table 3 of 40 CFR 503.13 if the biosolids they receive from the SFPUC do not meet these standards. If the Contractor is provided biosolids which meet the limits in Table 3 of 40 CFR 503.13 and the VAR requirements in 40 CFR 503.33, they must produce a Class A EQ biosolids products as defined by the following federal regulations:
 - a. Meet the pollutant limits as defined in Tables 1 and 3 of 40 CFR Part 503.13.
 - b. Meet the Class-A pathogen density levels defined in 40 CFR Part 503.32.

- c. Meet one of the attraction reduction (VAR) options as defined in 40 CFR Part 503.33. VAR shall be met concurrent with or after the pathogen reduction process used by the Proposer to meet Class A pathogen density levels for any product.
 - d. Maintain records as required in 40 CFR 503.17.
2. The Contractor shall ensure all applicable state and local regulations for the production and use of biosolids products are adhered to. This includes but is not limited to the specifications stated in this Contract. [LR7]
 3. The SFPUC shall provide appropriate quality testing results for the SFPUC's biosolids to the Contractor for the metals outlined in 40 CFR Part 503.13 and documentation of how biosolids meet VAR requirements in 40 CFR 503.33.

D. Logistics and Document Compliance

Information to be provided by Contractor upon award.

1. A Closure Plan and Emergency Plan for responding to material spills.
2. A Health and Safety Plan. The plan must be maintained and practiced, include training, reporting procedures and regular reviews and updates of Contractor's facilities.
3. A Public Outreach Policy or Community Response Plan which at a minimum identifies responsible personnel, response time and course of action taken when a complaint is received from a member of the public.
4. All required permits to provide the services and facilities. Copies of current permits must be submitted including CalRecycle, Water Board, and Air Board permits if proposed facility(ies) require such permits. The Contractor should use the table in Exhibit 1, Appendix A and list all permit numbers.
5. A summary of violations in the last (3) years, if any, in the State of California attributable to handling and disposing grit and/or biosolids.

Appendix B
Calculation of Charges

| SITE | MINIMUM CAPACITY | PRICE |
|--------------------------------------|------------------|--------------------|
| Lystek Fairfield OMRC | 17,500 wet tons | \$111.73 / wet ton |
| SynaGro Central Valley Compost (CVC) | 17,500 wet tons | \$69.44 / wet ton |

Appendix C
Regulatory and Compliance Requirements

1. Reserved (Delivery).

2. Price.

Only prices that appear on Appendix B will be considered. No other pages with prices or attached price lists and/or catalog prices will be considered. Prices shall be exclusive of any Federal, State, local sales or use tax. In the event of a discrepancy between the unit price and the extended price, the unit price will prevail.

3. Price Adjustment.

A. When to request a Price Adjustment:

1. Requests for Price Adjustments must be made in writing to City.
2. Contractor may request Price Adjustments no sooner than twelve (12) months from the Bid Due Date of April 18, 2022.
3. Only (1) one Price Adjustment shall be approved in any twelve (12) month period.
4. If approved, Price Adjustments will be implemented with an Amendment to this Agreement and shall be effective upon execution of the Amendment.

B. How Price Adjustments will be Calculated:

Requests for price adjustments under this Agreement must be supported by the U.S. Department of Labor's most recently published, **non-preliminary** Consumer Price Index (CPI) available at the time of Contractor's Price Adjustment request. The requested rate change shall be calculated from the last requested Price Adjustment or, if no Price Adjustment has previously been requested, from the Bid Due Date.

CPI for All Urban Consumers (CPI-U)

Series ID: CUURS49BSA0 (Not Seasonally Adjusted)

Series Title: All items in San Francisco-Oakland-Hayward, CA, all urban consumers, not seasonally adjusted

Area: San Francisco-Oakland-Hayward, CA

Item: All items

Website: www.bls.gov/data/

4. Additional Services.

If, in the satisfaction of governmental interests it is necessary to purchase additional Services from Contractor, additional Services may be added to this Agreement by mutual agreement of the Parties in accordance with Chapter 21 of the San Francisco Administrative Code.

5. Regulatory Requirements.

- A. Contractor's facility(ies) must be permitted by applicable regulatory agencies (e.g. CalRecycle, Regional Water Quality Control Board) to receive and accept

the characterized material. The site must have all required permits to perform and provide the services as required under this Contract. All items covered under this Contract must comply fully with all specifications stated herein as well as all applicable Federal, State, and local laws and requirements (e.g. California Air Quality Resources Board Permits, Regional Water Quality Control Board Permits.) The latest versions of all specifications apply to this contract. The Contractor shall use the table in Appendix A – Exhibit 1 and list all permit numbers upon contract award. There is extra space to enter any additional required site permits that are not listed in the table. Contractor shall submit Appendix A – Exhibit 1 with copies of any and all permits currently held for each facility upon contract award.

- B. Permits shall accommodate the handling of the minimum quantity of biosolids per year specified herein, throughout the entire term of the contract. All costs associated with obtaining the required permits shall be borne by the Contractor and shall be considered part of the proposed compensation for services.
- C. Contractor shall produce monthly and annual usage reports. These reports should include, at a minimum, the dates and tonnages of biosolids deliveries, the number of truck loads received, quantity and price of biosolids products sold which were derived from SFPUC biosolids.

6. Other Requirements.

- A. **Permits/Licenses:** Contractor must have all requisite permits, licenses, and professional credentials necessary to perform the services as specified. The Contractor must comply with all OSHA regulations for worker safety.
- B. **Support:** Contractor shall be responsible for providing technical support and assistance to the City through Contractor's own personnel, equipment and facilities as well as through manufacturer's technical representatives. As part of this technical support and assistance, the Contractor shall provide personnel with in-depth technical knowledge of the products the Contractor is providing under this Agreement, to answer questions and offer any assistance required by City personnel, during City business hours (8:00 A.M. – 5:00 P.M.).
- C. **Incidental Costs:** All costs associated with obtaining any required permits shall be borne by the Contractor and shall be considered part of the proposed compensation for services.

Appendix D
Reserved (BAA)



DATE: May 13, 2022
TO: Angela Calvillo, Clerk of the Board
FROM: Sailaja Kurella, Acting Director of Office of Contract Administration (OCA) and Purchaser
SUBJECT: Resolution to approve Term Contract 63002 – Class A Biosolids Management Services

Enclosed is the resolution authorizing execution of Term Contract 63002 (PeopleSoft Contract ID 1000025273) with Lystek International for the production and management of Class A biosolids. The Contract has an initial contract not to exceed amount of \$16,400,000 for five years and \$6,400,000 for two optional extension years, for a total not to exceed amount of \$22,400,000 and total contract duration of seven years, commencing on July 1, 2022, and ending on June 30, 2029.

This contract was awarded pursuant to a solicitation (Sourcing Event 0000006728) conducted on March 29, 2022 by the Office of Contract Administration (OCA).¹ The solicitation resulted in the award to Lystek International Limited as the lowest responsive bidder.

Description of Services

The City's two wastewater treatment facilities produce approximately 60,000 wet tons of biosolids. Term Contract 63002 entails the conversion and management of the City's biosolids into either a liquid fertilizer or a compost which meets the federal requirements for Class A biosolids. Biosolids are then transported to one of two facilities outside of San Francisco through a separate contract. Once the biosolids are converted into a liquid fertilizer or a compost, the contractor is responsible for the material's subsequent use. The not to exceed amount for this contract is based on the tonnage capacity requested at the facilities by the City multiplied by cost per ton over the contract's term.

This contract represents a vital management practice for biosolids produced by City's wastewater treatment facilities. Without this contract, the City would be in danger of not having adequate contracted capacity to manage its biosolids and would not have a way to manage its biosolids in a manner compliant with SB 1383.

If you have any questions or require additional information, please contact Evan Magante on my team at 415-487-5267.

Enclosures:

1. Contract 1000025273 (Lystek International Limited)
2. SFETH Form 126(f)4 - Contract 1000025273 (Lystek International Limited)
3. Resolution - Contract 1000025273 (Lystek International Limited)

¹ As of 2021, over 40 percent of the City's biosolids were managed through a contract with Lystek International under Term Contract 63001. Term Contract 63001 has reached the end of its allowable term and could not be renewed. As such, OCA was required to conduct a new solicitation by which to award a new contract for these services.



San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

ethics.commission@sfgov.org . www.sfethics.org

Received On:

File #: 220600

Bid/RFP #: 0000006728

Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

1. FILING INFORMATION

| | |
|---|---|
| TYPE OF FILING | DATE OF ORIGINAL FILING (for amendment only) |
| Original | |
| AMENDMENT DESCRIPTION – Explain reason for amendment | |
| | |

2. CITY ELECTIVE OFFICE OR BOARD

| | |
|------------------------|--------------------------------------|
| OFFICE OR BOARD | NAME OF CITY ELECTIVE OFFICER |
| Board of Supervisors | Members |

3. FILER'S CONTACT

| | |
|----------------------------------|--------------------------------|
| NAME OF FILER'S CONTACT | TELEPHONE NUMBER |
| Angela Calvillo | 415-554-5184 |
| FULL DEPARTMENT NAME | EMAIL |
| office of the clerk of the Board | Board.of.Supervisors@sfgov.org |

4. CONTRACTING DEPARTMENT CONTACT

| | |
|---------------------------------------|--|
| NAME OF DEPARTMENTAL CONTACT | DEPARTMENT CONTACT TELEPHONE NUMBER |
| Evan Magante | 415-487-5267 |
| FULL DEPARTMENT NAME | DEPARTMENT CONTACT EMAIL |
| OCA Office of Contract Administration | evan.magante@sfgov.org |

| 5. CONTRACTOR | |
|--|---|
| NAME OF CONTRACTOR Lystek International Limited | TELEPHONE NUMBER 707-419-0084 |
| STREET ADDRESS (including City, State and Zip Code) 1014 Chadbourne Rd., Fairfield, CA 94534 | EMAIL jdunbar@lystek.com |

| 6. CONTRACT | | |
|---|--|--|
| DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S) | ORIGINAL BID/RFP NUMBER 0000006728 | FILE NUMBER (If applicable) 220600 |
| DESCRIPTION OF AMOUNT OF CONTRACT \$22,400,000 | | |
| NATURE OF THE CONTRACT (Please describe) The contract entails the conversion and management of the City's biosolids into either a liquid fertilizer or a compost which meets the federal requirements for Class A biosolids. Biosolids are transported to one of two facilities outside of San Francisco through a separate contract. Once the biosolids are converted into a liquid fertilizer or a compost, the contractor is responsible for the material's subsequent use. The NTE amount for this contract is based on the tonnage capacity requested at the facilities by the City multiplied by cost per ton over the contract's term. | | |

| 7. COMMENTS |
|-------------|
| |

| 8. CONTRACT APPROVAL | |
|-------------------------------------|--|
| This contract was approved by: | |
| <input type="checkbox"/> | THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM |
| <input checked="" type="checkbox"/> | A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors |
| <input type="checkbox"/> | THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS |

9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|-------------|-------------------------|
| 1 | Tomlinson / Lystek | Ron | CEO |
| 2 | Flann / Lystek | Christopher | CFO |
| 3 | Clement / Lystek | Michael | Other Principal Officer |
| 4 | Racey / Synagro West | Pamela | Subcontractor |
| 5 | | | |
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|------------|------|
| 20 | | | |
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9. AFFILIATES AND SUBCONTRACTORS

List the names of (A) members of the contractor’s board of directors; (B) the contractor’s principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

| # | LAST NAME/ENTITY/SUBCONTRACTOR | FIRST NAME | TYPE |
|----|--------------------------------|------------|------|
| 39 | | | |
| 40 | | | |
| 41 | | | |
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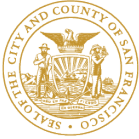
Check this box if you need to include additional names. Please submit a separate form with complete information. Select “Supplemental” for filing type.

10. VERIFICATION

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

| | |
|---|---------------------------|
| <p>SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK</p> <p>BOS Clerk of the Board</p> | <p>DATE SIGNED</p> |
|---|---------------------------|



San Francisco Office of the City Administrator
City Administrator Carmen Chu

Class-A Biosolids Management Services

File 220600; Contract 1000025273

Office of Contract Administration

Board of Supervisors' Government Audit & Oversight Committee

June 16, 2022

Contract Summary

- Proposed contract awarded to Lystek International Limited via competitive solicitation issued on March 29, 2022.
- Contract is to convert the city's biosolids (the nutrient rich solids produced during wastewater treatment) into a fertilizer and manages the subsequent use of the fertilizer.
- Pricing based on "fixed unit price" per wet ton of biosolids for the first 12 months. Pricing can be adjusted annually based on CPI.
- Used exclusively by the SFPUC Wastewater Enterprise.

Previous Contract Expenditures

| Year | 2018 | 2019 | 2020 | 2021 | 1/2022 - 5/2022 | TOTAL |
|----------|---------|---------|---------|---------|-----------------|---------|
| Wet Tons | 11,470 | 15,081 | 11,458 | 25,996 | 14,373 | 78,378 |
| Expenses | \$0.72M | \$1.03M | \$0.79M | \$1.85M | \$1.03M | \$5.42M |

Projected Expenditures

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | TOTAL |
|----------|---------|---------|---------|---------|---------|---------|---------|----------|
| Wet Tons | 26,020 | 31,121 | 31,494 | 31,872 | 32,255 | 32,642 | 33,033 | 218,437 |
| Expenses | \$2.54M | \$2.97M | \$3.08M | \$3.18M | \$3.29M | \$3.40M | \$3.52M | \$21.98M |

- Increase in wet tonnage due to requirement to comply with Senate Bill 1383 and leverage carbon sequestration benefits of biosolids
- Increase in processing, transport, and labor costs from prior contract

Proposed Contract

- Request approval of resolution, as amended, to execute contract with Lystek International Limited:
 - Initial 5 year duration and NTE of \$16.4M
 - One two- year option to extend, for total NTE of \$22.8M

Thank You