

## DEWATERED BIOSOLIDS TRANSPORTATION AND BENEFICIAL USE SERVICES AGREEMENT

This Agreement is made and entered into this \_\_\_ day of \_\_\_\_\_ 20\_\_ (“Contract Date”). The Agreement is between the following parties:

**City:** The City of San José, a municipal corporation, and

**Contractor:** Denali Water Solutions, LLC, a limited liability company.

### The City and Contractor Agree as Follows:

1. The Contractor will provide Dewatered Biosolids Transportation and Beneficial Use Services (“Services”) as set forth in this Agreement.
2. This Agreement incorporates the following exhibits by reference:
  - Exhibit A:** General Terms and Conditions
  - Exhibit B:** Scope of Services
  - Exhibit B-1:** Technical Requirements and Standards
  - Exhibit B-2:** Dewatering Facility 100% Design Drawings
  - Exhibit B-3:** Denali’s Operations Plan, Contingency Plan, and Spill Response and Safety Plan
  - Exhibit C:** Compensation
  - Exhibit C-1:** Sample Calculation for Base Rate Adjustment
  - Exhibit D:** Administrative Charges
  - Exhibit E:** Claims and Dispute Resolution
  - Exhibit F:** Labor Compliance Addendum
  - Exhibit F-1:** City of San José Classification Determination
  - Exhibit G:** Insurance Requirements
  - Exhibit H:** Form of Payment and Performance Bonds
  - Exhibit I:** Notice of Exercise of Option
3. This Agreement is effective on the Contract Date. It expires on June 30, 2029 (“Initial Term”) unless terminated earlier in accordance with Section 21 of **Exhibit A**. After the Initial Term, the City reserves the right, at its sole discretion, to extend the term of this Agreement for up to two (2) additional two-year terms (“Option Term(s)”) through June 30, 2033, by issuing a Notice of Exercise of Option as set forth in **Exhibit I**.
4. Maximum Compensation means the total, maximum amount the City will pay the Contractor for all Services required by this Agreement. The Maximum Compensation, and the way the City will pay it, is set forth in **Exhibit C**.
5. The Director of the Department of Environmental Services (“Director”) will administer this Agreement.

6.  If this box is checked, the Contractor cannot use subcontractors except as provided in Section 4 of **Exhibit A**.

If this box is checked, the Contractor will use the following subcontractors for the specified areas of work except as provided in Section 4 of **Exhibit A**.

Subcontractor's Name	Area of Work
1.	
2.	
3.	

7. The City's contract manager ("City's Contract Manager") is:

<b>Name:</b> Nora Cibrian	<b>Phone:</b> (408) 635-4011
<b>Department:</b> Environmental Services	<b>Email:</b> <a href="mailto:nora.cibrian@sanjoseca.gov">nora.cibrian@sanjoseca.gov</a>
<b>Mailing Address:</b> 700 Los Esteros Road, San José, CA 95134	

The Contractor's contract manager ("Contractor's Contract Manager") is:

<b>Name:</b> Bryan Cannon		<b>Phone:</b> (909) 963-9934	
<b>Mailing Address:</b> 86600 Avenue 54, Coachella, CA 92236		<b>Email:</b> <a href="mailto:bryan.cannon@denaliwater.com">bryan.cannon@denaliwater.com</a>	
<b>Must File Form 700?</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input type="checkbox"/> On file Filed: Not Applicable

8. The City will not process this Agreement unless the Contractor indicates which of the following certifications is applicable. See Section 9 of **Exhibit A**.

The Contractor has a permanent place of business in California or is registered with the California Secretary of State to do business in California. The Contractor will file a California tax return and withhold on payments of California source income to nonresidents when required. If the Contractor stops having a permanent place of business in California or stops doing any of the above, the Contractor will promptly notify the City as specified in Section 22 of **Exhibit A**.

If the Contractor cannot make the above certification, it acknowledges and agrees to give the City the applicable tax forms issued by the Internal Revenue Service and California Franchise Tax Board, as specified in Section 9 of **Exhibit A**.

**The authorized representative(s) of each party executes the Agreement as follows:**

<b>City of San José:</b> By _____ Date _____ Name: _____ Title: _____  <b>City Attorney approval as to form:</b>  _____ Matthew Tolnay Date _____ Deputy City Attorney	<b>Contractor:</b> By _____ Date _____ David Vaughn Executive Vice President
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## Exhibit A: General Terms and Conditions

### 1. General:

**1.1 Director's Designee:** Reference to "Director" includes the Director's designee.

**1.2 Person:** "Person" refers to both a person and an entity.

**2. Entire Agreement/Amendments:** The Agreement is the parties' full understanding on the matters herein. It supersedes prior communications and understandings on such matters. The parties can modify the Agreement only by written amendment.

### 3. Services:

The Contractor must perform the Services to the Director's satisfaction.

**3.1 Service Plans and Changes:** In any case where a provision of this Agreement is contrary to a provision in **Exhibit B**, **Exhibit B** prevails. Plans included in **Exhibit B** may be modified by mutual written agreement of City and Contractor. Contractor must submit to the City's Contract Manager, in writing, any proposed change to Contractor's Operations Plan, Contingency Plan, and Spill Response and Safety Plan not less than sixty (60) calendar days prior to the proposed date of implementation. The City's Contract Manager may provide written comments on such proposed change to Contractor no later than thirty (30) calendar days after receipt of proposal, and in such event, Contractor agrees to revise the Plan to address such comments and submit the revised Plan to the City's Contract Manager within fourteen (14) calendar days after receipt of the City's Contract Manager's comments. Contractor may not implement any changes without the prior written approval of the City's Contract Manager. City will not unreasonably withhold approval of change requests if the changes meet the City's Technical Requirements and Standards.

**3.2 Demonstration Project(s):** City may conduct demonstration projects that temporarily change the quantity of dewatered biosolids available from the Dewatering Facility and the corresponding level of Services required. Each demonstration project will be limited to no more than ten percent (10%) of the RWF's annual dewatered biosolids amount and to a term of no more than twelve (12) months if implemented. If a demonstration project affects the quantity of biosolids available for transportation and beneficial use, the Parties agree to temporarily reduce Contractor's Percent Share. A proportional reduction in the Percent Share shall be applied to all contractors that provide biosolids transportation and beneficial use services to the City.

If the demonstration project is to be conducted by Contractor, Contractor and Director shall execute a letter of agreement prior to the start of the demonstration project. The letter of agreement shall set forth the terms of the demonstration project including costs and compensation, operating parameters, and duration. If a demonstration project affects the cost of providing Transportation and Beneficial Use Services, the costs set forth in the letter of agreement may include an adjustment to the Contractor's per ton Base Rate otherwise payable to Contractor under this Agreement to reflect the benefits and/or burdens of the demonstration project.

**3.3 Ownership of Materials:** Title to the biosolids transported under this Agreement shall pass to Contractor at such time as the biosolids are loaded into Contractor's vehicle at the RWF Dewatering Facility.

**4. Subcontractors:**

**4.1 Subcontractor Use:** The Contractor must obtain the Director's written consent before doing either of the following: **(a)** using a subcontractor if the Contractor is not authorized to use subcontractors in Section 6 of the Agreement, and **(b)** using a different subcontractor than one listed in Section 6 of the Agreement if the Contractor is authorized to use subcontractors. The use of a subcontractor to perform Services under this Agreement will not constitute delegation of Contractor's duties.

**4.2 Subcontractor Work:** Contractor is responsible for directing the work of Contractor's subcontractors and any compensation due or payable to Contractor's subcontractor will be the sole responsibility of Contractor. The Contractor warrants all Services and deliverables provided by any subcontractor it uses, and represents that each such subcontractor is specially trained, experienced, and competent to perform its portion of Services. The Director reserves the right to require the removal of any approved subcontractor for reasonable cause.

**5. Change in Law:** City and Contractor understand and agree that the California Legislature and other governmental entities have the authority to make comprehensive changes in solid waste management legislation and that these and other changes in law in the future which mandate certain actions or programs for counties or municipalities may require changes or modifications in some of the terms, conditions or obligations under this Agreement. Contractor agrees that the terms and provisions of the San José Municipal Code, as it now exists or as it may be amended in the future, shall apply to all of the provisions of this Agreement. In the event any future change in the San José Municipal Code or in any federal, state, county or other local agency law, ordinance or regulation materially alters the obligations of either party, then the affected service rates, as established in **Exhibit C**, of this Agreement shall be adjusted. Nothing contained

in this Agreement shall require any party to perform any act or function contrary to law. City and Contractor agree to enter into good faith negotiations regarding modifications to this Agreement which are required in order to implement changes in law. When such modifications are made to this Agreement, City and Contractor shall negotiate in good faith a reasonable and appropriate compensation for any increase or decrease in the services or other obligations required of Contractor due to any modification in the Agreement. City and Contractor shall not unreasonably withhold agreement to such adjustment.

Notwithstanding a change in law, Contractor agrees that any increase in cost to Contractor associated with modifying operations, sites, or facilities to meet obligations of service to persons other than the City will not be recovered through the adjustment.

Contractor acknowledges that any potential increase in cost to Contractor associated with modifying the operations, sites, and facilities; or securing the necessary entitlements that may be required to implement the initial required services under the terms of this Agreement were factored into the proposed compensation.

**5.1 Senate Bill 1383:** City and Contractor are aware that SB 1383, establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants, became law in 2016. As of the Effective Date of this Agreement, CalRecycle and other State regulatory agencies have developed regulations to implement the requirements established in SB 1383, which are expected to become operative on January 1, 2022, and additional statewide legislation may also be enacted which may change legal requirements on jurisdictions and facilities as it relates to the processing organic waste. Considering the Services that Contractor is contracted to provide to the San José-Santa Clara Regional Wastewater Facility, City and Contractor may be impacted by such legislation regulating the processing of organic waste.

Contractor will provide support and reporting required by SB 1383 and its regulations and Contractor agrees to comply with all laws and regulations adopted pursuant to SB 1383 to ensure City meets its responsibilities to comply with the processing, reporting, auditing, and diversion obligations required by SB 1383 and its regulations for organic waste. Any additional cost associated with the program support, reporting, and regulatory compliance related to SB 1383 will not be considered a cost subject to additional compensation from the City due to a change in law.

**6. Contractor's Contract Manager and Staffing:** The Contractor's Contract Manager must be authorized to act on the Contractor's behalf. However, the City and Contractor understand and acknowledge that Contractor's Contract Manager is not the person authorized to serve as the signatory of any formal written

agreement with the City. Notwithstanding the foregoing, it is understood and acknowledged that Contractor's Contract Manager is an employee and representative of Contractor and acts on Contractor's behalf, pursuant to the terms of this Agreement, and Contractor's Contract Manager shall have all duties, authority, obligations, and responsibilities, as set forth herein this Agreement, including all operational and other day-to-day decision-making authority related, in whole or in part, to Contractor's performance of the Services. The Contractor cannot do either of the following without the Director's prior written approval: **(a)** remove or replace Contractor's Contract Manager, and **(b)** change the persons listed by the Contractor as being principally responsible for providing the Services. Notwithstanding the foregoing, Contractor may remove Contractor's Contract Manager without the Director's prior written approval, if exigent circumstances reasonably require the removal of Contractor's Contract Manager and so long as Contractor immediately replaces the person serving as Contractor's Contract Manager with an employee qualified to serve in such a role. In instances where Contractor removes Contractor's Contract Manager without the Director's prior written approval due to exigent circumstances, Contractor shall immediately inform the Director of any such removal and provide the Director with all necessary information, including contact information, related to the appointment of Contractor's Contract Manager.

**7. Independent Contractor:** The Contractor has complete control over its operations and employees and is an independent contractor. The Contractor is not an agent or employee of the City. The Contractor does not represent or act as the City's agent or employee. The Contractor does not have any rights to retirement benefits or other benefits accruing to City employees, and expressly waives any claim it may have to any such rights.

**7.1 Subcontracts:** The Contractor is solely responsible for selecting, managing, and compensating any Person with whom it contracts in furtherance of the Agreement.

**7.2 Indemnity:** The Contractor will place in each subcontract indemnity obligations in favor of the City in the exact form and substance of those contained in Section 11 of this **Exhibit A**.

**8. Standard of Performance:** Contractor represents and warrants that it has the expertise and qualifications to complete the Services described in **Exhibit B** of this Agreement, entitled "Scope of Services," and that every individual charged with the performance of the Services under this Agreement has sufficient skill and experience and is duly licensed or certified, to the extent such licensing or certification is required by law, to perform the Services. City expressly relies on Contractor's representations regarding its skills, knowledge, and certifications. Contractor will perform all work in accordance with generally accepted business practices and performance standards of the industry, including all federal, state, and local operation and safety regulations.

- 8.1 Administrative Charges:** If Contractor fails to perform the Services as set forth in this Agreement, the City may assess an administrative charge against Contractor and deduct such charge from any monies due or which may become due to Contractor for the acts or omissions listed in **Exhibit D**.
- 9. Tax Forms Required:** The following are conditions on the City's obligation to process any payment under the Agreement.
- 9.1 U.S. Based Person:** If the Contractor is a U.S. based Person, the Contractor acknowledges and agrees that the Contractor is required to provide the City with a properly completed Internal Revenue Service Form W-9 before the City will process payment. If the Contractor is a U.S. based Person but has neither a permanent place of business in California nor is registered with the California Secretary of State to do business in California, the Contractor acknowledges and agrees that the Contractor is required to provide the City with a properly completed California Franchise Tax Board form related to nonresident withholding of California source income.
- 9.2 Non-U.S. Based Person:** If the Contractor is not a U.S. based Person, the Contractor acknowledges and agrees that the Contractor is required to provide the City with the applicable Internal Revenue Service form related to its foreign status and a California Franchise Tax Board form related to nonresident withholding before the City will process payment.
- 10. Payment and Performance Bonds:** Contractor agrees to furnish to the City Clerk, and keep current, annual renewable payment and performance bonds in a form substantially as set forth in **Exhibit H** ("Form of Payment and Performance Bonds") to this Agreement or in such other form as is acceptable to the City Attorney, for the faithful performance of this Agreement and all obligations arising hereunder in an amount not less than \$4,000,000.00 each. If the term of this Agreement is extended, Contractor shall continue to keep current its annual renewable payment and performance bonds.
- 10.1 Licensed Surety:** The Performance Bond must be executed by a surety company licensed to do business in the State of California; having an "A-" or better rating by A. M. Best or Standard and Poors; and included on the list of surety companies approved by the Treasurer of the United States.
- 10.2 Letter of Credit:** As an alternative to the Performance Bond required by Section 10, if approved by the City Manager or designee, Contractor may deposit with City an irrevocable letter of credit in an amount as set forth in Section 10. If allowed, the letter of credit must be issued by an FDIC



insured banking institution chartered to do business in the State of California, in City's name, and be must callable at the discretion of City.

- 11. Indemnification:** The Contractor will defend, indemnify and hold harmless the City and its officers, employees and agents against all claims, losses, damages, injuries, expenses or liabilities (collectively "Indemnifiable Event") to the extent such Indemnifiable Event arises out of, pertains to, or relates to any of the following: **(a)** the Contractor's negligent performance of any Services, **(b)** any negligent act or omission, recklessness or willful misconduct of the Contractor, any of its subcontractors, anyone directly or indirectly employed by either the Contractor or any of its subcontractors, or anyone that they control, **(c)** any infringement of the patent rights, copyright, trade secret, trade name, trademark, service mark or any other proprietary right of any person(s) caused by the City's use of any Services, deliverables or other items provided by the Contractor pursuant to the requirements of this Agreement, or **(d)** any breach of this Agreement.
- 11.1 Applicable Law/Duty to Defend:** The Contractor's indemnity obligations apply to the maximum extent allowed by law and includes defending the City, its officers, employees, and agents. Upon the City's written request, the Contractor, at its own expense, must defend any suit or action that is subject to the Contractor's indemnity obligations.
- 11.2 Insurance:** The City's acceptance of insurance in accordance with Section 12 of this **Exhibit A** does not relieve the Contractor from its indemnity obligations. The Contractor's indemnity obligations apply whether the required insurance covers any damages or claims for damages.
- 11.3 Survival:** The Contractor's indemnity obligations survive the expiration or earlier termination of the Agreement.
- 11.4 Damage to Public or Private Property:** Contractor agrees to, at its sole expense, repair in kind, or as the City direct, any damage to public or private property that occurs in connection with Contractor's performance of the Services. Examples of public property include the RWF Dewatering Facility, streets, and sidewalks. This Section 11.4 is not intended to require Contractor to indemnify the City for normal wear and tear of public streets or public driveways located on or enroute to the RWF Dewatering Facility that results from Contractor's vehicles ordinarily traversing upon such public roads or public driveways, so long as Contractor's vehicles do not exceed the maximum weight limit permitted by law.
- 11.5 Spillage and Litter:** Contractor must conduct Services so that no biosolids spill out of the vehicles. During transport, all biosolid collected shall be contained, covered, or enclosed so that leaking, spilling, and

blowing of the biosolids are prevented. If there is a spill, Contractor will notify the City within three (3) hours of the spill and of its cleanup plan. City reserves the right to require modifications to Contractor's cleanup plan. Contractor will clean up the spill from the street surface or any other area in compliance with Contractor's cleanup plan, as modified in response to City required modifications, and all laws.

- 11.6 Tickets and Fines:** Contractor is responsible for the payment of all tickets, fines and penalties imposed arising from providing the Services including fines or tickets for exceeding the maximum legal weight limit.
- 11.7 Withholding Payment:** City may decline to approve and may withhold payment in whole or in part to such extent as may be necessary to protect City from loss because of defective work not remedied or other damage to the City occurring in connection with Contractor's performance of the Services. The City will provide Contractor with written notice of such defective work that Contractor has not remedied or other damage to the City occurring in connection with Contractor's performance of the Services, and such written notice shall provide Contractor with fourteen (14) calendar days from the date of such written notice to cure the defective work not remedied by Contractor or other damage to the City occurring in connection with Contractor's performance of the Services before withholding any sums. When the grounds for withholding payment are removed, City agrees to pay Contractor the amounts withheld. For clarity's sake, such amounts withheld by the City per this Section 11.7, shall not be deemed late payments entitling Contractor to interest.
- 12. Insurance Requirements:** The Contractor must comply with the insurance requirements in **Exhibit G** for the Agreement term. Before performing any Services, the Contractor must submit to the City's designated risk manager ("Risk Manager"), for the Risk Manager's written approval, documents demonstrating compliance with the requirements of **Exhibit G**. The Risk Manager can amend or waive, in writing, any of the requirements in **Exhibit G**.
- 13. Ownership of Work Product:** The City owns all rights in and to the following work product (including electronic equivalents) without restriction or limitation on use: reports, drawings, plans, data, software, models, documents, or other materials developed or discovered (collectively "Work Product"). City's ownership rights arise immediately when and as the Contractor, or any other person engaged by the Contractor in furtherance of the Agreement, creates the Work Product.
- 13.1 Copyright:** To the extent permitted by Title 17 of the United States Code, the Work Product is deemed a work for hire and all copyrights in such Work Product are the City's property. If it is ever determined that any Work Product is not a work for hire under United States law, the

Contractor hereby assigns to the City all copyrights to such works when and as created.

- 13.2 City's Reuse:** The City's reuse of Work Product is subject to California Business and Professions Code Sections 5536.25, 6735, 6735.3, 6735.4 and 8761.2, whichever is applicable.
- 13.3 Contractor's Reuse:** With the Director's prior written consent, the Contractor can retain and use copies of the Work Product for reference and to document experience and capabilities.
- 14. Prohibited Disclosure of Work Product:** Except as authorized by the Director or as required by law, the Contractor cannot disclose any of the following to a third party: **(a)** Work Product, **(b)** discussions between the City and Contractor, or **(c)** information prepared, developed, or received by the Contractor or any of its subcontractors in the course of performing Services.
- 14.1 Notification:** The Contractor must promptly notify the Director if a third-party requests disclosure of any Work Product, discussions, or information that the Contractor is prohibited from disclosing.
- 14.2 Limit on Prohibition:** The prohibition in this Section 14 does not apply to disclosures by the Contractor needed to perform the Services.
- 14.3 Survival:** This Section 14 survives for four (4) years after the expiration or earlier termination of the Agreement.
- 15. News Media Relations:** Contractor shall notify the City's Contract Manager by email or phone of all requests for news media interviews related to the RWF's biosolids within twenty-four (24) hours of Contractor's receipt of the request. Before responding to any inquiries involving the RWF's biosolids or any issues likely to affect services, Contractor will discuss Contractor's proposed response with the City's Contract Manager. Copies of draft news releases or proposed trade journal articles shall be submitted to the City's Contract Manager for prior review and approval at least seven (7) calendar days in advance of release, except where Contractor is required by any law or regulation to submit materials to any regulatory agency in a shorter period of time, in which case Contractor shall submit such materials to the City's Contract Manager simultaneously with Contractor's submittal to such regulatory agency. Copies of articles resulting from media interviews or news releases related to Contractor's providing servicing under this Agreement shall be provided to the City's Contract Manager within seven (7) calendar days after publication.
- 16. Records Retention:** The Contractor will retain the following records (collectively "Records") for a minimum of five (5) years from the date of the City's final payment to the Contractor under the Agreement or for any longer period required

by law: **(a)** all ledgers, books of accounts, invoices, vouchers, canceled checks, and other records relating to the Contractor's charges for performing Services, or to the Contractor's expenditures and disbursements charged to the City; and **(b)** all Work Product and other records evidencing Contractor's performance.

**16.1 Producing Records:** During the Agreement term and Records retention period, the City Manager, the Director, the City Attorney, the City Auditor, or a designated representative of any of these officers may request, in writing, production of all or a portion of the Records. The Contractor must produce the requested Records at City Hall during normal business hours, or at any other location and time mutually agreed by the parties. The Contractor must produce the requested Records at no cost to the City.

**16.2 State Auditor:** In accordance with Government Code Section 8546.7, the Contractor may be subject to audit by the California State Auditor regarding the Contractor's performance of the Agreement if the Maximum Compensation exceeds \$10,000.00.

**17. Non-Discrimination/Non-Preference Prohibition:** The Contractor is prohibited from discriminating against, or granting preferential treatment to, any person based on race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin. This prohibition applies to recruiting, hiring, demotion, layoff, termination, compensation, fringe benefits, advancement, training, apprenticeship and other terms, conditions, or privileges of employment, subcontracting and purchasing.

**17.1 Subcontracts:** The Contractor will include this prohibition in each subcontract it enters into in furtherance of this Agreement.

**18. Conflict of Interest:** The Contractor represents that it is familiar with the local and state conflict of interest laws and agrees to comply with those laws in performing this Agreement. The Contractor certifies that, as of the date it executed this Agreement, it was unaware of any facts constituting a conflict of interest or creating an appearance of a conflict of interest. The Contractor will avoid all conflicts of interest or appearances of conflicts of interest in performing the Agreement. The Contractor is obligated to determine if the way it performs any part of this Agreement results in a conflict of interest or an appearance of a conflict of interest and will promptly notify the City in writing if it becomes aware of any facts giving rise to a conflict of interest or the appearance of a conflict of interest.

**18.1 Filing Form 700:** In accordance with the California Political Reform Act (Government Code Section 81000 et seq.), the Contractor will cause each person performing Services, and identified in Section 7 of the Agreement as having to file a Form 700, to do the following: **(a)** disclose the categories of economic interests in Form 700 as required by the Director,

(b) complete and file the Form 700 no later than 30 calendar days after the person begins performing Services and all subsequent Form 700s in conformance with the requirements specified in the California Political Reform Act, and (c) file the original Form 700 with the City's Clerk with a copy submitted to the Director.

**18.2 Future Services:** The Contractor's performance of the Services may create an actual or appearance of a conflict of interest regarding the Contractor performing or participating in the performance of some related **future** work, particularly if the Services comprise one element or aspect of a multi-phase process or project. The Contractor acknowledges each of the following about performing **future** services for the City: (a) an actual or appearance of a conflict of interest would be a ground for the City to disqualify the Contractor from performing or participating in the performance of such future work, and (b) the Contractor is solely responsible for considering what potential conflicts of interest, if any, performing the Services might have on its ability to obtain contracts to perform future work.

**19. Single Serving Bottled Water Prohibition:** City Council Policy 1-19, entitled "Prohibition of City Funding for Purchase of Single Serving Bottled Water," prohibits the Contractor from using City funds to purchase of single-serving bottled water except for any of the following:

- Public safety emergencies, investigations and extended deployments or activation of the Office of Emergency Services;
- Situations in which a high risk of cross-contamination with non-potable water exists; or
- Situations in which no reasonable alternatives to bottled water exist, such as large public events and when large quantities of water need to be distributed for health and safety reasons.

An invoice seeking reimbursement from the City for the cost of single-serving bottled water under one of the above exceptions must be accompanied by a waiver form provided by the City and signed by the Director.

**20. Environmentally Preferable Procurement Policy:** City Council Policy 4-6, entitled "Environmentally Preferable Procurement Policy," is on the City's website at <http://www.sanjoseca.gov/?nid=1774>. The website includes a brief description of the Policy. Environmental procurement policies and activities related to Contractor's performance of the Services will include, whenever practicable, but are not limited to:

- Using recycled and/or recyclable products in daily operations (i.e., 30%, 50%, 100% PCW paper, chlorine process free, triclosan-free hand cleaner, etc.);
- Using Energy-Star Compliant equipment;
- Using alternative fuel and hybrid vehicles, and implementation of protocols aimed at increasing the efficiency of vehicle operation;
- Implementing internal waste reduction and reuse protocol(s); and
- Water and resource conservation activities within facilities, including banning individual serving bottled water and using compostable food service products.

## **21. Termination:**

**21.1 For Convenience:** The Director can terminate the Agreement at any time and for any reason by giving the Contractor written notice of the termination. The written notice must state the effective date of the termination, which must be at least sixty (60) calendar days after the date of the written notice. If the City terminates the Agreement pursuant to this Section 21.1, then the City agrees to only reimburse Contractor the lesser of the prorated amount of the actual annual bond premium cost paid by Contractor for the period any bond might be effective after the City has terminated this Agreement for convenience or fifty thousand dollars (\$50,000). For example, if Contractor pays fifty thousand dollars (\$50,000) for the annual bond premiums required under this Agreement and the City terminate this Agreement, per this Section 21.1., three months after the annual bond premiums were paid by Contractor, then the City would reimburse, pro rate, Contractor for the actual cost of Contractor's annual bond premiums, up to fifty thousand dollars (\$50,000), for the remaining nine (9) months of the annual bond term, which depending on the months remaining of the annual bond terms, would be approximately thirty-seven thousand five hundred dollars (\$37,500). In no instance under this Agreement shall the City pay Contractor more than fifty thousand dollars (\$50,000) for Contractor's actual costs for annual bond premiums.

**21.2 For Cause:** The Director can terminate this Agreement immediately upon written notice for any material breach by the Contractor. If the Director terminates the Agreement for cause and obtains the same Services from another contractor at a greater cost, the Contractor is responsible for such excess cost in addition to any other remedies available to the City.

In the event the City seeks to terminate this Agreement because Contractor has failed to perform one or more of its material obligations hereunder, then the Director shall give a default notice to Contractor. Such default notice shall list, with reasonable detail, the nature of the material

default. Contractor shall have a right to cure a default within 14 calendar days. If Contractor fails to cure the default within 14 calendar days after the receipt of the default notice (unless such cure requires more than 14 calendar days and Contractor has commenced and is diligently pursuing such cure, as determined by the City in the City's sole and absolute discretion), then this Agreement may be terminated by the City by delivery of notice of termination, which termination shall be effective on the date of the delivery of the notice of termination delivered in accordance with Section 22 of this **Exhibit A**.

Contractor can only terminate this Agreement for the City's nonpayment of undisputed amounts due hereunder this Agreement to Contractor, so long as such undisputed amounts due to Contractor are no less than 90 calendar days delinquent. In the event Contractor seeks to terminate this Agreement, pursuant to Section 21.2, due to the City's delinquency, then Contractor shall deliver a default notice to the City in accordance with Section 22 of this **Exhibit A**. Such default notice shall list, with reasonable detail, the nature of the material default. The City shall have a right to cure a default within 30 calendar days of its receipt of such default notice. If the City fails to cure the default within 30 calendar days after the receipt of the default notice (unless such cure requires more than 30 calendar days and the City has commenced and is diligently pursuing such cure, as determined by the City's sole and absolute discretion), then this Agreement may be terminated by Contractor by the delivery of a notice of termination, which shall be effective in accordance with Section 22 of this **Exhibit A**.

- 21.3 Delivery of Work:** If the Director terminates the Agreement (for convenience or for cause), the Director has the option of requiring the Contractor to provide to the City any finished or unfinished Work Product prepared by the Contractor up to the date stated on the City's written notice of termination.
- 21.4 Compensation:** The City will pay the Contractor the reasonable value for Services satisfactorily rendered through the date stated on the City's written notice of termination. Services are "satisfactorily rendered" if the Director reasonably determines the Contractor provided them in accordance with this Agreement. The Director will determine the reasonable value of satisfactorily rendered Services based on **Exhibit C**.
- 21.5 Force Majeure:** Neither Party is in default of its obligations under this Agreement in the event, and for so long as, it is impossible or extremely impracticable for it to perform its obligations due to an "act of God" (including, but not limited to, flood, earthquake, fire or other catastrophic events), civil disturbance, strikes (except any strikes involving a Party's personnel), orders or judgments of any federal, state or local court,

administrative agency or governmental body, or other similar cause affecting the City of San José, not the fault of, and beyond the reasonable control of, the Party claiming excuse. A Force Majeure event may include local, state, or federal mandates and advisories for managing public health and safety related to a pandemic or epidemic. A party claiming excuse under this Section must (1) have taken reasonable precautions, if possible, to avoid being affected by the cause and (2) notify the other Party in accordance with this Section.

Any suspension of performance by a Party pursuant to this Section will be only to the extent, and for a period of no longer duration than, required by the nature of the event, and the Party claiming excuse from obligation must use its best efforts in an expeditious manner to remedy its inability to perform, and mitigate damages that may occur because of the event.

The Party claiming excuse agrees to deliver to the other Party a written notice of intent to claim excuse from performance under this Agreement by reason of an event of Force Majeure. Notice must be given promptly considering the circumstances, but in any event not later than forty-eight (48) hours after the occurrence of the event of Force Majeure. Such notice must describe in detail the event of Force Majeure claimed, the Services impacted by the claimed event of Force Majeure, the expected length of time that the Party expects to be prevented from performing, the steps which the Party intends to take to restore its ability to perform, and such other information as the other Party reasonably requests.

The partial or complete interruption or discontinuance of Contractor's Services caused by an event of Force Majeure will not constitute an event of default under this Agreement. Notwithstanding the foregoing, in the event of non-performance excused by Force Majeure, where the Contractor's non-performance continues or is noticed to continue for five (5) calendar days or more, City will have the right to terminate this Agreement immediately and will have no obligation to pay for Services that have not been performed.

**22. Notices:** All required notices and communications must be in writing, and must be made via e-mail, personal service or United States mail, postage prepaid.

**22.1 When Effective:** An emailed notice or communication is effective when sent, provided the sender receives an acknowledgement from the intended recipient (e.g., return receipt, return e-mail, or another written acknowledgement). A personally serviced notice or communication is effective when personally delivered. A mailed notice or other communication is effective three (3) calendar days after deposit in the United States mail.



**22.2 To Whom Given:** All notices and communications between the parties regarding the Agreement must be given to the City's Contract Manager and the Contractor's Contract Manager.

**22.3 Changing Contact Information:** Either party may change its contact information for receiving written notices and communications by providing notice of such change to the other party pursuant to this Section 22.

**23. Miscellaneous:**

**23.1 Gifts Prohibited:** The Contractor is prohibited from offering a City officer or designated employee any gift in violation of Chapter 12.08 of the San José Municipal Code. A violation of this prohibition is a material breach.

**23.2 Disqualification of Former Employees:** The Contractor is prohibited from using (either directly or indirectly) any former City officer or designated employee to provide services to the City connected with his/her former duties or official responsibilities if doing so would violate Chapter 12.10 San José Municipal Code. A violation of this prohibition is a material breach.

**23.3 Waiver of a Violation:** The City's waiver of any violation of the Agreement by the Contractor is not a waiver of any other violation by the Contractor.

**23.4 Acceptance of Services Not a Waiver:** The City's acceptance of any Service or deliverable is not a waiver or release of any professional duty of care applicable to such Service or deliverable, or of any right of indemnification, any insurance requirements, or any other term or condition of the Agreement.

**23.5 Compliance with Laws:** The Contractor will perform Services consistent with all applicable federal, state, and local laws, ordinances, codes, and regulations. This obligation is not limited by the Contractor's obligation to comply with any specific law, ordinance, code, or regulation set forth elsewhere in this Agreement.

**23.6 Business Tax:** The Contractor represents that it currently has a City business tax certificate or exemption, if qualified, and will maintain such certificate or exemption for the Agreement term.

**23.7 Assignability:** Except to the extent this Agreement authorizes the Contractor to use subcontractors, the Contractor cannot assign any part of this Agreement without the Director's prior written consent. In determining whether to consent, the Director can consider, among other factors, the

assignee's ability to meet the standards and requirements applicable to the procurement of the Agreement.

**23.7.1 Processing Costs:** The Director can require the Contractor to pay the City's reasonable costs of reviewing the proposed assignment and preparing any documents in connection therewith.

**23.7.2 Voidability:** The Director, at the Director's discretion, can void the Agreement if a violation of this provision occurs.

**23.8 Governing Law:** California law governs the Agreement's construction and performance.

**23.9 Claims and Dispute Resolution Process:** The Contractor agrees to the early identification and resolution of claims and dispute resolution process set forth in **Exhibit E**.

**23.10 Venue:** Litigation resulting from this Agreement will be filed and resolved by a federal or state court in California.

**23.11 Survival of Provisions:** If a court finds any part of this Agreement unenforceable, all other parts will remain enforceable.

**23.12 Headings:** The section and exhibit headings are for convenience only and are not to be used for interpreting the Agreement.

**23.13 Use of Electronic Signatures:** Unless otherwise prohibited by law or City policy, the parties agree that an electronic copy of a signed contract, or an electronically signed contract, has the same force and legal effect as a contract executed with an original ink signature. The term "electronic copy of a signed contract" refers to a writing as set forth in Evidence Code Section 1550. The term "electronically signed contract" means a contract that is executed by applying an electronic signature using technology approved by the City.

## Exhibit B: Scope of Services

### 1. OVERVIEW

The City of San José (“City”) requires year-round transportation and beneficial use services to manage dewatered biosolids from the San José - Santa Clara Regional Wastewater Facility (“RWF”) that will be produced by the Digested Sludge Dewatering Facility (“Dewatering Facility”). The services will start during the startup and commissioning period of the Dewatering Facility.

The City has allocated up to thirty-five percent (35%) of the RWF’s annual dewatered biosolids amount to Contractor (“Contractor’s Percent Share”).

### 2. BIOSOLIDS INFORMATION

#### Biosolids Characteristics

The Contractor must accept dewatered biosolids with the characteristics in Table 1.

<b>Table 1. Acceptable Dewatered Biosolids Characteristics</b>	
Total Solids	17% or greater
Class <sup>a</sup>	B
Metals Content <sup>b</sup>	Less than Pollutant Concentration Limits
Notes:	
a. As defined by the U.S. Environmental Protection Agency in the Part 503 Biosolids Rule	
b. As defined by the U.S. Environmental Protection Agency in the Part 503 Biosolids Rule	

The City is currently upgrading its mesophilic digestion process to temperature-phased anaerobic digestion (“TPAD”). The TPAD process will be online and operational by the time the Dewatering Facility is completed but the actual characteristics of the TPAD sludge will remain somewhat uncertain until the process begins operating and is stabilized. Based on current engineering studies and design assumptions, the City estimates volatile solids downstream of the TPAD process will be about 64% (as a fraction of total solids).

#### Biosolids Tonnages

Table 2 shows the estimated annual average and peak day tonnages to be produced by the Dewatering Facility during the Initial Term and Option Terms of the Agreement. A range is shown for the estimated annual average tonnage and estimated average daily tonnage because of inherent uncertainties with forecasting the RWF’s flows and loads, percent solids that will be achieved by the Dewatering Facility’s centrifuges, and timing of when the RWF might begin accepting fats, oils, and grease. The City will work with the Contractor to refine these estimates after the Dewatering Facility comes online based on its operating history.

<b>Table 2. Estimated Dewatered Biosolids Production during the Term of the Agreement</b>	
Annual Average (wet tons per year) <sup>a, b</sup>	95,000-122,000
Average Daily (wet tons per day) <sup>c</sup>	250-390
Peak Day (wet tons per day) <sup>c, d</sup>	1,100
Notes:	
a. Rounded to the nearest 1,000 tons	
b. Assumes the percent solids would average 22%	
c. Assumes the percent solids would typically range from 19% to 23%	
d. Based on estimated peak seven-day amounts	

To arrive at a range of wet tons of dewatered biosolids that may be provided to Contractor each year, Contractor’s Percent Share may be multiplied by the estimated annual average amounts in Table 2. This range is expected but not guaranteed due to the uncertainties in forecasting previously noted.

The maximum daily amount that Contractor must be capable of handling generally will be based the Contractor’s Percent Share multiplied by the estimated peak day production shown in Table 2.

If the RWF’s production of dewatered biosolids exceeds the amounts listed in Table 2 and Contractor does not have sufficient capacity to accept the excess, then the lowest cost contractor with available capacity will be offered the first option to take additional tonnage. If the lowest cost contractor does not have available capacity or does not agree to take the additional tons, the option will be offered to the second lowest cost contractor. In the event no contractor can accept the additional tonnage at its Designated or Backup Beneficial Use Site(s) or Seasonal Storage Site(s), the City may direct that one or more contractors transport the additional tonnage to a landfill.

In addition, the City has the right to divert up to ten percent (10%) of its annual average biosolids production to demonstration projects for up to 12 months in accordance with Section 3.2 of **Exhibit A**, General Terms and Conditions.

### **3. DESCRIPTION OF SERVICES**

Provided that the dewatered biosolids meet the characteristics defined in Table 1, Contractor must provide the following transportation and beneficial use services (“Services”). The provision of these Services must comply with the Technical Requirements and Standards in **Exhibit B-1** and be consistent with Contractor’s Operations Plan, Contingency Plan, and Spill Response and Safety Plan in **Exhibit B-3**.

In the event the RWF’s dewatered biosolids do not meet some or all the characteristics in Table 1, the Contractor must cooperate with the City to identify options for the appropriate disposition of such material. The City may also, at its sole discretion, direct Contractor to dispose of the material in a landfill.

## **Task 1: Services During Startup and Commissioning of the Dewatering Facility**

On the date indicated in the Notice to Proceed with Startup and Commissioning Services from the City, the Contractor must begin providing the services described in Task 2. However, the amount of biosolids provided by the City may be at a reduced amount and/or on a more infrequent basis than will be required once full operations of the RWF's Dewatering Facility begins.

## **Task 2: Services During Full Operations of the Dewatering Facility**

On the date indicated in the Notice to Proceed with Full Operations Services from the City, the Contractor must begin providing the services described below.

Task 2.1 Transportation, Loading, and Unloading Services. The Contractor must provide truck drivers, trucks, top-loading containers with covers, and all other equipment, staffing and materials, all in sufficient numbers and with sufficient availability, to transport the Contractor's share of dewatered biosolids (calculated by multiplying Contractor's Percent Share by the estimated daily production up to the estimated peak day production shown in Table 2) from the RWF's Dewatering Facility to the Contractor's Beneficial Use Site(s) and, if applicable, to and from Seasonal Storage Site(s). The number of drivers and equipment provided by Contractor on any given day must be based on the estimated dewatered biosolids production for the RWF, Contractor's Percent Share, and Contractor's schedule for picking up dewatered biosolids from the RWF's Dewatering Facility as coordinated with the City.

The Contractor must pay all costs associated with providing the transportation, loading, and unloading services, including but not limited to payment of all licenses, certifications, permits, taxes, tolls, fees, tickets, and fines.

Transportation, loading, and unloading services must meet the applicable Technical Requirements and Standards in **Exhibit B-1**.

The Contractor must be available to provide transportation and loading services 24 hours per day, seven days per week, 365 days per year, including holidays. However, loading of dewatered biosolids at the Dewatering Facility will only occur during times designated by the City.

Transportation services must be provided using experienced and skilled personnel and may be provided by City-approved Subcontractor(s) or directly by the Contractor. The Contractor must ensure that transporters have proper and valid licenses and certifications, and Contractor must provide proof of such to the City upon request. Contractor must also ensure all truck drivers have received the City-provided training on how to access the Dewatering Facility site, enter the loadout structure, receive and weigh biosolids, and use on-site truck wash amenities prior to transporting any of the RWF's dewatered biosolids.

The Contractor must provide all other services associated with transportation, loading, and unloading of RWF's dewatered biosolids including but not limited to the following.

- Scheduling biosolids to be picked up from the Dewatering Facility in coordination with the City. Preliminary coordination must occur no later than one (1) week in advance with scheduled pickups confirmed no later than the day before. If a change is required, the Contractor must provide the City a minimum three (3) hour notice.
- Delivering trucks as scheduled with empty and clean containers with covers to the Dewatering Facility. Upon arrival at the Dewatering Facility, containers must be free from dirt, biosolids, and other materials.
- Providing a form of identification upon arrival at the Dewatering Facility's entrance gate.
- Queuing at designated locations at the Dewatering Facility prior to entering the loadout structure if there are no immediately available truck bays.
- Uncovering containers and loading them with dewatered biosolids. During loading operations, the container must be positioned directly under the cake storage bins, and the Contractor must monitor the weight of biosolids in the container and the load distribution within the container.
- Weighing unloaded and loaded trucks and containers using scales at the Dewatering Facility to determine the amount of biosolids received by the Contractor for billing purposes and for confirming compliance with highway weight limits. Contractor must verify loaded containers and trucks do not exceed highway weight limits prior to leaving the Dewatering Facility site. ***There is no location within the Dewatering Facility site for the unloading of dewatered biosolids to achieve legal highway weight limits.***
- Covering and securing the loaded containers prior to leaving the Dewatering Facility site to minimize odors and spillage during transport.
- Sweeping the loading bay after use if Contractor caused a spill or tracked-in dirt, biosolids, or other materials.
- Cleaning trucks, containers, and tires while at the Dewatering Facility site after loading biosolids but prior to exiting onto Zanker Road, if needed to prevent tracking biosolids around the Dewatering Facility site and/or public roadways. The Dewatering Facility site will have a washdown area for this activity to occur.
- Prompt cleanup of any spills caused by the Contractor at the Dewatering Facility site, and during transport of the RWF's dewatered biosolids to any sites or facilities used by the Contractor. The Contractor must notify the City of any spills and of Contractor's cleanup plans within three (3) hours of the spill in accordance with Section 11.5 of **Exhibit A**, General Terms and Conditions, of the Agreement. No later than three (3) calendar days following cleanup, Contractor must provide a written report to the City describing: the spill (amount and type of materials spilled, date and hour of spill), cleanup efforts and date/time of completion, cause(s) of the spill, changes made to avoid reoccurrence of such spill, and certification that the spill was cleaned up to the satisfaction of all agencies with jurisdiction.
- Informing RWF staff of any problems with the Dewatering Facility's entrance area, loadout structure, scales, or truck wash amenities.

- Promptly exiting the Dewatering Facility site after loading, weighing, covering, and cleaning activities are completed.
- Transporting dewatered biosolids from the Dewatering Facility directly to the Contractor's Designated Beneficial Use Site(s) and, if applicable, Backup Beneficial Use Site(s), Designated Seasonal Storage Site(s), and Backup Seasonal Storage Site(s).
- Unloading loaded containers at the Contractor's Designated Beneficial Use Site(s) and, if applicable, Backup Beneficial Use Site(s), Designated Seasonal Storage Site(s), and Backup Seasonal Storage Site(s). If the Contractor delivers dewatered biosolids to a Seasonal Storage Site, the Contractor must also provide loading, transportation, and unloading services necessary to deliver the stored biosolids to Contractor's Beneficial Use Site(s).
- Ongoing maintenance of trucks and containers to assure reliable service.
- Compliance with all applicable federal, state, and local laws, regulations, statutes, ordinances, orders, decrees and permits that affect the transportation, loading, and unloading services.

Task 2.2 Beneficial Use Services. The Contractor must provide sufficient permitted capacity at its Designated Beneficial Use Site(s) for the RWF's dewatered biosolids up to the Contractor's share (calculated by multiplying Contractor's Percent Share by the estimated peak day production shown in Table 2).

The Contractor must provide all facilities, labor, equipment, insurance, and fuel to provide the required beneficial use services. The Contractor is responsible for payment of all costs associated with providing the beneficial use services, including but not limited to payment of all permits, taxes, fees, tickets, and fines.

Beneficial use services must meet the applicable Technical Requirements and Standards in **Exhibit B-1**.

If any of the Contractor's Designated Beneficial Use Sites or Backup Beneficial Use Sites are not available to receive biosolids year-round, including on weekends and holidays, the Contractor must coordinate deliveries of containers loaded with the RWF's dewatered biosolids with the Beneficial Use Site(s) and, if applicable, with Seasonal Storage Site(s) in a manner that complies with those sites' operating permits and local land use regulations. In no event will Contractor be allowed to store empty or loaded containers at the Dewatering Facility site.

Beneficial use services must be provided using experienced and skilled personnel and may be provided by City-approved Subcontractor(s) or directly by the Contractor. The Contractor must ensure that personnel at the Designated and Backup Beneficial Use Site(s) and, if applicable, Seasonal Storage Site(s) have proper and valid permits, and Contractor must provide proof of such to the City upon request.

The Contractor must provide all other services associated with beneficial use of the RWF's dewatered biosolids including but not limited to the following.

- If applicable, provision of backup capacity if Contractor's Designated Beneficial Use Site(s) or Designated Seasonal Storage Site(s) becomes unavailable. Landfill disposal and landfill alternative daily cover may only be used during emergencies and requires City approval prior to their use.
- If applicable, prompt land application or processing of the RWF's dewatered biosolids upon delivery to a Backup Beneficial Use Site.
- If applicable, temporary wet season storage at Designated or Backup Seasonal Storage Site(s). Any dewatered biosolids that are stored at a Seasonal Storage Site must be removed from storage by Contractor and transported to a Beneficial Use Site. Year-round storage of the RWF's dewatered biosolids must not occur.
- Compliance with all applicable federal, state, and local regulatory and reporting requirements for the Designated and Backup Beneficial Use Site(s) and, as applicable, Seasonal Storage Site(s).

Task 2.3 Communication and Coordination Services. The Contractor is responsible for ongoing coordination and communication with the City. The Contractor must:

- Provide updates to the Operations Plan, Contingency Plan, and Spill Response and Safety Plan for City review and approval prior to making a material change, including but not limited to a proposed change to a Subcontractor, proposed change in Designated or Backup Beneficial Use Site(s) or Seasonal Storage Site(s), and a proposed change in the equipment, vehicles, or routes used to transport the RWF's dewatered biosolids.
- Update, as necessary, the contact information of individuals responsible for managing services for the City that are named in Contractor's Operations Plan, Contingency Plan, and Spill Response and Safety Plan.
- Make emergency contacts available to be called 24 hours per day, seven days per week, 365 days per year in the event of an emergency or unusual operating condition. The Contractor's emergency contacts must be available to respond to City staff within three (3) hours of receiving a request from the City.
- Coordinate service with the City. The Dewatering Facility will be producing dewatered biosolids 24 hours per day, seven days per week, 365 days per year, including holidays. Production rates may vary or may be stopped to match overall RWF process and maintenance requirements. As a result, the Contractor must coordinate and schedule the number and timing of containers that will be delivered to the Dewatering Facility each day. Preliminary coordination must occur no later than one (1) week in advance with scheduled pickups confirmed no later than the day before. This coordination must include the City's estimate of the amount of dewatered biosolids to be provided to the Contractor during the next day; confirmation from the Contractor that it is able to provide the required service; and Contractor's development of a pickup schedule that is acceptable to the City. In addition, the Contractor must provide additional scheduling coordination as requested by the City.
- Upon request, provide copies of all permits and agreements required to operate the Designated and Backup Beneficial Use Site(s) and Seasonal Storage Site(s). Contractor must provide the City with copies of all approved federal, state, and local regulatory permits, including subsequent renewals. Permits must be current



and must accommodate the handling of Contractor's Percent Share of the RWF's dewatered biosolids throughout the entire term of the Agreement. Any actual or anticipated changes in permit requirements or litigation that may affect the Contractor's operations or ability to provide services must be reported to the City's Contract Manager within five (5) calendar days of the date that the Contractor learns of or reasonably begins to anticipate the change.

- Provide notices to the City of any reportable events as defined in Task 2.4. Such notices must be provided to the City's Contract Manager within three (3) hours of the time the incident occurred or could be expected to occur.

Task 2.4 Monitoring and Reporting Services. The Contractor must monitor loading, transportation, and unloading operations; storage and beneficial use operations; and administrative and billing functions to identify and promptly resolve any issues that could adversely affect regulatory compliance, compliance with the Agreement, or the quality of services provided to the City. The Contractor must provide reports on its operations to the City as follows.

- Monthly reports documenting the daily and cumulative amounts (wet tons) of dewatered biosolids received, transported, stored (if applicable), and beneficially used. Reports must also identify the weight of biosolids in each transported container and must identify the site(s) where each container was delivered. Monthly reports must include backup information to support invoicing, including weight tickets from sites to which each container was delivered. These reports must be submitted along with invoices.
- Monthly reports on the environmental compliance status of sites named in Contractor's Operations Plan and Contractor's Contingency Plan. Reports must specifically identify any inspections related to environmental compliance, findings of such inspections, notices, and violations from regulatory agencies. These reports must be submitted along with invoices.
- Reports summarizing the use of any Backup Beneficial Use Site(s), Backup Seasonal Storage Site(s), or landfill (for disposal or alternative daily cover). Such reports must be provided on a weekly basis whenever a Backup Site or a landfill is used and must describe the circumstances necessitating the use of the Backup Site or landfill, and the expected duration of use.
- Annual reports summarizing information from the reports listed above and describing any anticipated issues potentially affecting service during the upcoming year. Annual reports must include all documentation necessary for 40 CFR Part 503 regulatory reporting requirements including but not limited to: total quantity received; maps of the sites where the RWF's dewatered biosolids were applied, stored, and/or processed during the year; and, for land application sites, documentation of application rates (e.g., information on crop type and agronomic rate calculations). Each annual report must also include an Excel file of all data that is accompanied by a Word or PDF file that describes anything unusual in the data and the quality control procedures used to evaluate the data. Excel files must be provided in a flat file type format. Annual reports, summarizing the most recent calendar year, must be provided to the City within 20 calendar days of the end of the calendar year.

- Any other information pertaining to Contractor's services that the City must report to local, state, and federal agencies.
- Reports of any incidents requiring notice to regulatory agencies or otherwise considered a reportable event. Contractor must notify City's Contract Manager within three (3) hours of the time the incident occurred or could be expected to occur. Reportable events include:
  - Any incidents or equipment-related breakdowns, repairs or maintenance that occurs during transport or at a Designated or Backup Beneficial Use Site, or Seasonal Storage Site that will negatively impact Contractor's ability to provide the City services.
  - Any situation that causes a deviation from normal operations (e.g., spills, discharges or releases, and fires) at any Designated or Backup Beneficial Use Site or Seasonal Storage Site that has a potential to or creates a hazardous condition or disruption in Contractor's ability to provide the City services.
  - Revocation or violation of any license, certificate, permit, or regulatory approval for a driver, truck, or site named in Contractor's Operations Plan or Contractor's Contingency Plan.
  - All violations of a permit, law, ordinance, or regulation associated with transportation, processing, storage, and beneficial use of the RWF's biosolids, including any violations at the Contractor's Designated or Backup Beneficial Use Site(s) or Seasonal Storage Site(s).
  - Any odor or other complaints received by the Contractor or a Subcontractor regarding transport, a Designated or Backup Beneficial Use Site or Seasonal Storage Site.
  - Any inspections or investigations of any Designated or Backup Beneficial Use Site or Seasonal Storage Site by any federal, state, or local regulatory agency.
  - Injuries or death of any of Contractor's or Subcontractor's personnel during the provision of transportation and beneficial use services to the City.
  - Damage to City property and equipment reasonably attributable to Contractor.
  - Traffic accidents involving Contractor's trucks when traveling to the Dewatering Facility, transporting the RWF's dewatered biosolids to a site used by Contractor, or that would otherwise adversely affect the Contractor's ability to provide the City services.
  - Incidents or operations at a Designated or Backup Beneficial Use Site or Seasonal Storage Site that may result or has resulted in a release of odor.
  - Any other incident that may cause a disturbance to the services provided to the City, or a harm to the environment and/or people.

The City may monitor Contractor to determine whether Contractor's work is completed in a satisfactory manner and in a manner that complies with the provisions of the Agreement. Contractor must grant the City and its representatives access to the Designated and Backup Beneficial Use Sites and Seasonal Storage Sites as well as the sites used to store vehicles and containers used to transport the RWF's dewatered biosolids during normal business hours to conduct inspections of site activities. If

Contractor is unable to grant access because it does not own or operate a site, Contractor must work with the site owner/operator to arrange for City access. The City is not required to give the Contractor advance notice of such inspections.

#### 4. SCHEDULE FOR PROVIDING SERVICES

Contractor’s initiation of services will depend on the completion of the RWF’s Dewatering Facility. The estimated service initiation dates in Table 3 are based on the Dewatering Facility’s current schedule and are subject to change; regardless, the City will notify Contractor prior to when services must start.

<b>Table 3. Estimated Service Initiation Dates</b>	
<i>Milestone</i>	<i>Estimated Date</i>
Notice to Prepare to Initiate Services <sup>a</sup>	Second Quarter of 2024 (no less than three (3) months prior to substantial completion of the Dewatering Facility’s construction)
Notice to Proceed with Startup and Commissioning Services	Third Quarter of 2024 (no less than two (2) weeks prior to the required start of Task 1 services)
Notice to Proceed with Full Operations Services	First or Second Quarter of 2025 (no less than two (2) weeks prior to the required start of Task 2 services)
First Notice of Exercise of Option	First Quarter of 2029 (if decided by the City, approximately six (6) months prior to end of Initial Term)
Notes: a. Once the City issues a Notice to Prepare to Initiate Services, Contractor must begin active coordination with the City and, if needed, update its Operations Plan, Contingency Plan, and Spill Response and Safety Plan in accordance with Section 3.1 of <b>Exhibit A</b> , General Terms and Conditions, to the Agreement.	

#### 5. GENERAL CITY RESPONSIBILITIES

In providing the Services, Contractor may assume the City will complete the following.

- Issue Notices to Proceed and other notifications as provided for in the Agreement.
- Schedule deliveries in coordination with the Contractor and coordinate with other contractors to reduce wait times at the Dewatering Facility.
- Test dewatered biosolids for metals, pathogens, volatile organic compounds, and nitrogen, and share the results of such tests with the Contractor. Except for metals which will be tested monthly, testing frequencies may vary during the term of the Agreement; however, City will test for metals, pathogens, volatile organic compounds, and nitrogen at least monthly during the first year of full operations.
- Train truck drivers on how to access the Dewatering Facility site, enter the loadout structure, load biosolids, use scales, and use truck wash amenities prior to their first loading of the RWF’s dewatered biosolids.
- Direct the Contractor to use a particular landfill.

- Consider Contractor's proposed changes that would materially affect Contractor's Operations Plan, Contingency Plan, or Spill Response and Safety Plan. City will not unreasonably withhold approval of change requests if the changes meet City's Technical Requirements and Standards in **Exhibit B-1**.

## Exhibit B-1: Technical Requirements and Standards

### 1. INTRODUCTION

Contractor must comply with the following technical requirements and standards while providing Services.

### 2. ACCEPTABLE AND UNACCEPTABLE APPROACHES

Table 4 describes acceptable and unacceptable approaches to providing Services. The Contractor must only use those approaches listed under “acceptable” and must avoid using any approaches listed under “unacceptable.”

<b>Table 4. Acceptable and Unacceptable Approaches</b>		
<i>Service</i>	<i>Acceptable</i>	<i>Unacceptable</i>
Loading	<ul style="list-style-type: none"> <li>• Trucks, chassis, and containers that in combination are compatible with the Dewatering Facility’s configuration and dimensions (see <b>Exhibit B-2</b>)</li> <li>• Containers must be top loading and have removable covers</li> </ul>	<ul style="list-style-type: none"> <li>• Trucks, chassis, and containers that in combination are incompatible with the Dewatering Facility’s configuration and dimensions (see <b>Exhibit B-2</b>)</li> <li>• Containers that are not top loading or do not have removable covers</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• Truck, chassis, and containers that meet California Department of Transportation regulations</li> <li>• Loaded containers that allow vehicles to meet regulatory weight limits</li> </ul>	<ul style="list-style-type: none"> <li>• Truck, chassis, and containers that do not meet California Department of Transportation regulations</li> <li>• Overloaded containers that result in vehicles exceeding regulatory weight limits</li> </ul>
Seasonal Storage	<ul style="list-style-type: none"> <li>• Temporary, wet season storage in permitted sites followed by Beneficial Use in the dry season</li> </ul>	<ul style="list-style-type: none"> <li>• Dry season storage</li> <li>• Year-round storage</li> </ul>
Beneficial Use	<ul style="list-style-type: none"> <li>• Class B land application</li> <li>• Compost production (except using an open or uncovered windrow composting process)</li> <li>• Soil blend production (with interim processing to meet Class A requirements)</li> <li>• Fertilizer production</li> <li>• Processing technologies that are commercially proven at the scale required to provide the City services and that result in a beneficial use product permitted by existing federal and state regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Open or uncovered windrow composting</li> <li>• Landfill disposal or landfill alternative daily cover (may only be used in emergencies and if directed by City)</li> <li>• Processing technologies that are not commercially proven at the scale required to provide the required services</li> </ul>

### **3. GENERAL REQUIREMENTS AND STANDARDS**

#### **3.1 Management of Subcontractors**

The Contractor must ensure that all workers Contractor and its Subcontractor(s) employ have the proper licenses and certifications and are aware of the laws, regulations, permit requirements applicable to their work.

#### **3.2 Inclement Weather**

The Contractor must provide all facilities, equipment, and labor to ensure its ability to load, transport, temporarily store (if applicable), and beneficially use the RWF's dewatered biosolids during inclement weather.

#### **3.3 Delays**

The Contractor must take reasonable precautions to foresee and prevent delays to the transport and beneficial use of the RWF's dewatered biosolids. When the Contractor foresees a delay event, and upon the occurrence of a delay event, the Contractor must notify the City's Contract Manager within three (3) hours of the probability or the actual occurrence of a delay, and its cause.

### **4. TRANSPORTATION AND LOADING REQUIREMENTS AND STANDARDS**

#### **4.1 Licenses, Permits, and Certifications**

Transportation services must be provided by a U.S. Department of Transportation ("USDOT") licensed and registered firm.

All transporters must possess the appropriate and valid licenses.

#### **4.2 Transportation Vehicles and Containers**

The Contractor must maintain all vehicles, equipment, and containers used to transport the RWF's dewatered biosolids in good working order as required to reliably fulfill its obligations to the City. The City may reject any vehicles, equipment, or containers not found to meet this standard. In the event of such rejection, the Contractor must immediately provide a replacement that is in good working order without additional expense to the City.

The Contractor's trucks must be California Air Resources Board compliant. The Contractor must operate and maintain trucks per USDOT regulations. All trucks used to transport the RWF's dewatered biosolids must be equipped with an audible, working back-up alarm that activates whenever the truck is operating in reverse. Trucks must also be equipped with splashguards, first aid kits, and spill kits suitable for containing gas, oils, other hydrocarbons, and for cleaning up small spills of biosolids.

All trucks and containers must be clearly and conspicuously labeled with the Contractor's or Subcontractor's name, an identification number, and the maximum legal loaded weight.

Containers must be durable, top-loading and leakproof with gasketed tailgates and/or doors. Containers must have removable covers that must be put in place to prevent spills and contain odors once loaded with biosolids.

Prior to arrival at and departure from the Dewatering Facility, the Contractor's truck and container must be clean and free of any foreign matter/contamination such that only the RWF's dewatered biosolids will be transported. Contractor must not mix the RWF's biosolids with any other materials prior to delivery to Designated or Backup Beneficial Use Site(s). Contractor must not backhaul products for human consumption in containers used to transport the RWF's biosolids.

#### **4.3 Arrival at the Dewatering Facility**

The Contractor must coordinate biosolids loading operations with the City prior to arrival of trucks at the RWF's Dewatering Facility. Coordination must include confirmation of the expected quantity of biosolids to be transported and the number and timing of truck arrivals. Coordination must also include a tentative schedule for the ensuing week.

Trucks must access the Dewatering Facility site via a shared driveway connected to Zanker Road and exit through a separate driveway that is also connected to Zanker Road. The access driveway also serves the adjacent Silicon Valley Advanced Water Purification Center. Access to the Silicon Valley Advanced Water Purification Center must always be maintained. Contractor must not queue trucks on public streets leading to or departing from the Dewatering Facility.

To access the Dewatering Facility, truck drivers must pass through a secured entrance gate. Access will be granted to truck drivers by an RWF representative upon their arrival. All truck drivers must be wearing identification badges or provide a form of identification at the gate to be granted entry into the Dewatering Facility site.

#### **4.4 Truck Loading**

Two trucks can be loaded simultaneously in the two bays in the Dewatering Facility's loadout structure if both bays are in service. Assuming a truck bay is operating and not occupied by another truck, the City expects it will take approximately 60 minutes for truck loading (i.e., from arrival at the Dewatering Facility to the filling of a container). If both truck bays are occupied, the duration may be longer. The City will strive to schedule truck arrivals to keep the truck loading duration at or below one (1) hour.

Truck loading procedures must be completed by each truck driver as follows.

- Open entry roll-up door, enter loading bay, and position truck and its uncovered container below overhead cake storage bins.
- Close entry and exit roll-up doors to contain odors.
- Initiate transfer of biosolids from overhead cake storage bins to container using local control station.
- Monitor weight and weight distribution during loading to guard against overloading containers and exceeding transportation weight limits. There is no location within the Dewatering Facility site where Contractor will be able to unload a container if it is overloaded.
- Stop transfer of biosolids when container is full or weight limit approaches, whichever occurs first.
- Print weight ticket.
- Cover container securely to contain odors and prevent spills.
- Sweep the loading bay if Contractor caused a spill or tracked-in material.
- Open exit roll-up door, leave truck loading bay, and close exit roll-up door.
- If needed, wash truck and/or container to remove any biosolids attached to tires, truck body, or container using the Dewatering Facility's truck wash amenities.
- Promptly depart from the Dewatering Facility via the site's exit gate.

#### **4.5 Weighing**

The Contractor must use City-provided scales at the Dewatering Facility for obtaining tare and loaded weights. The City will maintain the scales and will test and recalibrate each of the scales as frequently as required by applicable law.

The Contractor may conduct more frequent testing of the scales by a certified scale testing company, at its sole expense. If at any time, such testing indicates a scale does not meet accuracy requirements, the Contractor may request a reasonable adjustment of weight measurements recorded by such scale during the preceding thirty (30) calendar days, which the City may grant at its sole discretion.

If no scales at the Dewatering Facility are in service, the Contractor must weigh every loaded truck at the nearest available certified scale.

#### **4.6 Transportation Routes**

Truck routing in the vicinity of the RWF must maximize the use of California State Route 237 ("SR 237") and Zanker Road north of SR 237, and minimize the use of residential roads.

Truck routing outside the immediate vicinity of the RWF must use interstate freeways and state highways to the maximum extent possible. Truck routing through residential areas must be avoided or minimized to the greatest extent possible.

Truck routing in the vicinity of the Contractor's Designated and Backup Beneficial Use Site(s) and Seasonal Storage Site(s) must comply with the requirements of the



owners/operators of these sites and with the requirements of all governmental authorities having jurisdiction. Truck routing and offloading of containers loaded with the RWF's biosolids must also comply with any operating permits and authorizations associated with the receiving site, including but not limited to any restrictions on seasonal use, daily hours of operation, and suitability of receiving site's access roadways and unloading area conditions.

#### **4.7 Transportation Safety**

The Contractor is responsible for transportation safety and for ensuring that all drivers comply with all speed limits and other vehicle and traffic laws, rules, and regulations.

### **5. BENEFICIAL USE AND SEASONAL STORAGE REQUIREMENTS AND STANDARDS**

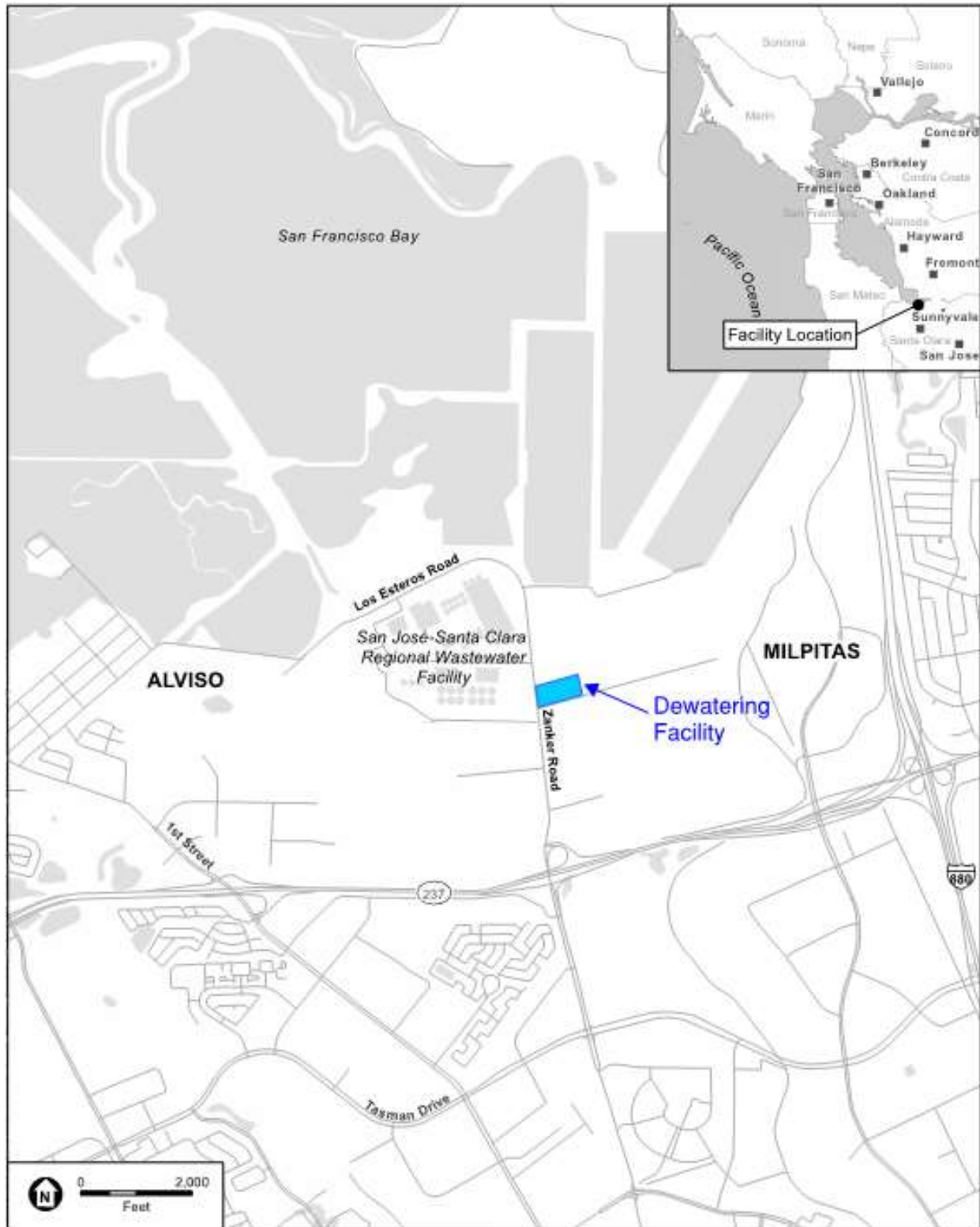
Contractor must use the Designated Beneficial Use Site(s) and Designated Seasonal Storage Site(s) listed in Contractor's Operations Plan in **Exhibit B-3** to routinely manage the RWF's dewatered biosolids.

Contractor may use the Backup Beneficial Use Site(s) or Backup Seasonal Storage Site(s) listed in Contractor's Contingency Plan in **Exhibit B-3** if: 1) there is a disruption to normal operations that makes a Designated Beneficial Use Site or Designated Seasonal Storage Site unavailable; 2) a Designated Beneficial Use Site or Designated Seasonal Storage Site becomes inaccessible; or 3) use of the Backup Beneficial Use Site or Backup Seasonal Storage Site would otherwise benefit the City. In addition, the Contractor may request that the City approve another backup site provided Contractor follows the procedure described in Section 3.1 of **Exhibit A**, General Terms and Conditions, to the Agreement.

In emergency situations, when Contractor's Designated and Backup Beneficial Use Site(s) and Seasonal Storage Site(s) become unavailable or inaccessible, the Contractor may request that the City approve use of a landfill for biosolids disposal or use as alternative daily cover. Neither landfill disposal nor alternative daily cover are considered beneficial use.

The Contractor must utilize the RWF's biosolids in accordance with each site's permits and with all applicable local, state, and federal laws and regulations. The Contractor is responsible for meeting the monitoring and reporting requirements imposed by agencies with jurisdiction over the Designated and Backup Beneficial Use Site(s) and Seasonal Storage Site(s) used to manage the RWF's biosolids. The Contractor is also solely responsible for obtaining the financing for sites and facilities used, and for implementing any improvements necessary to meet regulatory requirements or expand capacity. The Contractor must provide documentation of site permits, orders, decrees, registrations, and other regulatory approvals to the City upon request.

### Exhibit B-2: Dewatering Facility 100% Design Drawings



SOURCE: ESA, 2019

San José-Santa Clara Regional Wastewater Facility Digested Sludge Dewatering Facility Project

**Figure 1 - Location Map**

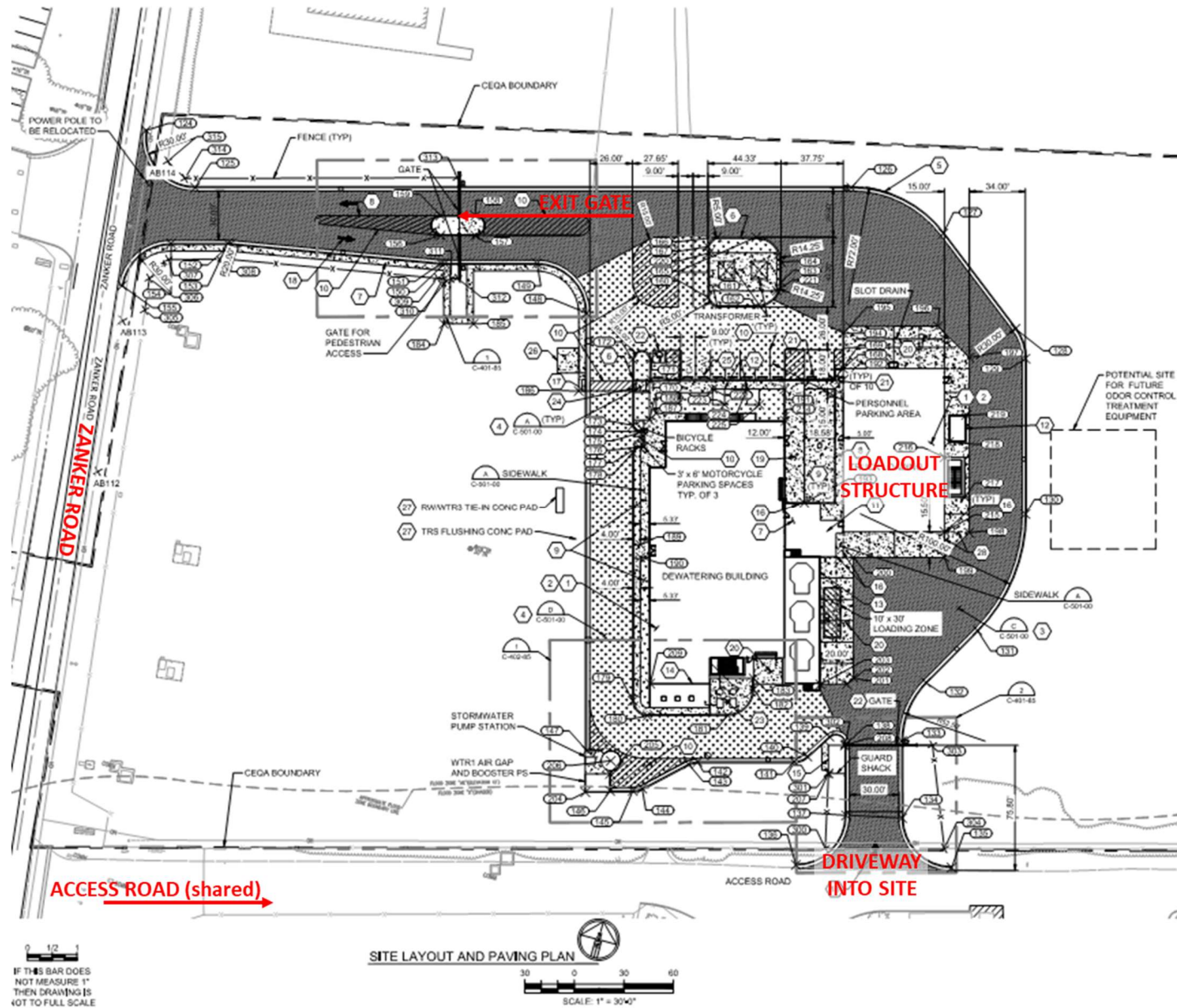
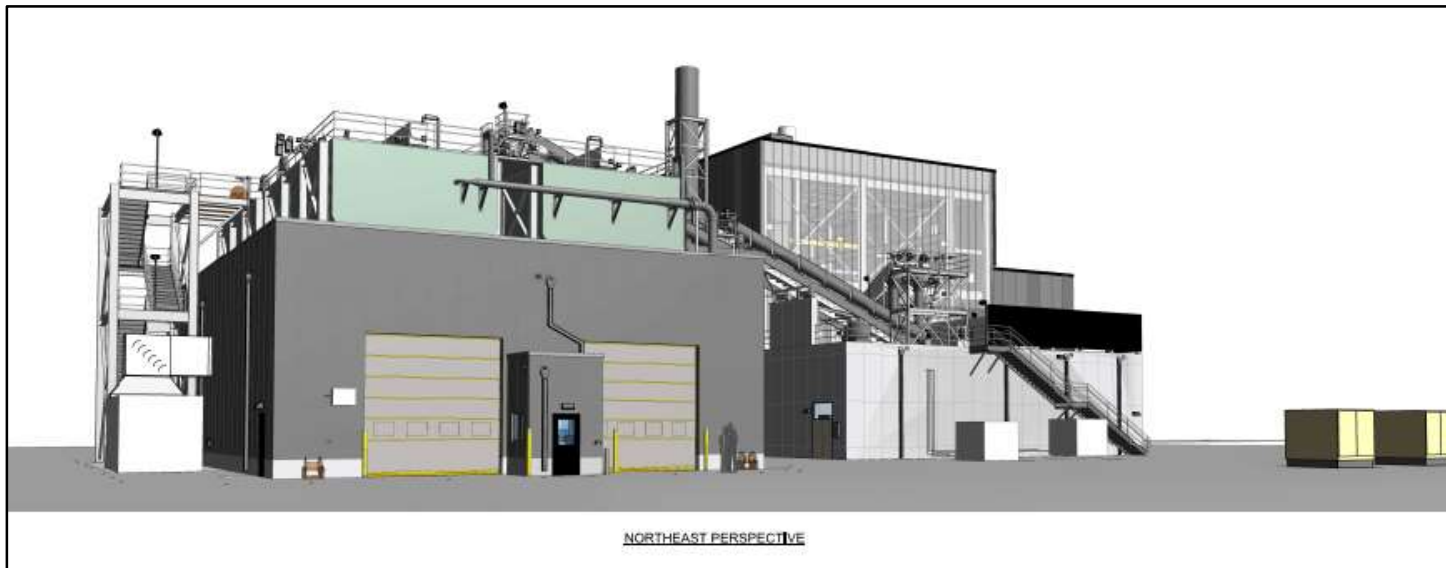


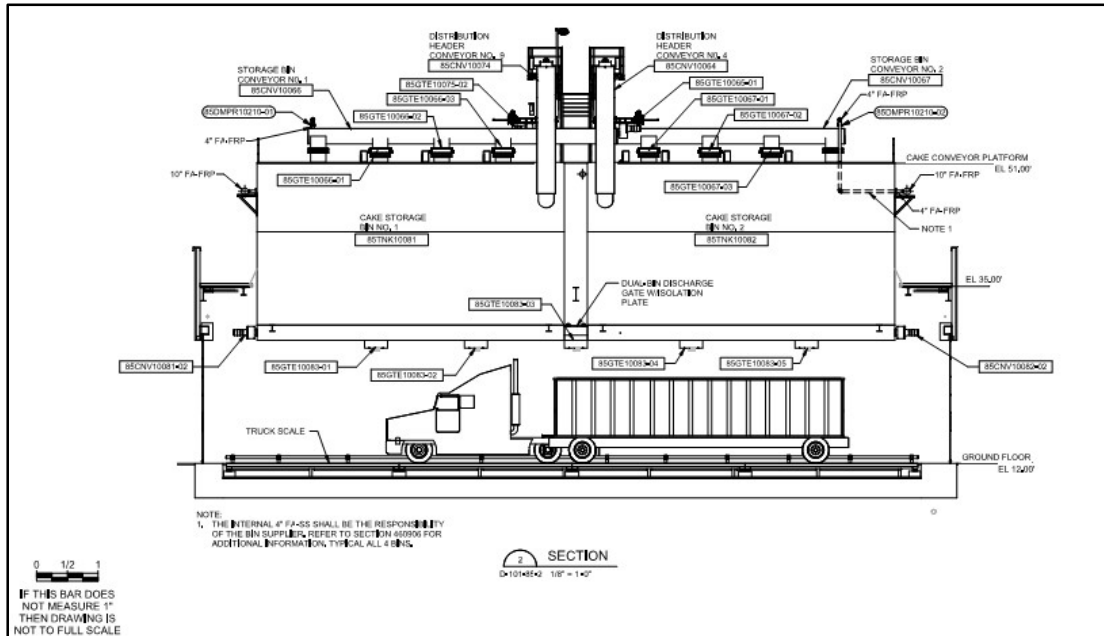
Figure 2 – Site Plan



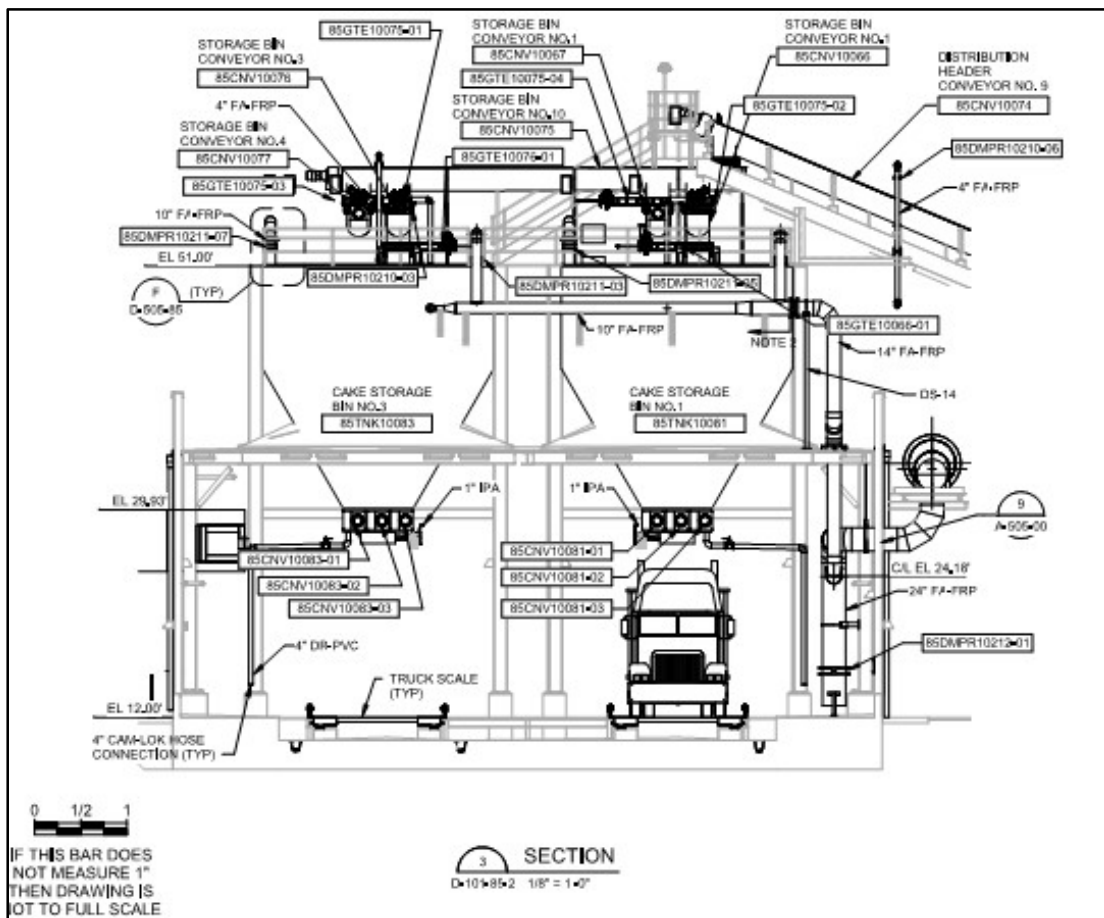
**Figure 3 - Loadout Structure Entrance Rendering**



**Figure 4 - Loadout Structure Exit Rendering**



**Figure 5 - Loadout Structure Section (Truck Side)**



**Figure 6 - Loadout Structure Section (Truck Front)**

## **Exhibit B-3: Denali's Operations Plan, Contingency Plan, and Spill Response and Safety Plan**

# **OPERATIONS PLAN**



## **Operations Plan**

### **Overview**

According to the City of San José's dewatered biosolids transportation and beneficial use service agreement's scope of services, the San José-Santa Clara Regional Wastewater Facility (RWF) expects to produce approximately 100,000 to 120,000 wet tons of biosolids per year once the new dewatering facility is fully operational. Denali understands that volumes may fluctuate. The equipment Denali Water uses hauls approximately 24-25 tons per load. Given the annual production by the City, the City produces approximately twelve (12) to fifteen (15) loads of biosolids per day. Denali's approach to hauling and managing biosolids for wastewater facilities is to be prepared to haul fluctuating production levels from the RWF. With our decades of experience, we understand treatment plants need service 365 days per year and biosolids production can vary by season and by week depending on the treatment plant operations.

Given the needs of treatment plant to be flexible in providing hauling services, Denali offers the City, both company-owned trucks with a fleet of water-tight, aluminum end dump trailers, which are commonly used for the transportation of biosolids. It should be noted, Denali has a network of subcontracted independent haulers should the project require additional trucks that can handle increases and decreases in biosolids production on a daily and weekly basis. (Denali understands each subcontractor would need to be pre-approved by the City prior to use.) The City's biosolids production and loading procedures are like several treatment plants we haul from throughout California including East Bay Municipal Utility District in Oakland, California where we haul between eight (8) and twelve (12) loads per day, seven (7) days per week.

### **1. Scheduling Hauling Services**

Denali Water uses a centralized load scheduling system for scheduling the hauling of loads in the region. We will provide the City a single email address ([Justin.Larsen@denaliwater.com](mailto:Justin.Larsen@denaliwater.com)) that is distributed to all operations and dispatch personnel that schedule trucks. This provides is delivered to the on-duty dispatcher seven (7) day per week eliminating the need to contact multiple individuals on rotating schedules. A contact list with email addresses and phone numbers to Denali staff will also be provided if there are any updates. The City's RFP Scope of Services details a notification timeline that Denali encourages to all its customers which includes a weekly schedule of hauling services, daily revisions to the following days as needed, and communication to the City of Denali Water's changes as soon as possible. When the full number of scheduled loads is not covered one day, which can occur due to multiple reasons including mechanical issues, traffic delays, and weather issues, Denali Water will notify the City immediately and will schedule additional loads to be hauled the following day.



## **2. Safety and Reliability**

Denali Water has been hauling and managing biosolids for over 25 years. Through this extensive experience, Denali Water has developed training procedures to train truck drivers on Denali Water's Spill Response Procedures. This includes the personal protective equipment (PPE) drivers are required have on them, requiring drivers to inspect their equipment before hauling biosolids from the facility, and training drivers of Denali Water's procedures if an accident or spill occurs. Denali also only uses equipment designed to safely haul dewatered biosolids. Trucks will have operating back-up alarms that activate any time the truck is in reverse. The trailers we will use will have wide splashguards as required and will have tarps to cover the trailers during transport.

Please see Denali's, Environmental, Health and Safety Plan for additional information.

## **3. Transportation and Handling Arrangements**

Denali Water's approach to loading trucks at the City's facility will be for the trucks to place its trailers under the City's biosolids hoppers, and the hoppers will open, and gravity load the trailers. After loading the trailer, the driver will cover the load with a tarp for transport. A load ticket and/or manifest will be completed for each load to document the load. The driver will use the Dewatering Facility's truck wash amenities to clean all loose biosolids off the truck and trailer before leaving the site.

Denali Water intends to land apply the City's biosolids at Denali's permitted biosolids land application sites in Merced County or a Compost facility for beneficial reuse. The loaded truck will haul its load to the destination and offload at the end use site's designated offloading area.

Denali Water's Merced sites are between 110 and 125 miles from the City's wastewater treatment plant.

Jess Ranch Composting is 48 miles from the City's wastewater treatment plant.

Liberty Composting is 197 miles from the City's wastewater treatment plant.

Additional sites may be added with prior City approval.

## **4. Beneficial Reuse Services**

Denali Water's primary beneficial reuse services is the land application of the City's biosolids for use as a soil amendment and fertilizer to crops. This is the most direct means

to utilize the nutrients found in biosolids without expending additional resources to transform the biosolids into another product before further use.

Denali's land application program is typically available between March and December. When the land application sites are not available, Denali Water will deliver the City's biosolids to a composting facility including Jess Ranch, pending its operational status, or Liberty Composting for the composting of the biosolids.

In addition, and with City approval, Denali intends to add additional beneficial use sites as they become available for this project.

## **5. Preliminary Operations Plans**

Denali Water's Project Manager will communicate regularly with City's personnel leading up to the commissioning of the Dewatering Facility. As the commissioning of the Dewatering Facility nears, weekly communication will be necessary with Denali Water and City personnel. Site approvals will be coordinated in advance of start-up of service to assure the material is approved at each site as required.

Denali Water will provide training to its hauling personnel after receiving training from the City on their loading procedures. Denali Water's trucks will use highways and interstates when hauling the City's biosolids to the end use sites. When not on a highway or interstate, Denali Water's trucks will use the most direct route to the end use site, avoiding sensitive areas like schools whenever practical. Most likely, the trucks will use Interstate 880 via Interstate 580 to get to the Merced County land application and composting sites.

Denali Water's land application of biosolids follows our Biosolids Management Plan, described further on Page 10 of this Plan. The general daily procedure for land application is to pick up a loaded trailer from the RWF. The tarped load will be transported on approved routes to our land application sites, currently in Merced County, or to a composting facility. The load is off-loaded at the applied field at a staging area and the trailer is washed out using a water truck. The delivered biosolids are loaded from the ground using a front-end wheel loader into a spreader. The spreader then spreads the biosolids at the agronomic rate of the intended crop by adjusting the speed of the spreader. After being spread, the biosolids are incorporated into the soil using a disc.

Our company Biosolids Management Plan addresses our entire biosolids handling procedures from loading and hauling biosolids to spreading and reporting to meet all regulatory requirements. The plan addresses how we mitigate odors from our hauling and land application. We use tarp to cover our trailers to minimize odors at the plant and during transportation. At our land application site, we incorporate the biosolids daily to minimize odors at the site and we observe the setbacks from property lines and dwellings. To minimize our impact on surface water, we observe setbacks from waterways. We also incorporate the biosolids to help keep the material on site. We avoid land applying biosolids during rain events to minimize our impact on storm water at the site. To minimize

our hauling equipment's impact on storm water at the site, we maintain our equipment to help prevent leaks and we keep our equipment free of biosolids build-up that could fall off our equipment.

As for Denali Water's composting of biosolids, we are typically responsible for the transportation and the unloading of the City's biosolids to the designated compost facility. The general daily procedure for composting is to pick up a loaded trailer from the RWF. The tarped load will be transported on approved routes to the compost facility, currently at Liberty Composting or the Jess Ranch composting facility. All loads are weighed in at the designated compost facility's certified scales. The load is off-loaded at the designated unloaded area and the truck returns to the RWF. The biosolids are then managed by the individual compost facility per its operating permit.

### ***Preliminary Contingency Plan***

Denali Water's strength as a biosolids contractor is its ability to have multiple outlets to manage the City's biosolids should an emergency arise. In addition, by managing our own trucks we have the flexibility to reallocate biosolids to different beneficial use sites over the life of the contract. Keep in mind, Denali manages biosolids from many locations in Northern California for over 25 years and have been successful by having alternative beneficial use in-place. In addition, by maintaining a fleet of company-owned trucks and trailers, Denali can move very quickly when an emergency occurs.

Most times, an emergency is caused by a WWTP mechanical, or process issue and Denali will work with City staff to manage what is needed. At all times, communication with the City is essential to successfully manage through these situations. The Project Manager will communicate with the designated City personnel via phone when there is an emergency issue. Many of these issues are short-term and are not impactful to the beneficial use of biosolids. Should the City's scales be down, Denali will identify a 3<sup>rd</sup>-party location (typically a certified CAT truck stop) near the RWF to scale each load.

Weather is also common issue and in the case of the San Jose project the issue will most likely be rain. During the land application season, March-December, Denali will have land application sites that are able to accept truck loads of biosolids when it is dry or when it rains. Our Technical Service Manager will identify the land application sites in which Denali intends to deliver daily based on weather and crop conditions.

Should a truck break down, Denali will utilize additional resources from its own fleet in the Northern California area. In addition, Denali has the ability to bring additional equipment to the City from its Southern California operation. Also, Denali has a network of subcontractors it utilizes and with City approval can utilize them should it be necessary.

When the land application sites are not available, Denali Water will deliver the City's biosolids to a composting facility including Jess Ranch, pending its operational status, or

Liberty Composting for the composting of the biosolids.

In addition, and with City approval, Denali intends to add additional land application and other beneficial use sites as they become available for this project. Denali will always continue to add additional land application sites for the City, as well as our other clients to ensure capacity should we be required to manage 100% of the biosolids. We anticipate having additional sites to manage the City's biosolids prior to the expected operations date of the City's RWF.

Should an emergency require landfill disposal, Denali will notify the City immediately and work out the acceptable procedure per the Agreement to ensure the City's biosolids are being properly managed.

Also, should the City notify Denali that its biosolids do not meet the criteria of Class B designation, then the City and Denali's Project Manager/Contract Manager need to immediately determine whether the material must go to landfill or whether it can be processed to Class A at the designated compost facility's. Once determined, the City and Denali will agree on the best path going forward.

### *Staffing*

It is anticipated that 3 to 5 full-time employees would staff the project depending on actual contracted volume. Prior to project start-up, Denali will provide a detailed contact list of all employees dedicated to the project.

Additional support is provided from other corporate resources when needed. For instance, corporate health and safety, technical services, human resources, and accounting are all additional resources utilized to operate the compost facility.

🌿 **Project Manager** - The Project Manager is responsible for all day-to-day operations and communication with the City personnel. The project manager also provides operational support working with the truck drivers and land application crews and is responsible for the logistical management of the facility including the loading and unloading of customers, field services equipment maintenance and storage management. Justin Larsen will serve as Project Manager and he can be reached at 316-644-9756 or at [justin.larsen@denaliwater.com](mailto:justin.larsen@denaliwater.com).

🌿 **Contract Manager** – The Contract Manager is authorized to work on behalf of Denali Water. The Contract Manager has the overall responsibilities to manage the Agreement with the City on behalf of Denali. And has overall operational and other-day-to-day decision making authority. Bryan Cannon will serve as Contract Manager, and he can be reached at 909-963-9934 or at [bryan.cannon@denaliwater.com](mailto:bryan.cannon@denaliwater.com).

- 🌿 **Technical Service/Environmental Manager** - Responsible for all technical services, land permitting and environmental reporting. The technical service manager is responsible for all land application and disposal compliance and will handle all farm services including farmer relations. Jamie Olivarez will serve as Technical Service/Environmental Manager, and he can be reached at 916-844-5864 or at [Jamie.olivarez@denaliwater.com](mailto:Jamie.olivarez@denaliwater.com).
- 🌿 **Executive Vice President, West Region** – Overall responsible for contract compliance and full authority of Denali Water operations for the Western Region. David Vaughn is the Executive Vice President, West and can be reached at 530-635-0083 or at [dave.vaughn@denaliwater.com](mailto:dave.vaughn@denaliwater.com).
- 🌿 **Safety Manager** – The Safety Manager is responsible for ensuring Denali Water is in compliance with all Federal/State safety procedures. In addition, the Safety Manager will coordinate all training necessary for the start-up of new projects or the enrollment of new company employees for the project. Nick Thompson is the Safety Manager, and he can be reached at 479-970-4650 or at [nick.thompson@denaliwater.com](mailto:nick.thompson@denaliwater.com).
- 🌿 **Drivers:** Denali plans on having three dedicated tractors and four trailers on the project to provide transportation services to land application and composting sites.
- 🌿 **Land Application Crew** – Denali will implement a land application program that utilizes its own crew and or work with the local farmer to provide land application services. The project manager and technical services manager will oversee application crews.

### ***Communication with the City***

The Project Manager will communicate with the City regarding day-to-day operations. Issues pertaining to contract management, regulatory affairs, and special projects will involve the Project Manager and the Contract Manager.

Invoicing and other financial management will be supported by the Denali corporate structure (accounts payable and receivable) and will be done in accordance with the Agreement between the City and Denali Water.

### ***Training***

Denali provides internal training and instruction for its employees. We provide the required training manuals for major equipment and hands on experience in the operation and maintenance of the major equipment. We work with our employees to understand O&M procedures, health and safety procedures and overall operational scope of work. Denali is active in many national trade associations and when possible, we push our employees to

seek further education and certifications.

### ***Emergency Action and Notification***

An emergency response plan will need to be created prior to the start-up of operations. Denali will review and follow the current facility emergency management plan. The emergency response plan should include:

- First Aid Response and Procedures
- 911 Protocol
- Emergency Contact Information
- Emergency Evacuation Procedures
- Fire Alarm and Procedures
- Severe Weather Operating Procedure and Shelter
- Spill Response Plan
- Odor Mitigation Plan
- Public Outreach plan

### ***Health and Safety Information***

Denali instills a strong team commitment to safety for all aspects of the facility operations and services provided. Denali's philosophy is that safety must be planned into a project and not be an afterthought. Denali's philosophy of "Safety First" will be emphasized throughout the entire Denali Team.

### **Exposure to Dust and Airborne Particulates**

Denali employees will abide by Denali's Environmental, Health and Safety program, in addition to federal, state, and local safety regulations. Biosolids facility workers can be exposed to dusts, which contain a variety of chemical and biological agents. Airborne particles can include plant material particles and the products of their decomposition, consisting primarily of minute fungal spores and bacteria. Chemical products of decomposition, which may also be released, include carbon dioxide, carbon monoxide, ammonia, nitrogen oxides, and hydrogen sulfide.

Most workers should experience no adverse health effects from the working environment. However, the chemical products of decomposition, listed above, when in sufficient quantity, can produce symptoms of headache, tearing, and nose and throat irritation. A few sensitive individuals may experience symptoms of dry cough, fever, tiredness, or difficulty in breathing. Symptoms usually begin several hours after fine organic dusts are inhaled and may last for hours or several days. This can be caused by a type of allergic reaction to substances in the compost material. Highly allergic employees may not benefit from the use of a respirator and may have to change occupations. Careful completion of the Occupational/Medical History during pre-employment and periodic physical evaluations can also help to identify employees with a potential for sensitivity to organic dusts. Significant hazards, such as oxygen deficiency, can occur when these products are allowed to accumulate in confined areas such as manholes, pits, or trenches, and if appropriate

safety precautions are not followed.

### **Personal Hygiene**

Close attention to personal hygiene is important to prevent exposure to biological agents such as fungi and bacteria. Appropriate use of personal protective equipment is also important to protect workers from both microorganisms and chemical agents such as ammonia, which are produced during the composting process. The following sanitary measures should be followed:

- 🌿 Keep hands below collar while working.
- 🌿 Do not smoke when in the processing area and when working on compost facility equipment.
- 🌿 Wear rubber gloves when performing duties requiring contact with organics.
- 🌿 Wash gloves before removing them.
- 🌿 Wash hands with hot water and germicidal soap before using the toilet, eating, or smoking.
- 🌿 Keep work clothes and street clothes separate.
- 🌿 Receive first aid treatment for cuts and scratches.
- 🌿 Shower after the work shift.

### **Mechanical Equipment**

**Mandatory Requirement:** All Denali operators must review the Equipment Manual prior to operation of any piece of equipment. The operators will acknowledge a review of the operational and safety discussion from the Equipment Manual for Denali trucks, tractors, and spreaders.

- 🌿 Tag and lockout procedures must be followed.
- 🌿 Only qualified and authorized personnel will work on mechanical equipment.
- 🌿 All mechanical equipment, including fixed machines will be properly guarded to protect personnel from moving parts such as wheels, belts, etc. Any moving or stationary parts that present a potential hazard to workers will be properly guarded. Those guards will be maintained in good condition and replaced as necessary. If machine guards are removed during repair or maintenance, they will be replaced immediately when the work is complete.
- 🌿 Consider noise levels produced by equipment and protection with earplugs, etc. A noise survey will be conducted to identify areas where ear protection would be mandatory-- where the 8-hour time weighted average (twa) is greater than 85 decibels. Keep all controls for the machinery accessible and well-marked. Any electrical disconnect switches or circuit breakers for the mechanical equipment will be locked out and tagged when work is being done on the equipment.
- 🌿 Wear protective eyewear and safety boots when working on equipment. Remove jewelry and tuck in shirttails and long hair.
- 🌿 Never try to adjust or repairs to mechanical equipment that is in operation.

- 🌿 Keep all equipment in good working order. Inspect before and after using.
- 🌿 Keep floors and other surfaces free of grease, oil, or other material, which may cause slips or falls.
- 🌿 Affix "Danger," "Warning," or "Caution" labels as appropriate.
- 🌿 Keep emergency phone numbers posted by all telephones.

## **Beneficial Use**

The land application of biosolids is a safe and effective use of a recyclable material. The application of biosolids, as is the case with any agricultural product, is only safe and effective if applied in a responsible manner. This section details the Operations Plan that Denali will follow for the land application of biosolids.

### a) Biosolids Application

Because of the nature of biosolids and existing regulations on biosolids, each site that receives biosolids will be carefully chosen. The crop the farm operator intends to grow determines if the site will be considered for land application of biosolids. Feed, grain, and forage crops, such as silage corn, oats, and alfalfa, are the preferred crops because these crops are grown on marginal land that will benefit most from the application of biosolids, as well as not being directly consumed by humans. However, a crop that is intended for the grazing of milk producing animals will not be considered.

The farm operator and landowner will sign “Biosolids Consent Forms” describing the rules and regulations pertaining to the use of biosolids. The site will then be researched to determine if endangered species listed under section 4 of the Endangered Species Act, or its critical habitat is located on the potential site. Wells, waterways, and homes will be identified, and their corresponding buffer zone distances will be considered to assure that each potential site is large enough for biosolids application.

Ground water depth will be determined using well log data or any other available information. Biosolids will not be applied to sites where ground water is less than 5 feet.

The potential for any discharge of irrigation tailwater, stormwater, or other field runoff to surface waters will be determined. Runoff potential following the application of biosolids applications will be limited for 90 days. Land application of biosolids within any designated floodway or flowage easements designated by the Reclamation Board of the State of California or floodways shown on maps published by the Federal Emergency Management Agency will be prohibited.

After a site is evaluated and meets the criteria for receiving biosolids, the site identification process will begin. The following information will be gathered for each site:

- a. Site owner name, address, phone number.



- b. Farm operator name, address, phone number.
- c. Site location identified by latitude and longitude or legal description
- d. Field acreage
- e. Intended crop
- f. Land use zoning
- g. Proposed application rate
- h. Ground water depth
- i. Irrigation method
- j. Predominant soil type
- k. Site slope

This information will be submitted on forms provided by the appropriate regulatory agency.

After the site information is gathered each site will be designated with a site code. Each site will be given a two-digit County code. For Merced County the two-digit code will be ME. The site will then be given a three-letter site code that will correlate with the farm operator's name (i.e., Smith would be designated SMT). Then each individual field at the site will receive a numeric designation (i.e., SMT-3 would indicate farm operator Smith's field number 3).

Using this numerical code, a Pre-Application Report will be prepared for the site. This report includes:

- a. Site location and applier information
- b. USGS topographic map of each site at a scale of 1:24,000.
- c. USGS topographic map of each field at a scale of 1:12,000 including the following information:
  - 1. Site topography
  - 2. Nearby surface waters, wells, residences, and public roads
  - 3. Application area including buffer zones
  - 4. Ground water monitoring wells (if required)
  - 5. Elevation
- d. Biosolids source
- e. Constituent concentrations in biosolids
- f. Application area information
- g. Ground Water Monitoring Plan (if required)

After a site has been approved and before biosolids application begins, each site will undergo site preparation procedures.

- a. Land ownership of the site will be verified that no changes have occurred since consent had been given.
- b. The site will be visually examined if there are any changes from its original map on file.
- c. A soil sample will be taken to establish background soil metal

- concentrations and Cation Exchange Capacity.
- d. Site boundaries and buffer zones will be clearly marked.
  - e. The site entrance will be clearly marked
  - f. Haul routes will be verified that no changes have been made to the route that would impair delivery of biosolids.
  - g. Slopes over 2% will be identified and marked so biosolids can be incorporated parallel to the contour of the land.

Buffer zones are set back areas that will not receive biosolids. These buffers will provide additional protection of water quality and will help minimize potential nuisance. Buffer zones will be clearly marked with stakes or flags. The buffer zone distances to be observed are:

- 500 feet from occupied dwellings
- 100 feet from surface waters
- 500 feet from domestic water supply wells
- 100 feet from non-domestic water supply wells
- 50 feet from public roads
- 25 feet from property lines
- 10 feet from any other structures
- 33 feet from agricultural drainage ways

After the field has been prepared, the intended crop will be verified. The agronomic rate for the crop, which is the nitrogen requirements a plant needs for optimal growth and production, will be determined by a cited professional publication for California. Using the agronomic rate, the biosolids application rate is determined by the following formula:

$$\text{Agronomic rate (PAN)/acre} \div \text{PAN/wet ton biosolids} = \text{Wet tons biosolids/acre}$$

This rate will be given to the site's operations manager and the site boundaries and restrictions will be verified by him/her.

If a field has been applied in the past and receives biosolids that are above Table 3 of 40 CFR Part 503.13, the background soil metals, and previously applied metals will be totaled. If any metal will exceed the cumulative pollutant loading rate listed in Table 2 of 40 CFR Part 503 503.13 by receiving more biosolids, land application will cease on that field.

Biosolids delivered to the site will be off-loaded at a staging area. The staging area is where loads are delivered and biosolids are loaded into spreaders for application. Staging areas may move throughout operations depending on size, topography and hauling constraints. Biosolids are not to be staged for more than 24 hours.

Biosolids will be loaded using a front-end loader into a modified manure spreader or truck mounted spreader. Biosolids will be spread in the same manner as animal manure where the biosolids will be spread across an area of the field. Spreaders are calibrated to spread

over a known area and can adjust the application rate by adjusting their driving speed.

b) Equipment to be Used

Denali intends on using front-end wheel loader for the loading of the biosolids, either a truck mounted or pull-type manure spreader to spread the biosolids, a tractor and disc for discing the material, and a water truck can be used to water the access roads or wash biosolids off trucks to help prevent the tracking of biosolids onto the roadways.

c) Equipment Breakdowns

In the case of equipment breakdowns, Denali will have the option of renting equipment until the broken equipment is fixed. Denali performs preventative maintenance on its equipment and keep spare parts for equipment failures. Also, subcontracted spreading companies may be used to spread if needed during equipment breakdowns or to run the spreading operation.

d) Soil Incorporation Methods

Biosolids will be incorporated within 24 hours of application using a disc or plow. Biosolids incorporation will parallel the contour of the land to prevent the off-site movement of the biosolids/soil mixture.

e) Inclement Weather Plan

In cases that biosolids application cannot be applied or hauled due to adverse weather an Inclement Weather Plan will be implemented. This Plan will be implemented in cases such as:

1. Excessive wind, precipitation, or other weather limitations
2. Field preparation delays
3. Access road limitations

If biosolids cannot be delivered to a site, loads will be:

1. Diverted to a site that can be accessed
2. Diverted to Liberty Composting or the Jess Ranch Compost facility

f) Soil Testing Methodology

Denali Water will adhere to the soil testing standards established by the Department. The surface soil will be sampled at a depth of 3 to 11 inches. A sample will consist of individual cores taken from scattered locations throughout the entire field. Individual cores will be

collected to be representative of the entire field. Surface litter will be removed before collecting a core, to ensure mineral soil is sampled. Obvious anomalies such as wet spots, turn rows and minor soil textural inclusions will not be sampled. The number of core samples and soil samples will be determined by the Department prior to sampling and will depend on the field size and soil type.

g) Dust Controls

Denali will not apply biosolids when wind speeds exceed twenty (20) miles per hour, unless waived by the Department. Denali may keep the access roads watered to minimize the dust created by the trucks. The buffer zone requirement will also be met, keeping the movement of dust off the site to a minimum.

h) Biosolids Transportation

Each biosolids transport driver shall be trained as to the nature of their load and the proper response to accidents or spill events and shall carry a copy of a Spill Response Plan. Biosolids will be collected from the RWF in watertight end-dump or bottom-dump trailers. These trailers will be tarped during transportation. Truck drivers will be routed to assigned fields daily.

Factors influencing routing will include traffic considerations, location of residences, potential for dust, and the sensitivity of affected residents. If the use of haul routes near residential land uses cannot be avoided, truck traffic will be limited to daylight hours. Field moves will be implemented if necessary to avoid overtaxing any nearby residents. The biosolids will be off-loaded at the site within the field boundaries. Once off-loaded, the trailers will be washed with a water truck, if necessary, to prevent the tracking of biosolids onto the roadways. If any excess dust is created by hauling, roads will be watered.

i) Nuisance Avoidance Measures

To prevent creating any nuisance to the areas surrounding the application sites, several nuisance controls will be taken as part of this plan.

j) Odor Controls

Because the land application of biosolids has the potential for producing odors, restriction have been put in place to minimize the odors. This plan includes the following odor control measures:

- a. Biosolids will be stabilized at the wastewater treatment plant. This results in a reduction of volatile solids in the biosolids and produces a less odorous product.
- b. Biosolids will be incorporated into the soil. This minimizes the exposure of the biosolids to the air and reduces the release of odors.

- c. Buffer zones from sensitive receptors will be met. This allows any odors released from the site to dissipate before reaching the sensitive receptor.
- d. Trailers will be tarped. This keeps odors from escaping from the trailer during the transportation of the biosolids.

k.) Dust Controls

Dust is the product of typical farming operations. The delivery of biosolids can create additional dust to the farming operation. This plan includes the following odor control measures:

- a. Dirt roads used by Denali will be watered if excessive dust is produced.
- b. Buffer zones from sensitive receptors will be met. This keeps the movement of dust off-site to a minimum.

l.) Noise Controls

The delivery and application of biosolids has the potential for creating noise. This plan includes the following noise control measures:

- a. Haul routes will be established to avoid residential and noise sensitive areas.
- b. Biosolids deliveries and operations will be limited today light hours if operation or haul routes are residential areas or sensitive receptors.
- c. Buffer zones from sensitive receptor will be met. This keeps a distance between operation activity and the sensitive receptors.

m.) Surface Water

To protect surface water from possible degradation, soil erosion and the off-site movement of biosolids must be minimized. The off-site movement of biosolids and soil erosion is minimized by the following actions in Denali's plan:

- a. Buffer zones of 32.8 feet from surface waters are met
- b. Biosolids add organic materials that help bind soils and help reduce soil erosion
- c. Biosolids will meet 40 CFR Part 503 quality standards
- d. Biosolids are applied at the nitrogen need of the crop

n.) Ground Water

To protect ground water quality, the movement of hazardous amounts of material through the soil must be prevented. This ground water degradation is prevented by the following actions in Denali's Biosolids Management Plan:

- a. Biosolids are applied at the nitrogen need of the crop. Because nitrogen is the most mobile constituent in the biosolids, applying it at rate the crop will

use ensures that no nitrogen will leach through the soil and affect the groundwater.

- b. Biosolids will meet 40 CFR Part 503 quality standards. Also, soil typically adsorbs metals to its particles. Most soils, including those found in California, have a negative charge measured as Cation Exchange Capacity (CEC). Metals are positively charged called cations. Once metals enter a soil, they adhere to the soil particles, which prevent the metal from migrating to the groundwater.
- c. Buffer zones from active wells, homes and surface waters prevents biosolids from moving into the groundwater by mass movement.
- d. Ground water depth restrictions are met.



- 💧 **NO SMOKING** shall be permitted while loading, transporting, and/or unloading biosolids. If the driver needs to smoke they must park in a safe and legal location and proceed to a designated smoking area no less than 100 feet from the vehicle containing biosolids.
- 💧 Drivers should make sure they always have the following safety equipment in/on their vehicle at all times while transporting biosolids:
  - a. First Aid Kit
  - b. Reflective triangles and/or traffic cones
  - c. Fire Extinguisher
  - d. Barrier device (absorbent material, straw, sock, etc.)
  - e. Push Broom (to sweep up debris and biosolids from roadway)
  - f. Shovel (use to prevent biosolids from draining into waterways / ditches)



## QUICK REFERENCE GUIDE TO BIOSOLIDS SPILL CLEANUP PROCEDURES

💧 **INFORMATION ABOUT BIOSOLIDS:** Biosolids are the non-hazardous organic material remaining from the wastewater treatment process. The material is highly treated, nutrient-rich, mud-like, black/brown in color, organic fertilizing material which is considered **Non-hazardous material per EPA and state law.**

💧 **SAFE HANDLING PRECAUTIONS:** You may be exposed to biosolids during loading, unloading and spills through inhalation or ingestion. To prevent this, the following precautions are recommended:

- Wear personal protective equipment (PPE)
- Leather gloves
- Boots (*optional, but recommended during spill cleanup*)
- Liquid repellent coveralls (*optional, but recommended during spill cleanup*)
- Wash hands with soap after handling biosolids
- Disinfect and cover cuts
- Don't eat, smoke, or chew around biosolids

💧 **MANAGEMENT OF CLEAN UP ACTIVITIES: CALLS TO MAKE IMMEDIATELY AFTER SPILL-** Immediately notify your Supervisor. Independent carriers (IC) must also notify the appropriate Denali Project Manager immediately. Then notify highway patrol (911) if spill occurred on public right-of-way. Give location and amount of spill to individual(s) contacted. If the spill occurs on State Highways or Interstates, the state DOT offices will most likely take the lead on providing equipment and crew to clean up the spill, however, check with your Supervisor. If possible, Denali labor and equipment are to be utilized. The Project Manager shall also communicate with the authorities and the public on the scene, answering questions and advising of the cleanup activities.

### 💧 **Required Items for Clean Up Activities**

#### **If hauling truck and trailer are not disabled -**

1. Minimum of 2 laborers (more depending on size of spill).
2. Class B, rubber tire front-end loader (this may not be required if spill is 2 cubic yards or less).
3. Dump truck with sand
4. Shovels
5. Brooms
6. Traffic Cones
7. Absorbent Material
8. Biosolid storage bins with a minimum of 9 Mil thick liners
9. Portable Lighting Device(s)
10. Proper PPE including protective clothing, rubber gloves, goggles, chemical respirator(s)
11. Fire Extinguisher
12. First Aid Kit

#### **If hauling truck and/or trailer are disabled -**

- Same as above, plus a hauling truck and/or trailer as required.

💧 **EVACUATION:** All people on scene that are not directly involved in containment and/or cleanup efforts must be evacuated. They should be directed to a safe area up hill and/or up wind of the spill to ensure they do not come into contact with the biosolids. A safety perimeter around the spill must be maintained at all times until cleanup activities are completed and no biosolids are present in that area.

💧 **HALT SOURCE OF SPILL:** Such as a ruptured container or damaged transport unit. The first Denali representative (whether IC, operator, or manager) at the scene will begin procedures to halt the spill and initiate cleanup activities.

💧 **CONTAIN SPILL:** Form a barrier. Sufficient quantities of straw shall be used for such purposes. Earthen barriers may be constructed to augment the straw bale containment area. The Project Manager or the person in charge on the spill site will advise the cleanup personnel where to get the straw or other

items necessary to complete the cleanup operation, i.e. local farmers, farm supply center, nursery, etc.

💧 **CLEAN UP:** At the spill site, the driver and/or cleanup crew shall perform the following cleanup procedures:

1. Park the hauling truck on the side of the road, if possible.
2. Administer emergency first aid, as appropriate, if personal injuries are encountered.
3. Place traffic cones, reflectors, and/or flares to divert traffic around the spill site.
4. Determine the extent of the spill and take photos of spill and final cleanup.
5. Spread sand over and around biosolids to absorb moisture and prevent movement into storm drains or other waterway inlets.
6. Move biosolids into a pile using shovels and brooms.
7. Using the front-end loader, reload piled biosolids into the hauler's truck (if not disabled) or into another available truck (if the hauler's truck is disabled). If the trailer is disabled, transfer to new trailer. For very small spills (2 cubic yards or less) use of the front-end loader may not be necessary; biosolids can be shoveled into a small-lined container for transport to an approved disposal facility.
8. Final cleanup is by means of shovels and brooms. **At no time should any biosolids be hosed down into any storm drains. Do not wash off tools or trucks at the spill location.**
9. Cooperate with law enforcement and/or fire department personnel responding to the spill. Inform them of the non-hazardous nature of the spilled material and actions to be carried out according to this plan.

💧 **FINAL CLEAN UP:** Disposal of spilled biosolids following cleanup shall be as follows:

1. If not disabled, the hauler's truck may proceed to the original destination.
2. Any biosolids that have been loaded into smaller containers are to be returned to the Plant and loaded into the next available trailer or taken to the original destination.
3. Following cleanup and disposal of the spilled biosolids, all equipment used for spill response is to be returned to its originating location for cleaning.
4. The ultimate goal will be to restore the spill area to its original condition, if possible.

## **SPILL RESPONSE - NOTIFICATION & RESPONSIBILITIES**

**Driver** - The following assumes the driver is unhurt and is able to contact the Facility's Spill Response Coordinator (see definition below).

1. The driver will park the truck on the side of the road if possible and place traffic cones and reflectors to divert traffic around the spill.
2. The driver will remain with the truck and spilled material, unless it is necessary to leave temporarily in order to contact the Facility Spill Response Coordinator.
3. The driver will contact the Facility Spill Response Coordinator immediately. The driver will also complete the "Driver's Vehicle Accident" report form and provide the Spill Response Coordinator with the information on the form to record details of the accident. Be sure to diagram and photograph and describe the accident or spill.
4. The driver will immediately evacuate all people not involved with cleanup/containment to a safe area up hill and/or up wind of the spill to ensure safety.
5. The driver will assist with traffic control and cleanup and will NOT leave the scene of any spill, not even a small one, until it is reported to the Spill Response Coordinator and cleaned up. Note: Call the Safety Manager first; then notify the Dispatcher and/or Project Manager; then call 911.
6. If the spill occurs on State Highways or Interstates, then the state DOT office will most likely take the lead on providing equipment and crew to clean up the spill. However, check with your Supervisor.
7. Do not move equipment if its position is helpful to traffic control or containment unless leaving it where it is will create a hazard.
8. While awaiting police and/or cleanup crew, help the other party (or parties), if safely able to do so.
9. Do not give statements or sign anything other than papers presented by a law enforcement officer.
10. In accidents involving a fatality, don't talk or give any statements until you are represented by an attorney. You have this right by law.
11. Do not admit responsibility or agree to pay for anything.
12. Do not argue responsibility for the accident. Be courteous.
13. Do not speak to media about the incident.
14. Never give the origination or destination of the load except to law enforcement personnel.
15. **Contract Hauler Responsibilities** - Hauler is required to notify Denali immediately after a spill and upon completion of cleanup of all spills. Hauler is required to complete and forward a copy of the spill response form to Denali.

**Cleanup Crew** -The *cleanup crew* will perform the following cleanup procedures:

1. Place traffic cones, reflectors, and/or flares, as appropriate, to divert traffic around the spill site.
2. Spread sand around biosolids to absorb moisture and prevent movement into storm drains or other waterways. Place sandbags at storm drains and other waterway inlets. Clean straw can also be used as an absorbent and temporary drain block.
3. Move biosolids into a pile using shovels and brooms.
4. Using the rubber-tired loader or equivalent, reload piled biosolids into the truck, if it isn't disabled, or into a replacement truck for hauling to the appropriate destination. For small spills, use of the loader may not be necessary. Biosolids can be shoveled into a truck for transport to the reuse site.
5. Final cleanup is by means of shovels and brooms for small spills and a street sweeper for larger spills. Pick up all accumulations of biosolids. Police the area and pick up all biosolids. Do not hose down or wash significant amounts of biosolids into any storm drain, drainage ditch,

stream, or other waterway. Do not wash off tools or trucks at the spill location. Follow instructions from the local health official(s) on site at the spill location.

6. Personnel cleaning up a spill must follow basic personal hygiene procedures in handling biosolids.
  - a. Wear gloves for shoveling, sweeping, or handling biosolids.
  - b. Wash hands (and, as necessary, arms, face, etc.) with waterless anti-bacterial hand cleaner or mild soap and water following spill cleanup and prior to eating or drinking.

**Spill Response Coordinator** - The Spill Response Coordinator will normally be the Project Manager(s) for the facility of destination. He/she will notify the state police or local jurisdiction officials, the State Department of Transportation, or any other agencies as appropriate, as well as the customer. The Project Manager will also notify the project area Environmental Manager who will, in turn will notify the County Health Department, EPA or other regulatory agencies.

The Spill Response Coordinator assumes complete responsibility for directing all activities associated with the cleanup of a spill. He/she will:

1. Designate and dispatch a cleanup crew plus necessary equipment to the spill site to cleanup the spill and notify the appropriate agencies.
2. Photograph the spill and final clean up.
3. Inform the producing facility's contact person of the spill, as well as the project area's Environmental Manager.
4. Load spilled biosolids back into the haul vehicle, if it is operable. If the vehicle is unable to complete the trip to the delivery destination, load the spilled material into an alternate vehicle.
5. Dispatch another truck and/or trailer to the spill location if the hauling truck and/or trailer is/are disabled.
6. Dispatch some or all of the following to the spill location:
  - c. Minimum of two-person cleanup crew (more personnel as needed; dependent on size of spill).
  - d. An appropriate rubber-tired loader or equivalent to pick up spilled material (may not be required for a small spill). Coordinator will have discretion to select the most efficient loading option based on equipment availability and spill size.
  - e. Sand and sandbags and/or fresh small-grain straw (e.g., wheat straw), or alternative absorbents and drain blocking material
  - f. Street sweeper
  - g. Additional shovels, brooms, traffic cones and/or flares
7. Oversee and coordinate retrieval of any damaged or disabled transportation equipment involved in the spill.
8. Contact the project area Environmental Manager during the cleanup if any unusual situations arise, or if the Spill Response Coordinator requires special assistance.
9. Provide liaison and coordinate with agencies that may respond to the spill whether expressly notified by Denali Water Solutions or not. Such agencies may include:
  - h. Highway Patrol or State Police
  - i. Local (municipal or county) law enforcement
  - j. Local fire department(s)
  - k. State Department of Transportation
  - l. State Department of Fish and Game
  - m. State Department of Forestry
  - n. Others as deemed required
10. After cleanup, transport spilled biosolids to the designated use or processing site, whether the original vehicle or a substitute truck / trailer is used.
11. Transport all equipment used for spill response to the destination site, for cleaning after completing cleanup and removal of the spilled biosolids. Truck beds and other equipment should be hosed down at the field or the processing site.
12. The ultimate goal will be to restore the spill area to its original condition, if possible.

## **FOLLOW UP NOTIFICATION AND REPORTS**

Additional responsibilities of the Spill Response Coordinator require that he/she:

1. Notify the Senior Operations Manager immediately following completion of the spill cleanup, and ensure the load data and spill response section of the “Driver’s Vehicle Accident Report” is completed.
2. **Immediate Notification:** Denali Water Solutions must notify the affected Plant Superintendent in the event of a spill if 1) someone is seriously injured or killed, 2) if there is a public health concern, 3) if 2 tons or more is spilled or (4) if there is media coverage of the spill.
3. Inspect the site after cleanup and attest to the adequacy of the cleanup. Take necessary photos.
4. Maintain a log of pertinent information about the biosolids spill.
5. Complete a descriptive incident report and forward copies to the Compliance Manager, project area Environmental Manager, and the producing plant’s contact person within 24 hours of any spill.
6. The project area Environmental Manager will complete and transmit the required information to the appropriate regulatory agency, within five (5) days of spills involving entry of biosolids into storm drains (unless other requirements supersede this time-frame) and include the following additional information:
  - a. Waterways or ground water affected
  - b. Written confirmation of the previous telephone notifications

**IN CASE OF SEVERE EMERGENCY: DIAL 911**

<b>Name</b>	<b>Area of Responsibility</b>	<b>Phone Number</b>
Bryan Cannon	<b>Contract Manager</b>	Mobile: 909-963-9934
Jamie Olivarez	<b>Environmental Manager</b>	Mobile: 916-844-5864
Nick Thompson	<b>Safety Manager</b>	Office: 479-668-4344 Mobile: 479-970-4650
Justin Larsen	<b>Project Manager</b>	Mobile: 316-644-9756
David Vaughn	<b>Executive Vice President, West</b>	Mobile: 530-635-0083

*EMERGENCY CONTACT LIST*

Spill Report Form

Name: \_\_\_\_\_ Date Completed: \_\_\_\_\_

Date of Spill: \_\_\_\_\_ Time of Spill: \_\_\_\_\_

Hauler Company Name: \_\_\_\_\_

Driver's Name: \_\_\_\_\_

Truck License #: \_\_\_\_\_ Trailer License #: \_\_\_\_\_

Load Origination: \_\_\_\_\_ Load #: \_\_\_\_\_

Location of Spill: \_\_\_\_\_

\_\_\_\_\_

Cause of Spill: \_\_\_\_\_

\_\_\_\_\_

Quantity of Biosolids Spilled: \_\_\_\_\_

Tractor and Trailer Condition: \_\_\_\_\_

Weather Conditions: \_\_\_\_\_

Did an accident occur? Yes or No

If Yes, Explain Damage: \_\_\_\_\_

\_\_\_\_\_

Explain Injuries: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



# ENVIRONMENTAL, HEALTH & SAFETY POLICY



**Denali**  
WATER SOLUTIONS

**Denali**  
WATER SOLUTIONS

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**CONTACT INFORMATION**

**DENALI WATER SOLUTIONS**

3308 Bernice Avenue • Russellville, AR 72801

PO Box 3036 • Russellville, AR 72811

Toll Free: (888) 897-2851

Main: (479) 498-0500

Fax: (479) 498-0501

denaliwater.com

**Updated 8/1/2020**

## **Environmental, Health, & Safety (EHS) Policy**

It is the policy of this company to work continually toward a culture of zero accidents and zero injuries. By focusing our efforts on implementing and regularly updating this EHS Policy, we intend to promote safe work habits and create a safe working environment for all employees.

It is this company's intent to provide a safe working environment in all areas, for all employees, at all times. Accidents and injuries are prevented by controlling the work environment and the actions of the employees. Therefore, safety will take precedence over expediency or shortcuts.

Every attempt will be made to reduce the possibility of accident occurrence. Protection of employees, the public, and company property and operations are paramount. Management considers no phase of the operation more important than the health and safety of the employee; likewise, any risk or hazard identified by a member of the Denali Water Solutions ("Denali") team is treated with priority and will be addressed by the appropriate personnel in the timeliest of manners.

Denali Water Solutions understands the vital importance of our environment. It is our mission to protect it by adhering to the highest level of environmental responsibility. Each day our employees strive to be good stewards of the land and areas in which we work. Denali adheres to all federal and state regulations in addition to strict company policies to ensure compliance and protect the land for generations to come.



---

Andy McNeill, CEO



## **Safety**

Every manager, supervisor, employee, and contractor at Denali has a responsibility to practice and promote best safety procedures while working or operating for Denali. Failure to practice best safety procedures will result in disciplinary action. This action will be at the discretion of safety personnel and on-site managers based upon severity. Actions can include, but is not limited to - verbal warning, written warning, suspension, and potential termination for employee. Contractors are subject to loss of utilization and/or contract.

### **Manager and Supervisor Responsibilities**

Each manager/supervisor is responsible for all safety and environmental activities within their area of supervision. These responsibilities include:

- Setting a good example and promoting safety and environmental initiatives.
- Communicating and strictly enforcing safety and environmental policies.
- Assuring accountability through annual performance reviews, counseling and disciplinary action.
- Assess potential risks and hazards on a daily basis and communicate findings to all necessary parties.
- Performing safety and environmental assessments and promptly correcting sub-standard conditions.
- Holding and documenting safety and environmental meetings.
- Reporting and investigating accidents and incidents.
- Training employees on proper accident reporting and investigation.
- Reporting and investigating spills and releases and communicating any other environmental incidents or exposures.
- Training contractors on Denali's expectations

### **Employee Responsibilities**

Each employee shall demonstrate a positive attitude toward injury prevention, environmental protection, and company property. Each employee is responsible for:

- Performing their job safely, for their personal safety, the safety of fellow workers, and the protection of the environment and company property. This includes the proper use of safety equipment and strict adherence to safe work practices.
- Understanding all safety and environmental policies pertinent to their job responsibilities.
- Identifying any potential risk or hazards at the beginning of every shift and report it to their manager.
- Maintain awareness of risk assessment procedures while at work and report as needed.
- Performing safety and environmental assessments.
- Actively participating in safety and environmental meetings.
- Promptly reporting all unsafe conditions and practices (including those of contractors) to their supervisor.
- Reporting every spill/release to their supervisor.
- Actively participate in training sessions involving safety processes, accident reporting and investigation, and risk mitigation.

### **Contractor Responsibilities**

As a condition of employment, contractors must take all necessary precautions for the safety of all personnel at the worksite. Contractors will comply with all Denali safety regulations and environmental laws. In addition, contractors must:

- Perform all work in a safe, environmentally-sensitive and workman-like manner and provide necessary safety equipment for their employees.
- Report all injuries and incidents (including property damage) immediately to the Denali supervisor or designated alternate.
- Report all spills and releases immediately to the Denali supervisor or designated alternate.
- Instruct their employees in the applicable Denali standards and practices.

## Office Safety

In addition to other procedures/precautions in the manual, the following safety precautions should be followed when working in an office environment. However, there may be site specific procedures or requirements, check with the Denali Safety Department.

### Precautions:

- Report all injuries and unsafe conditions immediately to your supervisor.
- Each employee should be familiar with the location of the fire alarm pull station nearest to their work station.
- Each employee should become more familiar with the appropriate evacuation route for their work station. Evacuation routes for each floor and building area are clearly marked.
- During fire alarms, managers should make last-minute searches of their areas to ensure all personnel are evacuated. Help the managers by clearing the area quickly, and aid them if they request assistance. If a manager requests you to leave an area, do so. Close the door on the way out.
- During evacuations, DO NOT USE ELEVATORS. Use the stairwells, following the nearest exit signs and evacuation drawings. Remove high heels to avoid falling down stairs. Check closed doors for temperature and smoke before opening.
- Keep all passageways, entryways, aisles, storerooms, service rooms, and work areas clean, orderly, sanitary and well maintained, with no obstructions.
- Aisles and hallways should provide unobstructed movement and immediate access for fire protection personnel and equipment.
- Keep flammable or combustible material and residue in a building or operating area to a minimum. Store in safety cans or storage cabinets that meet Underwriter's Laboratories, Inc., or Factory Mutual approval. Cans should be emptied daily.
- Safely stack material/boxes (limited in height) without blocking sprinkler heads, fire exits, fire extinguishers, electrical control panels, etc.
- File drawers and desk drawers should not be left open. Do not overload top drawers so that files tip over.

### Ergonomic Precautions for Computer Users:

- Keep head upright.
- Look away occasionally to distant objects.
- Adjust chair for lower back support.
- Work with your elbows at your side and keep them bent at 70 to 90 degrees.
- Position hips and knees comfortably at 90 degrees.
- Avoid working with your head or trunk twisted.
- Lower chair height so thighs are supported and feet are resting flat on the ground.
- Frequently change your position.
- Alternate your work activities throughout the day.
- Organize your work station efficiently but in a manner that encourages movement.

**Note:** Report discomfort to your supervisor as soon as possible.



## General Safety Rules

- Employees should report any unsafe practice to their supervisor. Unsafe equipment must be tagged to prevent use. Whenever a safety device is removed from service and/or defeated, the appropriate supervisor shall be notified, the device tagged, and the action properly documented.
- Operation of equipment having a “Danger, Do No Operate” or “Out of Service” tag is prohibited. Employees must not operate equipment in which they have not received proper training.
- Under normal operations, all operating machinery, equipment, pumps, tools, etc. must have all safety guards, switches, and alarms in place and functional.
- Smoking is permitted in designated areas only.
- Finger rings, loose clothing, unsecured long hair, wristwatches, and other loose accessories should not be worn within an arm’s reach of any unguarded operating equipment or machinery.
- Employees should use tools and equipment that have been properly maintained and are in good working condition.
- When ascending or descending stairways, use the handrail and take only one step at a time. Running in work areas is prohibited unless for emergency purposes.
- Employees shall not climb or stand on equipment piping, valves, tanks or structures/equipment not suited for climbing.
- Fire extinguishers, alarm boxes, fire doors, air packs, eyewash stations, first aid kits, and all other emergency equipment must be kept in good condition, inspected monthly, and kept clear of obstructions.
- Walking on top of production frac tanks is discouraged. Employees should check the integrity of the tank carefully, and proper fall protections must be in place.
- Use proper lifting techniques (such as bending of the knees), obtain assistance for heavier loads, and use mechanical lifting aids when available.
- Employees must use three points of contact when climbing on and off equipment and vehicles.
- Employees are encouraged to minimize outgoing cell phone calls while driving. Hands free kits are required if calls must be taken. All employees are prohibited from emailing and/or texting while vehicle is in operation.
- All drivers must get out and look for obstacles prior to backing a commercial motor vehicle. Drivers are also encouraged to sound the horn to alert anyone in the area.
- Denali employees are expressly prohibited from operating a motor vehicle while engaging in company business without properly restraining his/herself with the seat belt assembly.
- Denali employees are prohibited from the use of a radar detector in a commercial motor vehicle, or operating a commercial motor vehicle equipped with or containing any radar detectors.
- Denali prohibits un/disqualified drivers from the operation of a motor vehicle while engaging in company business, whether the disqualification is due to medical condition, unsafe driving practices, or criminal activity. No employee shall knowingly allow an unqualified or otherwise disqualified person to operate a motor vehicle in the course and spirit of employment with the company.

## Use of Equipment and Vehicles

- Equipment and vehicles essential in accomplishing job duties are expensive and may be difficult to replace. When using company property, employees are expected to exercise care, perform required maintenance and follow all operating instructions, safety standards and guidelines.
- The driver and all occupants are required to wear safety belts when the vehicle is in operation.
- Non-employee riders are not allowed in company commercial vehicles unless prior authorization has been given and a release of liability form has been completed.
- The use of alcohol or illegal drugs while operating a vehicle is strictly forbidden and subject to termination.
- Employees who use their personal vehicles for approved Denali business must carry auto liability insurance. Employees are prohibited from using motorcycles when traveling on company business.
- Please notify the supervisor if any equipment, machines, tools or vehicles appear to be damaged, defective or in need of repair. Prompt reporting of damages, defects and the need for repairs could prevent deterioration of equipment and possible injury to employees or others. The supervisor can answer any questions about an employee's responsibility for maintenance and care of equipment or vehicles used on the job.
- The improper, careless, negligent, destructive, unsafe use or operation of equipment or vehicles, as well as excessive or avoidable traffic and parking violations can result in disciplinary action, up to and including termination of employment. All citations, roadside inspections and officer contacts (warnings) must be disclosed to Safety within 1 business day from the date of the issuance of the contact.
- Denali will NOT pay any speeding tickets or moving traffic violation fines. Vehicles must be operated with their headlamps in use at all times to ensure better visibility.
- All Denali property, including pagers, cellular phones and laptop computers issued to employees shall be returned immediately upon termination of employment.
- Denali company-owned vehicles must also be presented in a professional manner. Therefore, no unauthorized bumper stickers, decals, license plates, or other symbols may be applied to Denali vehicles, as they may represent Denali in an unprofessional manner. Any employee responsible for a company vehicle which has decals or stickers that contain nudity, profanity or any other offensive material will be subject to disciplinary action up to and including termination.



## **Personal Use of Company Vehicles**

Employees that receive a company vehicle in order to complete their job functions are allowed to use this vehicle for personal errands. Anytime an employee is operating a company vehicle they are subject to all company safety policies. This includes the distracted driving policy. At no time while using a company vehicle is an employee allowed to engage in the following activities:

- Conducting personal business of a for profit nature
- Engage in distracted driving. Please see Page 16 for our full distracted driving policy.
- Towing of personal trailers for personal usage without written management authorization
- Allow a spouse or dependent that is not a company employee operate the vehicle
- Park at a business establishment that its main source of revenue is the consumption of alcohol (bars, clubs, etc.).

This list should not be considered all-inclusive but used as a guideline. Any employee found to be violating this policy is subject to disciplinary action including the loss of company vehicle privileges.

## **Fit for Duty**

As safety is paramount in the operation of all aspects of company, employees will be expected to maintain a fitness for their duty in the company. This is the individual responsibility of the employee to themselves and their co-workers to maintain a safe working environment. This will include maintaining a drug and alcohol-free work environment, completion of all training, and a general physical fitness for the position. Failure to maintain compliance will result in disciplinary measures.

All employees will be subject to preemployment drug screening prior to signing an employment offer. After which they employee may be subject to random drug screening, or a reasonable suspicion drug test by a manager, which Managers will be trained on yearly. Additionally, all employees involved in an accident will receive a post-accident drug test in the course of the investigation. If any employee receives a positive for a drug test they will be removed from the facility immediately and terminated.

After completion of initial training, monthly training will be provided utilizing the Denali Online training system. This will include yearly training on Heat Stress/Illness, Hazard Communication, Fire Protection, Personal Protective Equipment, Drug and Alcohol Abuse, and any other training deemed as necessary by the Safety team.



## Assessment of Risk

Every job and every task has its own set of inherent risks associated with it. In order to effectively mitigate these risks each job is subject to hazard analysis using a risk matrix. Based upon the analysis of the likelihood and consequences an appropriate risk rating priority will be assigned. Then, through the use of the hierarchy of controls a new safety action plan will be implemented.

		Consequence				
		Insignificant	Minor	Moderate	Major	Severe
Likelihood	Almost Certain	Medium	High	High	Extreme	Extreme
	Likely	Medium	Medium	High	Extreme	Extreme
	Possible	Low	Medium	Medium	High	Extreme
	Unlikely	Low	Low	Medium	High	High
	Rare	Low	Low	Low	Medium	High

Likelihood	
Almost Certain	Will occur in most circumstances when the task is performed (Greater than 90% chance of occurrence)
Likely	Will probably occur in most circumstances when the task is performed (60% - 90% chance of occurrence)
Possible	Might occur when the task is performed (25% - 59% chance of occurrence)
Unlikely	May occur at some time when the task is performed (5% - 24% chance of occurrence)
Rare	May occur only in exceptional circumstances when the task is performed (Less than 5% chance of occurrence)
Consequence	
Severe	Severe injury/illness requiring life support, actual or potential fatality, greater than 260 days off work
Major	Extensive injuries requiring recurrent medical treatment (surgery, physical therapy, etc.), severe or permanent injury/illness, 10 to 259 days off work
Moderate	Recurrent medical treatment required, less than 10 days off work, Non-permanent injury
Minor	Emergency treatment only, No loss of work time, Non-permanent injury
Insignificant	First Aid Treatment only, No loss of work time, Non-permanent injury

Risk Rating Priority			
	Risk Acceptance Guide	Action	Action Time Frame
Extreme	Not Acceptable	Stop or isolate risk, Implement further risk control. Monitor, review, and document controls	Immediate and Ongoing
High	Generally, not acceptable	Implement new risk controls. Monitor, review, and document controls	1 to 3 months and Ongoing
Medium	Generally acceptable	Implement new risk controls. Monitor, review, and document controls	3 to 6 months and Ongoing
Low	Acceptable	Monitor and Review	Ongoing

Hierarchy of Controls	
Elimination	Remove the hazard - Redesign the task to remove the unsafe work practice. Use a piece of equipment, utilize a chemical, etc.
Substitution	Substitute the hazard with a safer version - Use a less hazardous version of the required hazard. Replace a chemical with a less hazardous one, use equipment designed for the specific task
Isolation	Isolate the hazard from people - Physically separate the hazard from people. Install guard rails, store chemicals in locked cabinets or closets, restrict access to hazardous areas to authorized personnel only.
Engineering	Change equipment or processes - Update equipment or processes reduce hazards. Design task schedules to reduce environmental exposure (heat, cold, sun), install machine guarding, add mechanical devices to reduce physical stress
Administrative	Implement Administrative controls - be sure all workers are trained on specific job functions, train workers on proper machinery usage, preventative maintenance on machinery, signage to warn of hazards.
PPE	Use of appropriate Personal Protective Equipment - Provide and use proper PPE for task. Use of high visibility vests, hard hats, gloves, safety glasses, etc.



## **Incident Reporting**

Denali defines a “critical accident” as an occurrence which involves the following:

- A fatality;
- Serious injury resulting in transport for medical care;
- Service Unit Rollover;
- Any crash where a Denali driver or contractor is cited for DWI, DUI or possession of alcohol or a controlled substance;
- Any crash where at least one involved unit receives disabling damage resulting in a tow from the scene;
- Any damage to a vehicle or personal property in excess of \$3,000 for private duty units and \$6,000 for commercial duty units;
- Any worker’s compensation injury which results in time away from the duty status reporting location or loss of work days.

All accidents, injuries and serious near misses, including contractor’s, must be reported immediately to the Denali supervisor.

### **The Supervisor will be responsible for:**

- Verbal notification to safety representative immediately for all company employee injuries.
- Written documentation of the accident on an accident report form to be submitted electronically or by fax within 12 hours.

**OSHA Notifications: Notify within 8 hours of the death of any employee or the in-patient hospitalization of 3 or more employees. The OSHA toll-free number is 1-800-321-6742(OSHA). Alternatively, the nearest OSHA area office may be notified.**

After an incident has been reported to the on-site supervisor all work in that area must be ceased. The on-site supervisor will begin to document and investigate the incident. If a supervisor is not present it is the employees responsibility to document the scene until the supervisor arrives. This includes but is not limited to:

- Contact emergency personnel if needed and Denali Nurse Triage for first aid
- Isolate the scene by removing anyone not involved with the incident from the area. A perimeter should be established by using cones, marking tape, etc.
- Photograph the scene. A digital camera such as a camera phone will be sufficient. If your phone is not equipped with a camera please let you supervisor know so that they can obtain a disposable camera for you to use. This notification needs to be made prior to beginning work. Please try to obtain pictures of as much of the scene as possible by stepping away at least 100 foot. This should be done in multiple directions.
- Use a ruler, tape measure or pen for a size reference while taking photographs.
- Identify any witnesses. You will need to obtain their name, address, telephone number so they can be contacted at a later time if needed. Also have them write a written statement at that time while their memory of the incident is still fresh.
- Write a statement in your own of words of how the incident occurred. Be sure to include information about weather, lighting, wind, ect. Also draw a map of the scene on the bottom or back of your

statement.

- Do not attempt to start or move any machinery until cleared to do so by a supervisor. Starting a machine could cause critical ECM data to be erased.
- If available retrieve copies of any security camera footage that will have events leading up to and include the incident.

### **Incident Investigation**

Based upon the severity of the accident the investigation will be conducted by the on-site supervisor, safety manager, or a licensed accident reconstructionist. Before the investigator arrives, employees and supervisors should make an attempt to preserve evidence. This includes but is not limited to pictures of the scene, equipment that was involved, PPE that was in use at the time, security camera footage, list of all witness, etc. All evidence should be secured to prevent loss or alteration until the investigator has had time to examine it. Security can be achieved by impounding, photographing, or documenting according to the type of evidence being secured. After the investigator has completed their investigation they will release the evidence accordingly. Upon completion of the investigation the investigator will file a report with the safety department for review.

### **Recordkeeping**

Once an accident has been reported to the safety team, a file will be created to contain all reports, correspondence, and records related to the accident. If injuries are reported the will be reviewed and if necessary be recorded on the OSHA 300 log, and an OSHA 301 log with in 3 business days. The accident file will be stored for 5 years in paper copies at the corporate headquarters. In addition an electronic copy will be retained indefinitely.

OSHA 300 and 301 logs are available at the corporate headquarters for the previous 5 years, and 300A logs are to be posted by location next to the time clock from February 1<sup>st</sup> until April 30<sup>th</sup> of each year after review and signing of approval of the CEO.



## **Vehicle Accident Reporting Procedure**

When involved in an accident, follow these steps:

- If possible, move the vehicle to a safe location out of the flow of traffic.
- Place warning markers (i.e.: flares, triangles, etc.) at the necessary intervals for the road conditions, activate emergency hazard lights to increase visibility.
- Check with other involved parties for injuries.
- Utilize the appropriate measures to secure the scene.
- Notify emergency services or ask that emergency services be contacted by a passing motorist. Do not leave the scene.
- Immediately notify the on-call accident responder and your immediate supervisor. You will need the following for the initial call: Time of accident, number of vehicles involved, number of people involved by vehicle, roadway conditions and type, approximate location, injuries, damage assessment, and possible fatalities.
- Photograph the scene. Please refrain from taking photos of injured persons. Please ensure that you take photos that show the road and traffic conditions by stepping 100 yards or so away from the crash scene in at least two directions and photographing the area, take photographs of all parties that are not injured, all units involved, and any property damage. Photographing license plates or identifying markers make it easy to verify conflicting information after an accident. If a unit has pre-existing damage this is your opportunity to document it by using your camera. Disposable cameras have many photos available, use them all! Cameras left in extreme heat or cold may not operate properly.
- Obtain information from responding officer including accident report number, officer contact name and number, parties name, address, phone numbers, driver's license numbers, vehicle year, make, model and insurance carrier. Other identifying information to obtain if applicable is VIN Number, DOT number, unit number(s), MC number and complete name of the company.
- Identify and document possible witnesses. Including name, address, telephone number and vehicle information.
- Contact the on-call accident responder and be prepared to communicate accident status and information obtained from procedure above.
- If a drug screen is required for this accident. Please follow all instructions to ensure testing is completed timely.
- Do not discuss accident details with anyone other than a properly identified company representative or law enforcement official.
- Complete all applicable paperwork and turn in to the safety department within 24 hours of the crash including a detailed statement of the events proceeding and leading up to the crash. Follow other directives as necessary.
- **Do not send any electronic communication with details about the accident until directed by Safety personnel.**

## **Preventable Accident/Incident Review**

A preventable accident is one which occurs because the employee fails to act in a reasonably expected manner to prevent it. In judging whether the employee's actions were reasonable, one seeks to determine whether the employee drove defensively and demonstrated an acceptable level of skill and knowledge.

An accident review committee will investigate and review all accidents/incidents involving Denali employees. This committee will meet within five business days of the receipt of the accident/incident report and will consist of the following people:

- Human Resources Manager
- Regional or Area Manager
- Shop or Asset Manager
- Safety Manager
- Selected Mechanic

Some of the considerations of this committee will be:

- Possible contributing factors
- Possible preventative actions
- Seriousness of accident
- Extent of fault
- Driving record
- Possible disciplinary actions
- Past accidents

After the accident/incident is reviewed and it is determined that the Denali employee is at fault, one of the following actions will be taken:

### **FIRST AT FAULT ACCIDENT (within a 3-year period)**

- Written reprimand with corrective training assigned.
- Written reprimand and temporary suspension without pay (length of which to be determined by committee)
- Dismissed from driving with new duties assigned
- Termination

### **SECOND AT FAULT ACCIDENT (within a 3-year period)**

- Written reprimand and temporary suspension without pay (length of which to be determined by committee) with corrective training assigned.
- Dismissed from driving with new duties assigned
- Termination

### **THIRD AT FAULT ACCIDENT (within a 3-year period)**

- Dismissed from driving with new duties assigned
- Termination

At the conclusion of the review committee each incident/accident will be placed in the Risk Matrix for evaluation. Based upon the outcome new controls will be put in place to prevent the incident from reoccurring. These new controls will be issued from the safety department to all managers and recorded in the accident file.

## **Citations and Violations**

All company authorized motor vehicle users must report ALL moving violations, including any alcohol or possession of a controlled substance related offenses they receive regardless of whether it is while operating a commercial motor vehicle, personal vehicle or company vehicle while they are employed by Denali within 1 business day of contact.

Under company policy, all violations received while operating a company vehicle must be reported within twenty-four (24) hours after receiving the citation. A critical moving violation is defined as: operating a motor vehicle (regardless of class specification) under the influence of drugs or alcohol, refusing to submit to a required alcohol test, leaving the scene of an accident, using a vehicle to commit or during the commission of a felony; operating a CMV when the CDL is revoked, suspended or canceled or the driver is disqualified; excessive speed (15 mph or more than the posted speed limit); reckless or careless including offenses regarding as wanton or willful; improper or erratic lane change violations; following too closely; citations issued in conjunction with a fatality accident; and driving without a CDL in your possession.

Notification of dissolution of a citation, including admittance of guilt, conviction by trial, or nolo contendere pleas must be forwarded to the appropriate safety representative within 24 hours of the dissolution, along with a copy of the substantiating documentation.

A designated safety representative must be immediately notified when a driver receives notice that his/her license has been suspended or revoked.

Employees who are convicted of a critical moving violation are subject to the disqualification standards of the FMCSA and disciplinary action by the company up to and including termination. Employees who exhibit a continual and habitual disregard for the safety of their fellow employees, the motoring public and company property will be subject to disciplinary action as deemed appropriate, up to and including termination of employment.



## **Distracted Driving Policy**

All Denali Water Solutions (Denali) employees are expressly prohibited from using a device that can distract you while operating/driving a company vehicle. A company vehicle is defined as a car, pickup, CMV, farm tractor, or any other type of machinery that is self-propelled and requires input from an onboard operator. These devices include but are not limited to cell phones, tablet computers, GPS units, and e-log devices. A few examples of usage are sending or reviewing text messages and emails, using social media, or otherwise using a hand-held device for any reason while operating a company vehicle. If the employee needs to use this type of device they must park in a safe and legal area before operating the device.

Many states and municipalities have laws that govern the use of handheld devices while driving. It is the employee's responsibility to know and follow these laws at all times.

Commercial vehicle operators are also governed by the Federal Motor Carrier Safety Administration which issued a final rule banning the use of hand-held devices while driving

Denali will NOT be responsible for payment of citations issued for any conduct that violates this policy. Denali reserves the right to administer disciplinary action for employees who violate this policy.



## **Fatigue Management**

The purpose of this policy is to protect the health and safety of our employees and others by restricting them from driving, operating machinery, and equipment while impaired by fatigue. Due to the nature of our business employees are often required work irregular shifts or hours. While this will affect every employee differently, studies have shown that fatigue can lead to reduced concentration, impaired coordination, comprised judgement, and slower reaction times. As such it is every employee's responsibility to know the signs of fatigue, and what action can be taken to manage them.

### **Responsibilities**

#### **Management Responsibilities:**

- Conduct fatigue risk assessments and implement appropriate controls
- Consult with staff when assessing risk and developing controls
- Ensure driver work schedules allow adequate rest time between shifts
- Train employees on signs of fatigue and prevention yearly.

#### **Supervisor Responsibilities:**

- Ensure employees know how to manage fatigue and have the ability to report signs when necessary.
- Respond appropriately to reports or observations of fatigue
- Monitor job performance to ensure health and safety
- Ensure that adequate breaks are taken and recorded by the employee

#### **Employee Responsibilities:**

- Carry out all work tasks safely
- Report any signs of fatigue in the employee or a co-worker to the supervisor
- Practice good fatigue management between work shifts
- Refuse work when impaired by fatigue to the point the task cannot be completed safely

## **Transportation Security Plan**

The operation of a commercial motor vehicle (CMV) carries certain inherent risks. Drivers are required to adhere to specific guidelines in order to mitigate these risks. If at any time a CMV driver feels that he/she is at risk of a specific threat; that driver should immediately contact the local authorities. At the first available chance after contacting the authorities the driver must immediately contact safety representative and/or their immediate supervisor.

Cargo hauled by Denali is considered non-hazardous refuse, and therefore carries minimal risk of cargo theft. However, drivers are still required to follow industry standard best practices for cargo securement. This includes, but is not limited to, covering the load with the trailer tarp, and utilizing a kingpin or glad hand lock if the trailer is detached.

Securement of the CMV while it is not attended is also critical. All equipment must be parked at a secure facility when unattended for extended time periods (more than 8 hours). A secure facility is considered to be a fenced in yard with restricted access and appropriate area lighting. If a CMV is to be taken home with the driver, then it is the driver's responsibility to ensure that a secured area is available for parking. This area must be approved by a local area manager before it can be utilized. In the event that a secure area cannot be located by the driver it is his/her responsibility to notify the local area manager so that other arrangements can be made. If the equipment is parked on a facility that is not owned, leased, or in any manner operated by Denali Water the driver must visually check the equipment at minimum once a day (24 hours).

## **Vehicle and Equipment Care**

### **Preventative Maintenance:**

Company vehicles require regular preventative maintenance to ensure that they remain in proper and safe working condition. Denali will notify equipment operators of scheduled maintenance intervals in accordance with manufacturer's guidelines. However, equipment that is used on a regular basis may require service at more frequent interval. It is the operator's responsibility to notify their supervisor if the equipment in their possession is due to be serviced because of usage.

Since manufacturer's requirements vary, each piece of equipment owned/operated by Denali will have different maintenance schedules. In general, all CMV tractors and trailers must be inspected annually in accordance with FMCSA regulations. CMVs will also be subjected to regular preventative maintenance schedule that include a time and/or mileage. This maintenance will be broken down into an "A" service and "B" service as defined below.

- A-Service shall consist of a "dry" service. This will include a full safety check of the vehicle, greasing of moving components, filter exchanges, and addition of fluids as needed.
- B-Service shall consist of a "wet" service. This will include a full safety check of the vehicle, greasing of moving parts, and fluid and filter exchange

### **Vehicle Equipment Inspection, Use and Repair:**

- Company vehicles shall be inspected daily by the driver to assure that the vehicle is in good mechanical condition and properly equipped. CMV operators must ensure that the condition of the vehicle is in good mechanical condition and be properly satisfied with the condition of the following parts: service brakes, hand brake, steering mechanism, lighting devices and reflectors, tires, horn, windshield wipers, mirrors and coupling devices. Upon completion of the drivers daily pre-trip inspection, a vehicle inspection report stating any deficiencies regarding the safe operation of the vehicle and the specified parts or that all parts are in good working order must be completed and submitted.
- Should the unit be found to have defective equipment that affects the safety of the driver and motoring public, the vehicle shall not be operated until proper repairs have been made and documented.
- The driver of a company vehicle is responsible for the condition of the vehicle. Vehicles should be washed regularly to promote a professional image for Denali. Interior trash should be discarded daily.
- Commercial vehicles shall be equipped with a properly secured fire extinguisher. Each operations employee assigned a company vehicle will ensure that the extinguisher is properly maintained.
- Exhaust systems must be properly maintained to prevent carbon monoxide poisoning.
- Vehicles equipped with diesel particulate filters (DPF) present hazards due to potentially excessive temperatures of the DPF. Care should be exercised so that fires are not ignited due to improper parking or standing in grassy or bushy areas.
- Flammables such as gasoline and propane must be stored in approved containers for transportation.



## **Forklifts:**

Forklifts are indispensable tools for moving heavy objects and require special care in operation and proper maintenance. An inexperienced operator can unexpectedly lose control and cause injuries or damage the load being moved. Use of forklifts is restricted to trained personnel authorized by the supervisor. Information and training may be obtained from the Corporate Safety Department.

## **Precautions:**

- Inspect forklifts before and after use, including warning and safety devices. Report any deficiency to the supervisor in charge of the forklift.
- Set brakes and block the wheels on trailers or trucks being loaded or unloaded to prevent movement.
- Never handle loads above the rated capacity of the forklift.
- Carry loads low, forks just off the floor and tilted back.
- Do not allow any person to stand or walk under elevated forks, whether loaded or empty.
- Move all 55-gallon drums on a pallet, drum rack, in a basket or with a drum handling extension. No drums should be moved by “sandwiching” them between the forks.
- Do not use forklifts to raise personnel for overhead work without an approved platform equipped with forklift shutdown controls.
- Do not make turns on a ramp or grade.
- Do not carry passengers or riders on forklifts.

## **When a job is complete, make sure that:**

- Forks are fully lowered
- Controls are neutralized
- Brakes are set
- Wheels are locked if parked on an incline
- Power or engine is shut off

## **Periodic Medical Review**

Commercial Motor Vehicle ("CMV") drivers operating within the scope of employment or under contractual obligation to Denali will be subject to periodic medical review for safety fitness. All CMV drivers must submit for and satisfy the requirement of the Physical Qualification Examination, and provide a copy of the long form and qualification card to the appropriate safety representative immediately following the certification. In addition, all supporting medical documentation of safety fitness including federally issued waivers for alternative physical standards shall be included in the submittal for qualification review.

No employee shall knowingly allow a driver whose medical condition prohibits the operating of a commercial motor vehicle until the driver has been cleared for medical fitness by the appropriate safety representative. CMV drivers are responsible for ensuring that physicians performing the physical qualification examination properly review, and complete the long form and qualification card prior to completion of the examination process. Drivers found to have knowingly omitted or withheld changes in medical or physiological condition shall be subject to disciplinary procedures up to and including termination of employment.

CMV drivers are required to notify the appropriate safety representative of any changes in medical or physiological condition including but not limited to recent diagnosis of diabetes, high blood pressure, anxiety, epilepsy, sleep apnea, asthma, the development of an impairment to a foot, leg, hand, finger or arm, including recent amputation; or recent arrest or committal to a mental health facility for suicidal or homicidal tendencies.

## **Confined Space Safety Protocol**

All employees, contractors, and subcontractors who are expected to enter or work in or around a confined space, must be trained in confined space entry procedures and must use the required equipment. Confined spaces are defined as a space that is large enough for a person to enter, has limited or restricted means of entry/exit, and is not designed for continuous occupancy.

Risks associated with confined spaces can be a hazardous atmosphere, engulfment, or entrapment due to equipment configuration. Examples of confined spaces are:

- Storage tanks, process vessels, boilers and other tank-like compartments, usually with only a manhole for entry.
- Open-topped spaces of more than four feet in depth such as pits, vaults, trenches, tank and vessels, large valve boxes and large electrical pull boxes not subject to good ventilation.
- Septic tanks, sewer manholes, underground utility tunnels, pipelines, and similar structures.

Prior to work or entry into a confined space, the employee(s) or contractor must obtain a confined space entry permit issued by Denali Site Supervisor.

Only contractors who are properly trained should be allowed into permit required confined spaces due to the training and equipment requirements. No work may be performed in a permit required confined space until the Denali Supervisor is notified and a permit has been issued for the work.

### ***DEFINITIONS:***

**Attendant (Stand-by Personnel):** One or more properly equipped and trained (First Aid/CPR) person(s) stationed OUTSIDE the permitted space. The Attendant shall protect the entrants by continuously monitoring all activities within and outside the permit space. If an emergency situation arises, the Attendant shall actively participate in a non-entry rescue by requesting emergency services, providing accurate information to rescue personnel (number of entrants, possible problems, atmospheric conditions, time of last contact, etc.) and also assist in directing the emergency situation. These shall be his only job duties while posted as a standby.

**Confined Space:** A confined space is any space large enough for human occupancy, but having limited or restricted means of entry or exit and not designed for continuous human occupancy.

**Emergency Evacuation Equipment:** That equipment which is located outside the permit space that would be needed to rescue or extract a worker from the permitted space. The equipment may include but is not limited to the following: Self Contained Breathing Apparatus or approved hose line with escape feature, lifelines, harnesses, and other equipment such as a hoist for projects involving deep evacuations (4 feet or more in depth), and/or large vessels. A First Aid Kit shall be located at the worksite.

**Entrants (Authorized Workers):** One or more properly equipped and trained person(s) who have been authorized by the Denali site supervisor to enter a permitted space. These workers will be made aware of any known hazards, be properly trained in the use of personal protective equipment and be versed in



visual and/or hand communication signals to enhance the monitoring of the entrants status by the attendant while within the permit space.

**Entry:** The action by which a person passes through an opening into a permit space. Entry is considered to have occurred as soon as any part of the entrant's body breaks the plane of an opening into the space. Entry does not include part of any employee's body passing through an opening too small to accommodate the entire body.

**Hazardous Atmosphere:** An atmosphere containing flammable vapors, oxygen deficiency or oxygen enrichment, or any air contaminant measured by instrumentation to be in excess of the limits outlined in Section Atmospheric checks.

**Immediately Dangerous to Life or Health (IDLH):** A condition that poses an immediate or delayed threat to life, could result in irreversible adverse health effects, or could interfere with an individual's ability to escape unaided from the confined space. Examples could include, but are not necessarily limited to oxygen deficiency, explosive or flammable atmospheres, and/or concentrations of toxic substances (i.e. carbon monoxide, hydrocarbons, hydrogen sulfide, etc.).

**Isolation:** Action taken to prevent the entry of hazardous materials or the creation of hazardous conditions in a permitted confined space.

**Permit-Required Confined Space (Permit Space):** A confined space that has any one of the following characteristics: (i) contains or could contain a hazardous atmosphere; (ii) contains a material that could engulf a person; (iii) has an internal configuration which could trap a person inside; (iv) contains any other recognized serious safety or health hazard.

**Rescue Service:** One or more properly equipped and trained person(s) designated by the Denali site supervisor to rescue or remove injured entrants from the permitted spaces. This service should be stationed on site and may be a designated employee or outside contractor who is trained in this procedure.

**Denali Site Supervisor:** The Denali Site Supervisor is responsible for proper identification and preparation of the confined space to determine if acceptable or prohibitive conditions exist.

## ***CONFINED SPACE STANDARDS:***

### **A. Permit Space Preparation**

- The permit space must be properly isolated prior to entry into the permit space. This isolation shall incorporate the Lockout/Tagout of pressurized vessels/piping, electrical sources, valves and hydraulic equipment and the installation of blinds. Disconnection and blinding shall take place as close as possible to the permit space. Double block and bleed can be used as an isolation technique if necessary. The Denali Lockout/Tagout standard should be reviewed for more details if necessary.
- The permit space must be purged, steamed, washed or otherwise cleaned to sufficiently free the permit space of all possible contaminants. All resulting waste shall be disposed of properly. The required duties of all employees/contractors will be reviewed prior to opening the permit space. This shall include, but is not limited to, the Denali Site Supervisor, Authorized Workers, Stand-by

Personnel and Rescue Services.

- Upon opening the permit space, a “DO NOT ENTER” sign shall be posted at the entrance. This sign shall stay in place until the Confined Space Permit is completed and signed. “DANGER, CONFINED SPACE ENTRY IN PROGRESS, NO UNAUTHORIZED ENTRANTS” sign will be in place upon entering the permit space by any occupant.

## **B. Atmosphere Checks and Preparation**

- If tests indicate a hazardous atmosphere, efforts to control the condition are to be made utilizing ventilation controls. Natural ventilation is considered inadequate. Mechanical ventilation must be established to ensure movement of fresh air in the permit space. Mechanical ventilation should be started prior to and after testing. The ventilation shall be continued during the entry process to help reduce and/or eliminate atmospheric hazards. An approved breathing air-line and escape air cylinder may be used only as an additional precaution for entry after attempts to normalize the atmosphere have failed.
- Air driven or explosion proof electric fans shall be used to pull air from the permit space to ensure proper ventilation. Internal combustion engines (non-explosive proof power sources) may be utilized for forced air ventilation of the permit space when the worksite has all potential hazards secured and the air intake of the ventilation system is placed in an area that prevents contaminants from entering the fan’s intake and being discharged into the permit space.
- Atmospheric checks should be taken at various levels of the permit space and recorded on the permit. Ventilation shall be discontinued during this process. In some cases it may be necessary to enter the permit space to properly check the atmospheric conditions. If this is required, a Self-Contained Breathing Apparatus or an approved hose line unit with an escape pack must be worn while the worker is attached to a lifeline or other rescue device during the initial entry.
- The atmosphere within a permit space shall be tested:
  - Prior to entry
  - After each break or interruption of work
  - At each shift change
  - At predetermined intervals
  - Following an employee complaint or concern

Test instruments shall be calibrated in accordance with manufacturers’ instructions. Each instrument shall be tested prior to its use for the completion of a Confined Space Permit Atmospheric checks shall include the following:

### **Oxygen Safe test for entry**

- Minimum 19.5%, Maximum 23.5%
- NOTE: Care should be taken while entering a permit space that has been purged by an inert gas.

### **Flammable or Explosive Vapors (% of LEL)**

- Safe test for entry: 10% of LEL without respiratory equipment,
- Maximize 20% of LEL with respiratory equipment,
- Above 20% of LEL, rescue purpose only with respiratory equipment,
- Safe test for Hot Work Permit in a Permit Required Confined Space: less than 10% of LEL

## **C. Site Preparation**

- A safe means of entry and exit shall be provided at all times when the permit space is entered/exited



from above or below grade. This could include a portable ladder or scaffolding that is properly installed and secured for climbing.

- All lighting equipment that is required for working within the permit space shall be explosion-proof and have a ground fault circuit interrupter. Explosion proof flashlights are permitted for use within the permit space when work will be limited to a short time period.
- All equipment (such as air movers and vacuum truck hoses) shall be properly grounded or bonded to prevent static sparks.
- Fire extinguisher(s) and other fire-fighting equipment shall be available at the worksite if flammable or combustible materials are present. The extinguisher shall be inspected to confirm that it is in good working order. Emergency Services will be determined prior to entry.

#### **D. Permit Issuance**

- Upon completion of the above requirements, the Denali site supervisor shall receive the preparations and the permit space. If all requirements are met, the supervisor may sign the permit and shall post it conspicuously at the worksite.

#### ***ENTRY INTO THE PERMIT SPACE:***

- Prior to Entry, the Denali Site Supervisor shall review the following with all authorized workers (employee/contractor): known hazards within the permit space, the responsibility of each authorized worker (Supervisor, Workers, Stand-by Personnel and Rescue Services), and the location and procedures for calling for outside Emergency Services.
- Authorized workers may enter the permit space only after a Confined Space Entry Permit has been signed and issued.
- Unauthorized personnel shall not be allowed entry. If the permit space is left unattended, the entrance shall be blocked or secured.
- The permit space atmosphere shall be RECHECKED as often as necessary while entrants are within the permit space to ensure a safe work environment.
- If conditions require, a Hot Work Permit should be issued in accordance with the law.

Stand-by personnel must remain in contact (visual, hand signals, etc.) with the personnel in the confined space at all times. Authorized workers shall wear a full body harness with attached retrieval line while working within the permit space. In spaces that require a vertical descent of 4 feet or greater, the retrieval line shall be connected to a hoist.

Rescue Services shall be on location while a Permit Space Entry is in progress. The Denali Site Supervisor and/or the attendant shall terminate the permit and instruct all entrants to evacuate the permit space (1) when operations covered by the permit have been completed or (2) if conditions not allowed under the permit arise in or near the permit space.

#### **Restoration of Permit Area**

When all work is completed, the permit space must be restored to normal service conditions. Use the permit as a checklist for proper restoration. The site supervisor will review the work and the restoration of the permit space. The permit shall be kept with other records pertaining to the work done.

## **RESPONSIBILITY:**

### **Employees will:**

- Be responsible for accurate completion of all applicable sections of the confined space permit.
- Complete appropriate training.
- Immediately stop any confined space job on a Denali property and/or project which does not meet safety requirements.
- Report all noncompliance activities to location supervisor.

### **Management will:**

- Maintain compliance with the Confined Space Standard.
- Ensure employees are appropriately trained in confined space and maintain documentation.
- Identify and communicate potential confined space hazards to contractors and employees.
- Notify the corporate safety representative if the confined space cannot be downgraded.
- Audit and evaluate contractor performance during confined space entry.
- Ensure employee safety training records are maintained.
- Retain completed confined space permits for two years.

### **Safety will:**

- Provide technical support for interpretation and implementation of the Confined Space Standard.
- Review and update the Confined Space Standard.
- Review and audit the Confined Space program effectiveness.
- Develop, conduct and/or approve confined space training programs.

### **Training:**

- Employees must be trained to identify and address confined space issues as per the Denali Training Plan.
- Training will be conducted before an employee is initially assigned any confined space duties.
- Refresher training will be conducted when plan changes, new hazards or spaces are introduced, or when the need for more frequent refresher training is recognized.
- Training will be provided by a qualified Contractor, Safety Representative, and/or Operations Personnel.

### **Documentation:**

- Original training records and documentation must be retained for each Denali employee.
- Copies of training records and documents will be maintained.
- Confined Space Permits must be retained for each entry at the local field office for one year.



## **Fall Protection and Ladder Safety**

**Purpose:** The company has established a written Fall Protection Program that includes the following minimum requirements when performing work tasks at heights greater than 6 feet from the walking/working surface. Employees shall be trained in the Fall Protection Program. Fall Arrest Systems are to be used when other fall protection systems are impractical or insufficient (i.e. scaffold work requiring top and mid rails to be removed).

### **Fall Arrest Systems shall include:**

- A full-body harness with D-ring in the middle of the back situated between the shoulders.
- An appropriate anchorage attachment capable of supporting at least 5,000 lbs.
- Connectors.

The system may include a lanyard deceleration device, lifeline, or suitable combination of these.

**Note:** The use of waist belts for fall arrest and non-locking snap hooks is prohibited.

### **Before donning the fall arrest system the employee shall:**

- Inspect fall arrest components prior to each use.
- Remove from service and destroy damaged components or equipment.
- Do not use fall arrest equipment to hoist equipment/materials.
- If an employee could fall into and become submerged in water, an approved life jacket or buoyant work vest must be worn and at least one life saving skiff or boat should be immediately available.

## **Ladder Safety**

- All portable ladders will be a minimum of Class 1A rated for 300lbs.
- When climbing up or down any ladder, face the ladder and maintain a 3-point contact with hands free of materials.
- All ladders must be inspected before each use; damaged ladders should be removed from service until repaired.
- If work from a ladder is long term in nature or requires heavy physical exertion, other methods such as scaffolds or personnel lifts should be used.
- All metal ladders should be labeled "NOT FOR ELECTRICAL USE."

### **Non-Self-Supporting Ladders (Portable Extension Ladders)**

- Ladder shall be positioned at a safe angle, which is typically a 4:1 vertical to horizontal ratio.
- The ladders shall be secured at the point of support to prevent movement. To accomplish this, a person will stabilize the ladder at the bottom while the climber climbs and secures the ladder at the top.
- A portable extension ladder must extend 3 feet (1m) past the point of support when accessing a working surface (i.e. roof)

### **Self-Supporting Ladders (Portable Step Ladders)**

- A step ladder must be used with the spreader bars in the locked down position, never as a straight ladder.
- Never stand on the top of two steps of a self-supporting ladder.

## **Personnel Lifts**

- Written operating procedures are to be attached to the personnel lift.
- A second person should be used as a “spotter” if working in a limited work area.
- Only equipment that has been load rated and designed by the manufacturer for personnel lifting shall be utilized.
- Personnel must work with both feet securely on the floor of the platform. Working from a ladder placed in the personnel lift is prohibited.
- All entrance gates or chains must be in their fully closed position before moving the lift.

## **Responsibilities**

### **Employees will:**

- Attend and participate in mandatory Fall Protection safety training.
- Wear the appropriate PPE as required according to the hazard assessment.
- Immediately report any noncompliance activities to location management.

### **Management will:**

- Provide appropriate PPE and equipment (i.e. ladders, personnel lifts, and scaffolds).
- Ensure employees are appropriately trained and maintain necessary documentation.
- Ensure employee safety training records are maintained.

### **Safety will:**

- Develop, conduct and/or approve fall protection safety training programs.
- Provide technical support as requested.
- Ensure that all approved PPE and/or fall equipment used by employees complies with the appropriate standard.
- Review and audit the effectiveness of the Fall Protection Program.

## **Training**

Each employee must be trained in PPE and Fall Protection. Refresher training will be conducted at an interval not to exceed every three years, or when the need for more frequent refresher training is recognized.

## **Documentation**

Original training records and documentation must be retained for each Denali employee’s reporting work location.



## **Hazard Communication**

**Purpose:** Denali has established a standard to ensure that all employees exposed to hazardous chemicals are aware of the specific hazards presented by the chemicals and are trained to protect themselves from the dangers that these chemicals might pose.

Chemicals must be handled with caution and should not be permitted on the skin or in the mouth. Contractors should consult the Denali Safety Representative if there is any doubt about how to handle a specific chemical. A Safety Data Sheet (SDS) must be available for all chemicals in the workplace. These SDS's should be read and understood by personnel handling the chemicals.

### ***DEFINITIONS:***

**Chemical:** Any element, compound, or mixture of elements and/or compounds. This includes solids and gases as well as liquids; e.g. crude oil, condensate, and drilling mud additives.

**Hazard Chemical:** One which poses a physical or health hazard.

**Health Hazard:** A chemical for which there is statistically significant evidence based on at least one study conducted in accordance with established scientific principles, that acute or chronic health effects may occur in exposed employees.

**Label:** Written, printed, or graphic material displayed on or affixed to a container.

**Safety Data Sheet (SDS):** A document containing chemical hazards and safe handling information that is prepared in accordance with the requirements of the OSHA standard for that SDS.

**Personal Protective Equipment:** Protective equipment worn to prevent occupational injury or illness; safety glasses, gloves, respirators, steel-toed boots, etc.

**Physical Hazard:** A chemical for which there is scientifically valid evidence that a physical hazard exists; e.g. a combustible liquid, a compressed gas, an explosive, an organic peroxide, an oxidizer, a pyrophoric or that is flammable, unstable (reactive), or reacts violently when in contact with water.

## **STANDARDS**

### **A. Required Labels**

- Each chemical container on Denali property shall have a "Hazard Communication" label on it. Subject to state law, the Hazard Communication label may have either a basic hazard index or NFPA (National Fire Protection Association) label.
- "Hazard Communication" labels must list at minimum, all of the following information:
  - Name and address of supplier or manufacturer
  - Chemical identity (obtainable from original label and SDS sheets)
  - Appropriate hazard warnings (words, pictures, or symbols which convey hazard(s) of chemical in container)

- “Hazard Communication” labels must be legible and in English.
- Exceptions to required labeling:
  - When an employee transfers a chemical to a portable container which is intended for use only during the employee’s work shift, a hazard communication label is not required. The container must, however, remain under the control of the employee who made the transfer and the product content must be identified on the container.
  - Piping is also exempt (with the exception of some states).

## **B. Chemical Inventory List**

Each field office under advisement of the Corporate Safety Representative shall compile and maintain an active inventory list of hazardous chemicals used or stored in the workplace. The inventory shall be modified as new chemicals are received.

## **C. Safety Data Sheet (SDS)**

- Denali employees or representatives shall not accept chemicals without a SDS.
- The Denali representative who initially takes delivery of the chemical shall be responsible for obtaining and forwarding the SDS to the field office and Safety Representative.
- If any information is missing on the SDS, the supervisor shall notify the Safety Representative. If the required information cannot be obtained, a revised SDS must be requested from the vendor by the appropriate supervisor.
- The site supervisor, assisted by the Safety Representative, shall review all SDS.
- The supervisor is responsible for distribution of SDS to his personnel and ensuring the SDS book is updated.
- SDS shall be kept in the SDS book, easily accessible to each work location. When material is transported, the binder will be kept with the chemical manifest if required and within easy reach of the driver.
- The following summary describes SDS according to 29 CFR 1910.
  - Each SDS must be in English.
  - Each SDS must identify the chemical name, the common name, components and the following data:
    - Physical/Chemical characteristics of the chemical.
    - Acute and chronic health effects and related health and physical hazards.
    - Exposure time.
    - Carcinogen classification by NTP (annual report on carcinogenic published by National Toxicology Program), IARC (monographs on evaluations of carcinogenic risk of chemicals to man), or OSHA.
    - Safe handling and control measures.
    - Emergency and first aid procedures.
    - Identification of the organization responsible for preparing the SDS.
    - Date of preparation of the SDS or date of last revision.
- Name, address, and emergency telephone number of the chemical manufacturer, importer, employer or other responsible party preparing or distributing the Safety Data Sheet. This must be someone who can provide additional information for the hazardous chemical, including appropriate emergency procedures, if any.



- SDS are specifically identified as exposure records under OSHA Reg. 29 CFR 1910.20©(5)(iii). A retention file of each SDS shall be maintained in the district. Each SDS in the retention file must be maintained for at least 30 years.

#### **D. Informing Contractors of Hazards**

- The Denali Supervisor on location or Denali Field Employee will inform the Contract Employee Supervisor of any hazardous chemicals which they may be exposed to during their service on Denali properties. Information must include the following:
  - Precautions to lessen risk of exposure to contractors.
  - Preventative measures taken by Denali to lessen total risk of exposure.
  - Location of SDS.
  - Emergency procedure to follow if exposed.
  - Product labeling.
- Contractor supervisors' responsibilities under this policy include:
  - Providing Denali Supervisor with the manufacturers' SDS for each hazardous chemical brought on location.
  - An explanation of work practices and personal protective equipment necessary to safely handle each of the contractor's chemicals or substances used on location by any personnel.

### ***Responsibilities***

#### **Employees will:**

- Attend and participate in mandatory HAZCOM safety training.
- Follow HAZCOM guidelines in the Employee Safety Handbook.
- Follow Safety Data Sheet (SDS) Guidelines.
- Not use any chemicals for which a SDS is not available.
- Report any unsafe practices or plan deficiencies to their supervisor.

#### **Management will:**

- Ensure employees are properly trained and employee safety training records are maintained.
- Ensure chemical inventory list is accurate and a SDS is available for each chemical.
- Provide appropriate information to employees about the chemicals to which they are exposed.
- Minimize employee exposure to hazardous products when possible.

#### **Safety will:**

- Review and audit the effectiveness of the Hazard Communication program.
- Conduct and/or approve hazard communication safety training program and ensure training program follows guidelines set by OSHA for HAZCOM training requirements.
- Assist management in selecting and procuring substitute products that have less hazardous or toxic characteristics when requested.
- Ensure the written Hazard Communication plan meets regulatory requirements.

#### **Training:**

- Employees will be trained in the use of hazardous chemicals on an annual basis, or whenever a new chemical is introduced. Training for new employees will be conducted during new employee orientation.
- Training will include the Basic Hazard Communication Training Program.

- Denali's written Hazard Communication Standard.
- Federal Hazard Communication Standard, 29 C.F.R. 1910.1200 or state standard-where applicable.
- Hazardous material and hazardous waste if generated (hazard determination).
- Physical and health hazards (acute, chronic, corrosive, flammability, etc.).
- Safety Data Sheets (explanation, review and where to find, etc.)
- Labels and other forms of warning.
- Particular substances encountered, including hazardous materials found in the home.
- Personal protective equipment.
- Detail of requirements for transportation (DOT rules, markings, shipping papers, etc.)

## **Documentation**

- Written Hazard Communication program.
- Chemical/Inventory List.
- All SDS and labels must be English. SDS and labels of a second language may also be added where appropriate.
- Denali will rely upon suppliers and chemical manufacturers/importers to provide hazard evaluations and SDS for all raw materials or products purchased by the company.



## **Hot Work**

**Purpose:** Employees and contractors shall not engage in “hot work” without an approved hot work permit issued by the Denali representative responsible for the worksite. Normally, the hot work permit will be task specific.

Denali has established safety precautions to be taken when any work in a Classified Area requires an open flame or results in a spark.

## **DEFINITIONS**

**Classified Areas:** shall consist of the following:

- Any area NOT located in a normal shop environment.
- Open flame. Areas within 35 feet of production facilities, pipeline connections and valves, or wellhead; rig floor and substructure, mud pumps, mud pits, degasser and stored flammables.
- Spark producing devices. Areas within 10 feet of production facilities; pipeline connections and valves; tanks or vehicles that transport hydrocarbons such as vacuum trucks or fuel tanks; or wellheads; or any other area deemed necessary by supervision.

**Note:** The Operations Supervisor must approve any exception to a Classified Area.

**Fire Watch:** The person(s) and associated fire protection equipment assigned to stand by during welding, cutting or open flame conditions. This is the only function of this assignment.

**Lower Explosive Limit:** The lower limit of flammability of a gas or vapor at ordinary ambient temperatures expressed in percent of the gas or vapor in air by volume.

**Spark Producing Devices:** Electrical hand tools, the opening of energized electrical junction boxes in Classified Areas, but not vehicle engines, pumping unit starters or lighting process heaters.

**Denali Site Supervisor:** A Denali Supervisor or a Denali employee or consultant designated as the site supervisor by a Denali supervisor.

## **STANDARDS**

### **A. Permit Procedures**

- Determine if a Hot Work Permit is necessary.
  - Permit is required in all Denali operations for any work that requires an open flame, welding, hot tapping, burning, grinding, blasting, opening energized electrical junction boxes, or portable spark producing devices, including heaters and electrical hand tools, within a Classified Area. No work covered by these guidelines may be started before a permit is issued.
  - Permit is not required when lighting process heaters.
  - Fill out the permit. The permit must be completely filled out and signed.
  - Review the Permit Conditions. The Denali Site Supervisor must verify that the following steps are completed before signing a Hot Work Permit:
    - The production/process equipment has been properly prepared and isolated as outlined in Denali’ Lockout/Tagout and Confined Space Entry Standard.

- The permit has been reviewed by the operating personnel, the party responsible for the job, lease pumper, and the operator or consultant in charge of the facility or area. Operating personnel must physically re-view the area and operating conditions before signing the permit.
- Welder qualifications have been met.
- Provisions have been made, if required, for:
  - Scaffolding
  - Drains and sewers covered with proper vapor barrier
  - Isolation of hot work area from other equipment or areas using fire-proof tarps or water fog
  - Proper ventilation of equipment
  - Trained personnel for fire watch equipped with the proper fire extinguisher and safety equipment
  - Emergency response
  - Shoring and benching for excavation
- A pre-job meeting has been conducted to ensure all safety and health precautions are understood by the person(s) who will perform the work. Person(s) performing the work should sign the permit.
- Necessary gas tests have been performed for explosiveness, toxicity or other hazardous conditions with reading recorded on the Permit. (Consult your Safety Representative for assistance if needed).
  - Only direct reading instruments capable of Lower Explosive Limit (LEL) measurement shall be used for the atmospheric testing needed for Hot Work Permits.
  - Maximum allowable LEL reading for Hot Work Permits shall never exceed 10%. Levels in excess of 10% will cause all hot work to be halted immediately. The permit will be cancelled and declared null and void. A new permit must be reissued prior to restart of work.
- If hot work is being performed in a Confined Space, the welding equipment must be inspected for the following:
  - Cracks, splits, or loose connections in welding leads. Repair before use.
  - Leaks in connection to oxygen or acetylene bottles, hoses, and
- Approve the Permit. The Denali Site Supervisor, after verifying that all Permit requirements have been met, may sign the Hot Work Permit.
- The duration of the Permit is dependent upon end of job, end of shift and/or emergency conditions.

## **B. Operations Under Permit**

- All work shall comply with the permit.
- Review the work in progress. Make periodic checks with an approved gas detector (if necessary). If combustible gases in excess of permit allowable are found, the job must be shut down. Work will not continue until a new permit has been issued.
- Immediately after the work is completed, the work area and adjacent areas will be inspected to ensure there has been no spread of sparks or heat. The permit will be returned to the supervisor after the job is complete and the area is secure.



## ***Responsibilities***

### **Employees will:**

- Attend and participate in mandatory Hot Work Permit training.
- Follow Hot Work Permit guidelines in the Denali Safety Handbook.
- Ensure a copy of the Hot Work Permit is retained at the job site.
- Notify the Denali Supervisor upon completion of the job or cancellation of the permit.

### **Denali Site Supervisor will:**

- Be responsible for accurate completion of all applicable sections of the Hot Work Permit.
- Review key considerations as they relate to the control of fire or explosion.
- Notify personnel in other areas, which may be affected during the job.
- Determine the absence or concentration of any flammables.
- Issue Hot Work Permit after an on-site inspection.
- Retain their copy of the Hot Work Permit until the job is completed.
- Sign and date permit.

### **Safety will:**

- Review and audit Hot Work Permit Program effectiveness.
- Provide technical support as needed.
- Develop, conduct and/or approve Hot Work Permit training programs.

### **Training**

- Prior to issuing a Hot Work Permit, employees must be trained.
- Safety, in conjunction with operations personnel, will provide training.
- Supplemental training will be conducted when new hazards are introduced.
- To ensure competency, refresher training will be conducted on a frequency not to exceed every 3 years.

### **Documentation**

- Original training records and documentation must be retained for each Denali employee.
- The worker's copy of the Hot Work Permit will be retained at the job site and submitted to the Denali supervisor upon completion of hot work.
- Completed Hot Work Permits will be retained for at least one year.

## **Lock Out/ Tag Out**

**Purpose:** Lockout/ Tagout (LO/TO) procedures must be followed prior to work on equipment or processes where the unexpected energizing of such equipment could cause injury to an employee. Energy sources must be identified and energy control devices locked out and/or tagged out before working on the equipment. Sources of stored energy include electrical, mechanical, hydraulic, pneumatic or stored pressure. Typical equipment process in operation are pumping units, electric motors, compressors, pumps, engines, vapor recovery units, water filtration processes, and electrical control equipment.

Denali has established minimum standards for controlling energy sources during repair and/or maintenance of machines and equipment, and to aid in preventing injury to personnel, damage to property, and damage to the environment due to unexpected energization, start-up or release of stored energy.

Contractors must follow LO/TO procedures equal to or safer than Denali's policy. The contractor is responsible for ensuring that its personnel and subcontractors are trained in LO/TO procedures.

### **STANDARDS**

#### **A. Guidelines**

These guidelines shall be followed when performing repair and/or maintenance on all equipment including electrically driven machinery and equipment; mechanical equipment such as gas compressors, fire pumps, or cranes; hydraulic equipment; equipment operated by pneumatic, thermal, or chemical energy sources; and pressurized equipment.

**Remember:** The key to safe equipment repair and maintenance is good communication between all parties involved and adherence to approved lockout/tagout procedures.

#### **B. Locks and Tags**

- All locks, tags, and other hardware required by this guideline will be provided by the company, be available to all employees, have only one key for the lock or a set of locks.
- Each tag shall give the name of the person applying the lockout device and the date the tag was put on the device. Each tag shall indicate the condition to be avoided by the lockout/tagout, i.e., Do Not Start, Do Not Open, Do Not Close, Do Not Energize, Do Not Operate, etc.
- Only the person who placed the lock and tag in service shall be permitted to remove it.
- Locks and tags shall not be used for any purpose other than lockout/tagout.

#### **C. Lock and Tag Preparation and Installation**

- Survey the work area and equipment to verify that all equipment can be locked out or secured.
- Shut down or turn off the machine or equipment to be worked on.
- Physically locate all valves and switches and close, turn off, or blind to isolate any energy source from the machine or equipment to be worked on; reviewing the most current



flow diagram of the equipment will assist in locating all isolation valves.

- Render safe any stored hazardous energy by relieving, disconnecting or restraining it.
- Place a lock and tag on each energy-isolating device. The only key will be held by the locking party until completion of the job or until authorized relief personnel complete the job.
- Verify that the equipment is not operable. Lock-Tag-Clear-Try.

#### **D. Lock and Tag Removal Temporary or Permanent**

- Reinstall all guards.
- Return all exposed electrical wiring to conformity with electrical code requirements.
- Remove all blind flanges or skillets and properly connect piping.
- Remove tools, materials, and other nonessential items.
- Inspect and verify that all machine or equipment components are operationally intact.
- Notify all employees in the area that lockout/tagout devices are ready to be removed.
- Ensure that all employees are safely positioned or removed from the area.
- Remove each lock and tag device from each energy-isolating device.

**Note:** Temporary removal of lock out devices and re-energization is permitted only during the limited time necessary for the testing and positioning of machinery.

#### **E. Personnel**

- Only qualified personnel are allowed to start up machinery or equipment after it has been determined that no personnel are exposed to any hazards and all safety checks have been satisfied.
- In the event of a shift or personnel change during maintenance and/or repair activities, the designated Denali representative in charge shall take necessary steps to maintain the continuity of the lockout/tagout protection. This shall ensure that all provisions in this procedure are adhered to, and transfer of lockout/tagout devices between affected employees is accomplished.

### ***Responsibilities***

#### **Employees will:**

- Identify when LO/TO procedures are required.
- Implement the procedure during repair and maintenance activity.
- Ensure continuity in the event of shift or personnel change.
- Ensure locks are uniquely keyed so that the employee has sole possession of the key.
- Attend and participate in mandatory LO/TO safety training.
- Do not attempt to override a locked system.

#### **Management will:**

- Prepare and maintain site-specific LO/TO procedures.
- Ensure all locks, tags and other hardware are available to all employees at all times.
- Ensure only one key for a lock or set of locks.
- Maintain continuity in the event of shift or personnel changes.
- Provide LO/TO training to employees.



- Maintain appropriate documentation.

#### **Safety will:**

- Provide technical support.
- Review and audit the effectiveness of the LO/TO program.
- Develop, conduct and/or approve LO/TO training programs.
- Perform and document annual audits.

#### **Contractor will:**

- Maintain their own program to meet the Denali standard and OSHA, 29 CFR 1910.147.
- Identify when LO/TO procedures are required for the employees.
- Implement procedures during repair and maintenance activity including using their own locks and tags.
- Ensure continuity in the event of shift or personnel changes.
- Conduct pre-construction meetings to resolve any Company/Contractor LO/TO differences or conflicts that may create a hazard.

#### **Training**

- Each employee must be trained in LO/TO prior to initial assignment at a Denali facility or location. Untrained workers may work under direct supervision of an employee who has been trained and can communicate the requirements of LO/TO to the untrained worker.
- Training for any alternative LO/TO method must be presented to all employees and contractors who have any potential exposure to the affected system(s).
- Refresher training will be conducted at an interval not to exceed every three years, or when the need for more frequent refresher training is recognized.
- Supplemental training will be conducted when new hazards are introduced.

#### **Documentation**

- Original training records and documentation must be retained for each Denali employee at that employee's reporting work location.
- All site-specific LO/TO procedures will be kept on file locally.
- All alternative method Hazardous Energy Control procedures must be documented, endorsed, and kept on file for the duration of the project for which they are intended.

## **Personal Protection Equipment**

**Purpose:** OSHA standards require employers to furnish and require employees to use suitable protective equipment where there is a “reasonable probability” that injury can be prevented by such equipment. The standards also establish requirements for specific equipment.

While use of Personal Protective Equipment is important, it is only a supplementary form of protection, necessary where all hazards have not been controlled through other means such as engineering controls.

A Hazard Assessment has been conducted for all Denali operations. As a result of that assessment the following standard outlines personal protective requirements for Denali employees, contractors, and visitors.

### ***DEFINITIONS***

**Don/Doff:** To put on or take off.

**Hazard Assessment:** A survey of work areas to determine what types of Personal Protective Equipment are necessary in order to prevent injury from any potential hazard sources.

**Personal Protective Equipment (PPE):** Equipment designed to protect from injury to the eyes, hands, feet, face, head, and other parts of the body from hazardous substances or conditions. Depending on the type of work, some or all of such equipment may be necessary.

### **Standards**

#### **A. Company Requirements**

- Appropriate PPE shall be worn by all employees, visitors, and contractors when working on or around a Denali field location. Any exceptions to the Denali standards, such as for escorted tours, must be pre-approved through the District Vice President of Operations.
- PPE, provided by either the Company, the individual, or the contractor must meet standards established by recognized governmental and/or industry groups.
- Employees are responsible for the sanitary condition of their PPE.
- If PPE is lost or damaged due to employee neglect, the employee will be responsible for replacement of the equipment.



## **B. Head Protection**

- All personnel working on or around Denali Oil and Grease facilities and dewatering facilities, shall wear an ANSI Z89.1 hard hat.
- Denali will provide head protection (hard hat) that conforms to current ANSI Z89.1 to its employees and visitors. Contractors are required to supply their own head protection to their employees and visitors.

## **C. Hearing Protection**

- All personnel working in an area where noise level is 85 dBA or greater shall wear hearing protection.
- Appropriate warning signs must be posted in high noise areas: 85 dBA or greater. Suspected high noise areas should be reported to a Denali supervisor or safety representative for testing.
- Annual hearing conservation training will be given to employees who are exposed to noise levels of 85 dBA (8 hour time weighted average) during a regular work assignment.
- Denali will provide hearing protection to its employees and visitors. Contractors must supply their own hearing protection to their employees and visitors.

## **D. Footwear**

- All personnel working on or around Denali field locations must wear appropriate slip resistant footwear.
- If deemed required by the area manager Denali will provide reimbursement for safety toe footwear at the rate of \$150 per year if they meet the following requirement
  - ASTM F2413-17 I/75/C/75
  - Slip resistant soles
  - Receipt and proof of conformance to ASTM standard must be provided to receive reimbursement.

## **E. Eye Protection**

- All personnel working on or around Denali field locations shall wear current ANSI Z87.1 approved safety glasses when not in a vehicle or office.
- Safety glasses do not replace other types of eye protection currently required for performing specific job tasks. Other required types of eye protection include: splash goggles when working with chemicals; face shields when grinding, chipping, striking metal or other objects; filter-type lenses when welding or cutting.
- Denali will provide its employees with safety glasses meeting current ANSI Z87.1 standards: either plain spectacle-type safety glasses. Visitors and contractors must provide their own eye protection.

## **F. Hand Protection**

- All personnel working on or around Denali locations shall wear hand protection appropriate for the potential hazards.
- Denali will provide hand protection to its employees. Contractors will be required to supply hand protection for their employees and visitors.

## **G. Respiratory Protection**

- All personnel working on or around Denali locations, including offices, shall wear respiratory protection where there is anticipated exposure to dust, fogs, fumes, gases and smoke.
- Denali will provide its employees with respiratory protection equipment is needed. Contractors will provide their employees and visitors with respiratory equipment as needed.

- Personnel who are issued respiratory protection equipment must receive prior training in the care, use, and limitations of the equipment. Records of training will be kept in the district office.

## ***Responsibilities***

### **Employees will:**

- Attend and participate in mandatory PPE safety training.
- Wear the appropriate PPE as required according to the hazard assessment.
- Inspect and verify PPE is in good working condition prior to use. Equipment not in good working condition will be immediately removed from service and repaired or replaced before use.
- Immediately report any noncompliance activities to location management.

### **Management will:**

- Provide appropriate PPE.
- Ensure that PPE protection will be utilized only when engineering and administrative controls are not practical.
- Ensure location hazard assessments are performed for each district and documented.
- Ensure employees are appropriately trained and maintain necessary documentation.
- Ensure employees safety training records are entered into the training record database.

### **Safety will:**

- Develop, conduct and/or approve PPE safety training programs.
- Provide technical support as requested.
- Ensure that all approved PPE used by employees complies with the appropriate ANSI standard.
- Review and audit the effectiveness of the PPE program.

### **Training**

- Employees will be trained in the provisions determined by the location hazard assessment.
- Each employee must be trained in PPE prior to their initial assignment or must work under direct supervision of an employee who has been trained and can communicate the requirements of PPE to the untrained worker. All new employees will be trained in PPE within 90 days of employment.
- Refresher training will be conducted at an interval not to exceed every three years, or when the need for more frequent refresher training is recognized.
- Supplemental training will be conducted when new hazards are introduced.
- Competency certification will be conducted and documented as necessary.

### **Documentation**

- Original training records and documentation must be retained for each Denali employee at that employee's reporting work location.
- Copies of training records and documentation of certificates will be maintained in the district file.
- Completed PPE hazard assessment forms will be kept in the district office.



## **Electrical Safety**

### **Precautions:**

- Only qualified or authorized personnel should repair or install electrical equipment. All electrical circuits should be de-energized whenever possible before an employee works on or near the electrical equipment.
- All personnel are to be trained in the hazards of working on or near electrically related equipment.
- Consider all electrical conductors energized. Utilize the LO/TO standard to isolate any electrical sources. (See Denali Lockout/Tagout Safety Standard)
- Use suitable protective equipment and tools including lineman's gloves, mats and blankets to provide insulation from other elements that are energized or grounded.
- Uninsulated metallic items, such as rings, neck chains, watches, eyewear etc. are not to be worn while working on open energized electrical equipment.
- Do not render electrical interlocks inoperative by removal, modification or destruction.
- Blown fuses shall be replaced only with the proper fuses.
- Replacement of fuses requires the use of fuse pliers or proper Personal Protective Equipment rated for use in high voltage areas.
- Use non-conductive ladders when working on or near electrical equipment or conductors. The use of metal ladders is prohibited.
- Defective electrical equipment or extension cords are to be tagged and immediately removed from service until repairs or replacement can be done.
- Portable cord and plug connected equipment shall be inspected prior to each use and shall be equipped with a cord which has ground fault protection or is double insulated.
- Extension cord sets are not to be considered permanent installations.
- Electrical power tools and cords are to be checked continuity/conductively.

### **Power Lines**

- All power lines should be considered energized. When work is being performed near energized overhead power lines, the power company shall be contacted to determine the voltage present.
- No part of a crane, boom, mast, gin poles or machinery should be permitted within 10 feet (3M) of power lines rated 50 KV or below.
- For energized lines rated about 50 KV, the minimum distance between power lines and the boom, mast, crane and its load, must be 10 feet (3M) plus one-half inch (1cm) for each KV over 50 KV.



## **Compressed Gas Cylinders**

### **Handling Cylinders:**

- Do not accept damaged cylinders.
- Keep protective caps on cylinders not in use.
- Keep cylinders away from direct flame, heat and sources of ignition.
- Properly secure cylinders at all times. During movement, avoid rough handling and the striking of cylinders.
- Cylinder contents must be properly labeled; do not rely on color of the cylinder, return to vendor if not properly labeled.
- Close all valves when not in use.
- Cylinder valves must have a handle or other shutoff mechanism in place while in use.
- Regulators are to be removed from cylinders when not in use unless the regulator is designed to be capped or the cylinders are in an approved welding cart.
- Discharge leaking cylinders outdoors by opening the discharge valve slowly one fourth of a turn.
- Use proper lifting cradles for cylinders. Do not lift by the valve or protective cap. Ropes and slings are not to be used for lifting cylinders.

### **Using Cylinders:**

- Never use a cylinder of compressed gas without a pressure-reducing regulator connected to the cylinder valve.
- Always close the cylinder valve before attempting to stop leaks.
- Do not use oil or grease as a lubricant on valves or attachments to oxygen cylinders.
- Threads on fittings must correspond to cylinder valve outlets.
- Check valves/flame arrestors are to be utilized on fuel gas/oxygen systems.

### **Storing Cylinders:**

- Store cylinders in an upright, secured position.
- Do not store oxygen cylinders within 20 feet (6m) of combustible materials or fuel gases unless divided by a 5-ft. (1.75m) fire resistant wall rated for one-half hour.
- Store empty and full cylinders separately.

## **Fire Protection**

**Response Procedures:** In case of fire, the following procedure should be used:

- SUMMON HELP. Do not fight a fire before alerting someone else.
- Analyze the situation, considering: Is it a threat to life? Is there damage to public property? Is evacuating or extinguishing the fire possible? Is notification and assistance from outside authorities appropriate? Are hazardous or toxic chemicals present?
- Isolate all fuel sources and/or threatened facilities.
- Fighting a fire in the initial stages is considered incipient firefighting. **DO NOT FIGHT FIRES BEYOND THE INCIPIENT STAGE.** Such firefighting should be limited to trained personnel using fire extinguishers and water streams at long range.
- Locate the firefighting equipment and approach the fire **FROM THE UPWIND SIDE.** In the case of a gas fire, extinguish the fire by shutting off the fuel source.
- **NEVER ENERGIZE AN EXTINGUISHER WHEN ANY PART OF THE BODY IS DIRECTLY IN FRONT OF THE FILL CAP.**
- After the fire is extinguished, stand by to ensure no flare ups.
- Assess the damage and complete the necessary documentation. Do not discuss the fire with anyone other than your supervisor or the local SAFETY Rep. If necessary, someone will be specifically assigned to relate the facts of the incident to the news media.

### **PREVENTION IS THE BEST FIRE PROTECTION MEASURE!**

#### **Fire Prevention Guidelines**

- Class "A" fire materials (paper, wood, combustibles) should not be stored in or used as construction material in process areas.
- Buildings where solvents or chemicals are handled must be kept well ventilated at all times.
- Report and repair all hydrocarbon liquid or gas leaks immediately. If immediate repairs are not possible, post an adequate warning sign, isolate the area, and take extra precautions against fire.
- In the event of a hydrocarbon liquid or gas leak, extinguish all fires and remove other sources of ignition immediately. Shutdown engines and other potential sources of ignition, such as pilot lights. Report the leak promptly to the supervisor in charge. Shut off fuel supply or process if possible.
- Use soapsuds when testing for gas leaks on connections. Never use an open flame.
- Use gasoline as a motor fuel only. Using gasoline as a cleaning agent on company property is strictly forbidden. A high flash point (140 degrees F) safety solvent or citrus-based cleaner should be used to clean tools, machinery, and other similar equipment. Wear gloves made of hydrocarbon-resistant rubber to protect hands.
- Transport gasoline only in approved, clearly marked containers. Never place gasoline containers inside car or truck passenger compartments.
- Follow proper procedures when lighting direct-fired heaters.
- Properly maintain flame arrestors and keep inspection port covers in place.
- When transferring hydrocarbon (especially "flashing" liquids) from a line or vessel to

another container, the source container and the receiving container should be electrically bonded to prevent ignition due to static electricity.

### **Fire Extinguisher Inspection and Maintenance**

Fire extinguishers are an important segment of any fire protection program. Fire extinguishers should be:

- Accessible.
- Properly maintained.
- Inspected monthly by trained personnel and documented.
- Hydrostatically tested as required.

The supervisor is responsible for ensuring that all extinguishers are properly maintained and inspected. Each employee should know how to identify and report extinguishers needing recharging and/or maintenance.



## **Hydrogen Sulfide**

Hydrogen Sulfide (H<sub>2</sub>S) in certain concentrations can be a safety hazard. Denali has developed a set of guidelines designed to protect its personnel and third parties from the harmful effects of H<sub>2</sub>S. The following is a brief compilation of the properties and effects of H<sub>2</sub>S, the detection devices, and safety precautions to be used in the presence of H<sub>2</sub>S.

H<sub>2</sub>S occurs in a variety of natural and industrial settings. It is generated as an unwanted byproduct in industrial operations. It is also produced by bacterial action and decomposition of organic matter. Regardless of the origin, H<sub>2</sub>S is very dangerous due to its explosive nature and toxicity. The principal concern from inhalation of H<sub>2</sub>S is acute toxicity. H<sub>2</sub>S causes paralysis of the respiratory center in the brain and can result in immediate collapse and death.

### **Training**

It is Denali's policy that all employees, contractors, and visitors to an H<sub>2</sub>S site be trained in the danger and safe operating procedures when working with H<sub>2</sub>S. Records reflecting the training will be kept by the District responsible for the site.

### **Properties of H<sub>2</sub>S**

- It is a highly toxic, colorless gas.
- H<sub>2</sub>S can travel some distance close to the ground and may accumulate in low areas, if the mixture of gaseous hydrocarbon/H<sub>2</sub>S or CO<sub>2</sub>/H<sub>2</sub>S is heavier than air.
- H<sub>2</sub>S has an offensive odor like rotten eggs at low concentrations. However, THE SENSE OF SMELL IS A POOR INDICATOR OF H<sub>2</sub>S since the olfactory nerves can become temporarily desensitized and can no longer detect the H<sub>2</sub>S odor.
- The explosive range for H<sub>2</sub>S is extremely wide, from 4.3% to 46% by volume. The auto ignition temperature of H<sub>2</sub>S is 500 degrees F.
- H<sub>2</sub>S is highly soluble in water and liquid hydrocarbons at elevated pressures and
- H<sub>2</sub>S burns with a blue flame and produces sulfur dioxide (SO<sub>2</sub>) another toxic gas.
- H<sub>2</sub>S is highly corrosive to some metals and can also lead to hydrogen embrittlement and sulfide stress cracking.

### **Effects of H<sub>2</sub>S**

Low levels of exposure may cause the following individual symptoms or a combination of these

- Dryness in nose, throat Fatigue
- Nausea Dizziness
- Loss of consciousness or death Irrational behavior
- Symptoms related to longer exposure include: skin irritation, coughing, headache, eye irritation

### **Effects of H<sub>2</sub>S Concentration**

- | ppm           | Systemic                                                                    |
|---------------|-----------------------------------------------------------------------------|
| • 250-350     | Fatal in 4-8 hours                                                          |
| • 350-450     | Fatal in 1-4 hours                                                          |
| • 500-600     | Excitement, headache, dizziness and unconsciousness, death in 30-60 minutes |
| • 600-700     | Rapid collapse, death in 12-15 minutes                                      |
| • 700 or more | Cessation of respiration, rapidly fatal                                     |

### **Detection Devices**

- **Colorimetric tube detectors:** Generally used for screening purposes in conjunction with the proper respiratory protection to test atmospheres for safe entry or work.
- **Personal monitors:** Portable electronic units designed to alert personnel who may encounter H<sub>2</sub>S levels beyond permissible exposure levels. Anyone entering an area where H<sub>2</sub>S concentrations may exceed 10 ppm in the breathing zone shall utilize a H<sub>2</sub>S personal monitor with continuous monitoring capability. If a personal monitor detects H<sub>2</sub>S at concentrations greater than or equal to 10 ppm on location an evacuation is required. In order to re-enter, concentration levels must be determined utilizing respiratory protection. If concentrations exceed 100 ppm in the breathing zone a standby person equipped with proper respiratory equipment designed for rescue is required. Visitors are not required to wear an H<sub>2</sub>S personal monitor when accompanied by a Denali Supervisor or their designee equipped with a personal H<sub>2</sub>S monitor.

### Respiratory Equipment

- **Escape units:** Designed strictly for escape from an H<sub>2</sub>S atmosphere.
- **Supplied air unit:** Generally used as a work unit. Such units must have a positive pressure feature and must be equipped with an escape cylinder, in case the air supply is interrupted.
- **Self-Contained Breathing Apparatus (SCBA):** Can be used as a work unit and is the preferred standby and rescue unit. Anyone utilizing an SCBA must be in a respiratory protection program, and have had a medical evaluation and fit test on the respirator being used.

**Note:** All employees and contractors must be clean shaven whenever respirators may be used on location.

### Testing and Sign Requirements

- H<sub>2</sub>S concentrations shall be measured level with the thief hatch opening on all manually-gauged sour crude, condensate and produced water tanks.
- Where the thief hatch concentration ranges from 0-100 ppm H<sub>2</sub>S, the following sign shall be posted at the base of tank stairway: **DANGER POISON GAS RESPIRATORY PROTECTION REQUIRED WHEN TANK OPENED**
- Where thief hatch concentrations exceed 100 ppm H<sub>2</sub>S, warning signs indicating the need for a standby person shall be posted. It shall be installed at the base of tank stairway and state: **DANGER POISON GAS HYDROGEN SULFIDE RESPIRATORY PROTECTION AND STANDBY PERSON REQUIRED WHEN TANK OPENED**
- Where deemed applicable by regional management, signs shall be bilingual.
- All field locations, plants, production facilities and platforms that present potential H<sub>2</sub>S exposures shall be so appropriately marked as containing Hydrogen Sulfide where applicable. Yellow/black "Caution Poison Gas" signs shall warn of potential H<sub>2</sub>S exposures. Additional signs may be posted if deemed necessary.
- Areas with limited public road access may use one H<sub>2</sub>S sign at each entry point to a group of well locations rather than at each location. However, all tank battery facilities must have a sign in place.. Sign wording shall be: **CAUTION POISON GAS AUTHORIZED PERSONNEL ONLY**
- Signs already in place conveying the same message need not be replaced.

### Facility Guidelines

- Any location where hydrogen sulfide concentrations may exceed 100 ppm in the product stream



- requires a wind sock or similar wind direction indicator of high visibility.
- At a minimum, unattended fixed surface facilities and well sites shall be protected from public access. This protection shall be provided by fencing the location and locking of the facility. For the purposes of this provision, a surface pipeline shall not be considered as a fixed surface facility.
- Fixed H2S detection systems shall be installed in areas where the 100 ppm ROE may exceed the boundary of the facility and threaten the public. This system shall activate distinctive audible and visual alarms. When the situation warrants, telephone or radio alarm system shall be installed.
- Fixed system sensors shall be set at 10 ppm for visual alarm and 20 ppm for audible alarm. The 20 ppm alarm shall activate an automatic equipment shutdown.
- Fixed systems shall be calibrated on a frequency consistent to manufacturer's specifications or as required by the governing body.
- Activation of all H2S alarms shall be treated as an actual gas release.

### **H2S Release into Air**

- The requirements of the Clean Air Act regarding an air permit plus state and local interpretations or provisions must be addressed prior to testing and/or producing a well where H2S is present. Copies of these regulations are available from the SAFETY Department.
- Accidental releases of 100 lbs or more of H2S require notification to the NRC and state agency within 24 hrs. Call the SAFETY department for help calculating the release quantity in pounds.

### **Energy Fluids Operations**

- All individuals at site shall be trained in the characteristics of H2S, its dangers, safe procedures, recommended first aid procedures, etc., to be used when it is encountered or suspected.
- Instruction in the use of protective equipment available shall be given to all individuals before entering location.
- If H2S is suspected, a test shall be made to determine its presence and concentration.
- Do not try to determine the presence of H2S by its odor. The sense of smell is rapidly paralyzed by hydrogen sulfide.
- Employees should watch out for each other. Where possible, they should work in pairs.
- In operations in zones where H2S may exceed 100 ppm, a H2S contractor with H2S equipment shall be in place and functional 500 feet about and/or 2 days (whichever comes first) prior to entering the zone. This person shall be qualified to administer First Aid/CPR, and be familiar with H2S operations and respiratory equipment detection systems. Each site should be equipped with at least one electronic H2S detector with audible alarms.
- Warning signs should be used to warn the unformed.
- Adequate ventilation should be maintained to keep the gas removed from the work area if possible. Ventilation fans should be used when necessary.
- Never enter an enclosed place where H2S may be accumulated. If the worker is over an arm's length away, a safety belt should be secured to a life line and held by a responsible person who is in the clear.
- Fresh air equipment should be readily available to those who work where H2S may be present.

## **Welding/Burning**

Please follow the following guidelines when welding.

- Keep welding leads and burning hose out of passageways.
- Inspect all leads, grounds, clamps, welding machines, hoses, gauges, torches, and cylinders each day before use. Contractors are responsible for their equipment on Denali property.
- Be sure all fittings, couplings, and connections are tight.
- Avoid breathing fumes. Use the exhaust system in the shop, a blower, or a respirator when necessary.
- No welding or burning is to be done on a closed vessel or tank, or on any vessel or tank which has not been decontaminated (steamed cleaned if hydrocarbon).
- Before striking an arc or lighting a torch, check with the Denali representative to see if a Hot Work Permit or LO/TO is required. This permit is required on most welding and burning operations.
- Each welder is responsible for containing sparks and slag and/or removing combustibles to prevent fire.
- A dry chemical fire extinguisher must be within close proximity of the welding or burning operation.
- A fire watch is required whenever welding is performed around combustible materials.
- Hoses and welding leads should not be run through high traffic areas.
- Grounding lead should not be grounded further than 15 feet from welding operations when possible.

## **Winch Trucks/ Hoists**

The following safety rules apply:

- When trucking loads are over 12-foot wide, plan on a permit escort.
- Do not stand under loads.
- Attach the winch line to the load to the satisfaction of the truck driver or operator, then get out of the way until the load is lowered and the driver or operator signals you back in.
- When lifting smooth loads like large diameter pipe, make a double wrap of the winch line to ensure it does not slip during lifting or spotting.
- Use one or more tail ropes to guide any heavy load into or out of a tight space. Never get under the load. Tail ropes can also be used to control awkward loads like pipe or culverts.
- To avoid swinging or danger to passing vehicles, secure all loads hanging from the gin poles. This particularly applies when moving pipe on public roads.
- Attach a red flag to any projecting load when traveling on or crossing a public road.
- Do not position your body between the back of the truck and the loading dock or other solid obstruction, in case the truck rolls back or is backed up by the driver.
- If entry into a narrow space behind the winch truck is necessary, be sure the driver is aware and then get out as soon as possible.
- Watch the gin poles to see that they do not make contact with an overhead power line or obstruction. Minimum clearance of any energized power line should be ten feet. If any part of the truck or crane touches a power line, do not touch the vehicle. Do not touch the line or allow anyone still inside the vehicle to dismount until it is clear of the power line.
- When handling a winch line, the wearing of leather gloves is recommended and may prevent puncture wounds.



## **Spills and Releases**

All spills and releases must be reported immediately to the Denali supervisor.

### **Supervisor responsibilities:**

- Written documentation of the incident on a Spill Report Form to be submitted electronically, or by fax, within 2 days.
- Verbal notification to the designated environmental manager immediately for spills or release that may require notification to regulatory agencies.

### **Environmental Department responsibilities:**

- Any spill of hydrocarbons into waters of the U.S., including the wetlands that causes a sheen, discoloration, or emulsion in or on the water or on adjoining shorelines must be reported to: **National Response Center (NRC) (800) 424-8802**
- Any spill that enters into a public waterway must be reported to the environmental agency in the state in which the spill occurred.

### **Liquid Waste/ Wastewater Spill Containment and Response:**

- It is our goal at Denali to have no accidental spills/discharges when loading transporting, or unloading waste/wastewater. However, the following spill containment, notification and cleanup procedure has been developed and should be followed in the event of an accidental spill or discharge:
  - Identify the source of the spill/discharge and attempt to curtail or stop the flow.
  - Immediately contact your supervisor. Explain your situation as thoroughly as possible. This will allow your supervisor to assess the situation and take the appropriate action.
  - Familiarize yourself with the nearby terrain. If possible, try to contain the waste material to prevent it from flowing further or entering waters of the state.
  - If you are able to contain the spill/discharge, attempt to vacuum up the excess waste/wastewater from being absorbed into the ground, and/or prevent additional run-off.
  - Contact the facility personnel at the location where you were working when the spill/discharge occurred. Do not alarm them. Be calm, exact, and to the point when describing the incident. Ask for their assistance if necessary.
  - If the spill/discharge was large enough to require a site visit from your supervisor, do not leave the area and do not removed or change any equipment. This will allow your supervisor to determine the correct cause of the incident.
  - When all clean-up procedures have been completed, apply a cover of ag lime to the area to prevent odor and insect problems.
  - It is the responsibility of the supervisor to follow up on all accidental spills/discharges. A standard Spill Report Form must be completely filled out and turned in to a Denali Environmental Manager.
  - A Denali environmental Manager will notify the regulatory authorities of the spill/discharge.

### **Media Inquiries:**

Be friendly, polite and non-defensive, but do not make any comments to the media. Contact Risk Manager at 1-800-711-0637.

## Cake/Dewatered Sludge Spill Containment and Response Procedures

It is our goal at Denali to have no accidental spills/discharges when loading, transporting or unloading cake, dewatered sludge. However, the following spill containment, notification and cleanup procedure has been developed and should be followed in the event of an accidental spill or discharge:

- Identify the source of the spill/discharge and attempt to curtail or stop the flow.
- Immediately contact your supervisor. Explain your situation as thoroughly as possible. This will allow your supervisor to assess the situation and take the appropriate action.
- Do not leave your vehicle unattended. Stay with your vehicle unless directed otherwise by the proper authorities. Always comply fully with all requests from plant personnel, law enforcement, or emergency personnel who may respond to the spill.
- Secure the spill site as soon as possible. Cake/dewatered sludge can be slippery. Take any necessary steps to prevent sludge from being washed or tracked away from the immediate spill site. Collect as much sludge as possible from the surface of the ground or pavement to help prevent the sludge from being absorbed into the ground, and/or prevent run-off. Do not attempt to wash away any spilled sludge.
- If the spill occurred at a customer site, contact the facility personnel at the location where you were working when the spill/discharge occurred. Do not alarm them, be calm, exact and to the point when describing the incident. Ask for their assistance if necessary.
- If the spill/discharge was large enough to require a site visit from your supervisor, do not leave the area and not remove or change any equipment. This will allow your supervisor to determine the correct cause of the incident.
- When all clean-up procedures have been completed, apply a cover of Ag Lime to the area to prevent odor and insect problems.
- It is the responsibility of the supervisor to follow up on all accidental spill/discharges. A standard Spill Report Form must be filled out and turned in to a Denali environmental manager.
- A Denali environmental manager will notify the regulatory authorizes of the spill/discharge.

### Media Inquiries:

Be friendly, polite and non-defensive, but do not make any comments to the media.



## Exhibit C: Compensation

1. **Maximum Compensation:** The amount of compensation provided for in this **Exhibit C** is the full, entire, and complete compensation due to Contractor for all costs necessary to provide all Services required by the Agreement in the manner and at the times prescribed and to cover all costs for complying with the terms of the Agreement, including but not limited to the payment of wages to all employees providing services to the City whether it is an employee of Contractor or a subcontractor in accordance with **Exhibit F**. The City will pay Contractor up to a total of \$18,400,000.00 for work performed under this Agreement.
2. **Base Rates and Compensation to Contractor:** The payment for tasks will be as follows.
  - a. **Task 1:** During the startup and commissioning of the Dewatering Facility, the City will pay Contractor an amount equal to \$101.00 per wet ton (“Task 1 Base Rate”) multiplied by the wet tons of dewatered biosolids loaded at the RWF’s Dewatering Facility and subsequently transported and beneficially used by Contractor in accordance with **Exhibit B**. The Task 1 Base Rate accounts for the variability in the amount of dewatered biosolids provided by the City to Contractor, schedule for pickups, and wait times at the Dewatering Facility due to the nature of the Dewatering Facility’s startup and commissioning activities. The Task 1 Base Rate multiplied by the wet tons of dewatered biosolids loaded by Contractor will be the full and total compensation for dewatered biosolids that meet the characteristics specified in Table 1 of **Exhibit B** provided by City to Contractor for Task 1 and will not be subject to adjustment except for the annual adjustment to the Base Rate described in Section 3 of this **Exhibit C**.
  - b. **Task 2:** During full operations of the Dewatering Facility, the City will pay Contractor an amount of equal to \$89.70 per wet ton (“Task 2 Base Rate”) multiplied by the wet tons of dewatered biosolids loaded at the RWF’s Dewatering Facility and subsequently transported and beneficially used by Contractor in accordance with **Exhibit B**. The number of wet tons provided to the Contractor will be up to thirty-five percent (35%) of the annual amount of dewatered biosolids produced at the RWF’s Dewatering Facility (“Contractor’s Percent Share”). The Task 2 Base Rate multiplied by the wet tons of dewatered biosolids loaded by Contractor will be the full and total compensation for dewatered biosolids that meet the characteristics specified in Table 1 of **Exhibit B** provided by City to Contractor for Task 2 and will not be subject to adjustment except for the annual adjustment to the Base Rate described in Section 3 of this **Exhibit C** and for any demurrage charges as described in Section 4 of this **Exhibit C**.
3. **Annual Adjustment to Rates:** The Task 1 Base Rate, Task 2 Base Rate, and Landfilling Rate (as hereinafter defined in **Exhibit C**) (sometimes referred to

individually as “Rate” or collectively as “Rates”) will be adjusted upward or downward on January 1 of each year beginning January 1, 2024. The Task 1 Base Rate, Task 2 Base Rate, and Landfilling Rate may be increased or decreased only by the calculated adjustment factor (“Adjustment Factor”).

**a. Adjustment Factor:** The Adjustment Factor will be calculated as follows:

**Adjustment Factor** = ((Percent 1) X Net Annual Change in CPI) + ((Percent 2) X Net Annual Change in DPI) where:

**Percent 1** = 70 percent of the Adjustment Factor attributable to the annual change in the CPI calculated for the two preceding years, expressed as a decimal

**CPI** = Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco – Oakland – Hayward, CA Area (All Items)

**Percent 2** = 30 percent of The Adjustment Factor attributable to the annual change in the DPI calculated for the two preceding years, expressed as a decimal

**DPI** = Producer Price Index for No. 2 Diesel Fuel (Series ID: WPU057303)

The CPI and DPI values will be as published by the United States Department of Labor, Bureau of Labor Statistics, or its successor. Any successor index used will be the one most closely equivalent to the discontinued index as recommended by the United States Department of Labor, Bureau of Labor Statistics. Index values used in these calculations will not be revised in the event an originally published index value is subsequently adjusted by the Department of Labor.

The Net Annual Change to the CPI and DPI indices will be calculated by the following formula and will be truncated at ten (10) decimal places.

**Net Annual Change** =  $\frac{V(i)-V(i-1)}{V(i-1)}$  where:

**V(i)** = Average Annual Value for Year i (the year immediately preceding the year in which the adjustment becomes effective) calculated by averaging the monthly or bimonthly index values for that year

**V(i-1)** = Average Annual Value for the year immediately preceding Year i calculated by averaging the monthly or bimonthly index values for that year

- b. Adjusted Rate:** The adjusted rate (“Adjusted Rate”) will be calculated as follows:

$$\text{Adjusted Rate} = (1 + \text{Adjustment Factor expressed as a decimal}) \times \text{Rate}$$

The Adjusted Rate calculation shall be applied separately to the Task 1 Base Rate, Task 2 Base Rate, and Landfilling Rate to determine the Adjusted Rate for each. A sample calculation is provided in **Exhibit C-1**.

- c. Contractor’s Rate Adjustment Statement:** No later than February 1 of each year or as soon as possible thereafter if there is a delay in the publishing of the December indices, Contractor must submit a Rate Adjustment Statement setting out the following information for City approval.
- i. The index values for each index (CPI and DPI) for each month published for the year immediately preceding the adjustment (Year i). For example, for an Adjusted Rate effective on January 1, 2025, the index values would be for each month (January through December) in 2024.
  - ii. The index values for each index for each month published for the year preceding Year i (Year i-1). For example, for an Adjusted Rate effective on January 1, 2025, the index values would be for each month (January through December) in 2023.
  - iii. The Average Annual Value for Year i and Year i-1 for CPI and DPI calculated by averaging the monthly or bimonthly values for each index for each respective year.
  - iv. The Net Annual Change in each index calculated using the Average Annual Values of each index for Year i and Year i-1.
  - v. The Adjustment Factor based on the Net Annual Change in CPI multiplied by Percent 1 plus the Net Annual Change in DPI multiplied by Percent 2.
  - vi. The Adjusted Rate resulting from application of the Adjustment Factor to the Task 1 Base Rate, Task 2 Base Rate, and Landfilling Rate.

In the event the Contractor fails to submit an accurate and correctly calculated Rate Adjustment Statement, the City will determine the new Adjusted Rate for the Task 1 Base Rate, Task 2 Base Rate, and Landfilling Rate by March 1 of each year or as soon as possible thereafter if there is a delay in the publishing of the December indices. If Contractor disagrees with any Adjusted Rate determined by the City, Contractor may notify the City in accordance with **Exhibit E**.

- d. Application of each Adjusted Rate:** Contractor will apply each Adjusted Rate beginning with Contractor's invoice for services provided during the month of January of the year during which the adjustment will take effect. Thereafter, the Rates will be fixed until the next rate adjustment is calculated and approved by the City. If published indices are not available for Contractor's initial invoices during the year the adjustment takes effect, Contractor will retroactively invoice the difference.

Adjustments to each Rate will only be made in units of one cent (\$0.01). Fractions less than one cent (\$0.01) will not be considered.

- 4. Demurrage:** Contractor may be entitled to additional compensation for demurrage provided that Contractor can demonstrate that a driver was delayed by the City or other City contractors such that from the time entering the Dewatering Facility site to the time exiting the loadout structure totaled more than 60 minutes up to a maximum of three (3) hours. Contractor shall provide documentation describing delay, along with its invoice, supporting its assertion that demurrage is owed by the City. The City, at its sole reasonable discretion, will determine if Contractor has sufficiently supported its assertion that demurrage is owed by the City. The demurrage fee will be \$125.00. The fee will not be subject to annual adjustment.
- 5. Landfilling:** In the event of an emergency and the City directs Contractor to take the RWF's dewatered biosolids to a landfill, the City will pay Contractor \$0.50 for each ton of dewatered biosolids delivered and one-way mile traveled from the RWF's Dewatering Facility to the landfill ("Landfilling Rate"). The Landfilling Rate will be subject to annual adjustment in accordance with Section 3 of this **Exhibit C**. The City will also reimburse Contractor for the disposal charges assessed to Contractor by the landfill for the disposal of the RWF's dewatered biosolids as documented by the landfill's invoice. No other payments for fuel, vehicle maintenance, vehicle use/depreciation, labor, insurance, overhead, profit, or other costs will be made to Contractor.

For example, if the City directs and Contractor delivers 60.75 tons of the RWF's dewatered biosolids to a landfill that is 41.5 miles away from the RWF's Dewatering Facility, the City will pay Contractor a total of \$1,260.56 and reimburse Contractor for the disposal charges assessed to Contractor by the landfill for the disposal of the RWF's dewatered biosolids.

- 6. Taxes and Charges:** Contractor shall be responsible for the payment of all taxes, fees, contributions, and charges applicable to the conduct of Contractor's business.

#### **7. Invoices:**

- a. Preparation of Invoices:** Contractor shall prepare and submit an invoice no later than the tenth (10<sup>th</sup>) day of each month following the month such



services were rendered. All supporting documentation, including but not limited to the tonnage report required by **Exhibit B**, shall be provided with the invoice.

- b. City Review:** The City shall review the monthly invoice prepared by the Contractor within fourteen (14) calendar days of receipt and will notify Contractor of any discrepancies or deficiencies in the invoice. Contractor may dispute City's invoice determinations following the procedures in **Exhibit E**. In the event the City disputes, in good faith, any amount of the invoice or in the event the City has determined that Section 11.7 of **Exhibit A** applies, the City shall notify Contractor within fourteen (14) calendar days of receipt of any invoice; provided, however, that the City shall pay any undisputed portion of the invoice within the time for payment noted in subsection 7.c below.
- c. Payments to Contractor:** Except as otherwise provided in this Agreement, the City shall make payments to Contractor within thirty (30) calendar days of City's receipt of Contractor's invoice for undisputed amounts.
- d. Late Payments to Contractor:** Any undisputed amount that is not paid within sixty (60) calendar days shall be subject to late payment interest on the undisputed amount equal to the lesser of (i) 1.5% per month or (ii) the maximum rate allowed by law from the date due until the date paid.

## Exhibit C-1: Sample Calculation for Base Rate Adjustment

This sample calculation of a base rate adjustment assumes a new rate would take effect January 1, 2021. It also assumes the 2020 Base Rate is \$80.00 per ton of dewatered biosolids, and that 70% and 20% of the Base Rate is related to general inflation and diesel fuel costs, respectively. These assumptions are subject to change.

### STEP 1: Determine CPI and DPI Index Values for 2019 and 2020

**1A.** Lookup the Consumer Price Index for Urban Wage Earners and Clerical Workers for the San Francisco—Oakland—Hayward, CA Area (All Items) on the United States Department of Labor, Bureau of Labor Statistics' website (<https://data.bls.gov/PDQWeb/cw/>).

**CPI for Urban Wage Earners and Clerical Workers (CPI-W)** Help ?

Select how you want to view the data  
 View items within an area  View areas within an item

---

**1 Select an Area ?** Search

- Riverside-San Bernardino-Ontario, CA
- Phoenix-Mesa-Scottsdale, AZ
- San Diego-Carlsbad, CA
- San Francisco-Oakland-Hayward, CA
- Seattle-Tacoma-Bellevue WA
- Los Angeles-Riverside-Orange County, CA
- Portland-Salem, OR-WA
- Mountain
- Pacific
- West - Size Class A
- West - Size Class B/C

**2 Select one or more Items ?** Search

- All items
- All items - old base
- Food and beverages
- Food
- Food at home
- Cereals and bakery products
- Meats, poultry, fish, and eggs
- Dairy and related products
- Fruits and vegetables
- Nonalcoholic beverages and beverage materials

---

**3 Select Seasonal Adjustment ?**

Seasonally Adjusted  
 Not Seasonally Adjusted

---

Add to selection

Clear selection

Your selection : (1 series selected) NOTE: Select a maximum of 200 series.

San Francisco-Oakland-Hayward, CA All items Not Seasonally Adjusted : CWURS49BSA0,CWUSS49BSA0

Get Data

---

**CPI for Urban Wage Earners and Clerical Workers (CPI-W)**

**Series Id:** CWURS49BSA0,CWUSS49BSA0  
 Not Seasonally Adjusted

**Series Title:** All items in San Francisco-Oakland-Hayward, CA, urban wage earners and clerical workers, not seasonally adjusted

**Area:** San Francisco-Oakland-Hayward, CA

**Item:** All items

**Base Period:** 1982-84=100

**Download:** [xls](#) [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2019		284.758		288.266		288.581		288.514		291.707		289.456	288.192	286.615	289.770
2020		292.010		290.304		292.420		293.062		294.442		295.687	292.601	291.297	293.906

**1B.** Lookup the Producer Price Index for No. 2 Diesel Fuel (Series ID: WPU057303) on the United States Department of Labor, Bureau of Labor Statistics' website (<https://data.bls.gov/PDQWeb/wp>).

**PPI Commodity Data** Help ?

**1 Select a Group** ?

- 00 All commodities
- 01 Farm products
- 02 Processed foods and feeds
- 03 Textile products and apparel
- 04 Hides, skins, leather, and related products
- 05 Fuels and related products and power
- 06 Chemicals and allied products
- 07 Rubber and plastic products
- 08 Lumber and wood products
- 09 Pulp, paper, and allied products

**2 Select one or more Items** ?

- 05720201 Kerosene
- 057203 Jet fuel
- 05720301 Jet fuel
- 0573 Light fuel oils
- 057302 Home heating oil and distillates
- 05730201 Home heating oil and distillates
- 057303 No. 2 diesel fuel
- 05730302 No. 2 diesel fuel
- 0574 Residual fuels (heavy fuel oils, incl. #5, #6, & other residual fuels)
- 057407 Residual fuels (heavy fuel oils, incl. #5, #6, & other residual fuels)
- 05740703 Residual fuels (heavy fuel oils, incl. #5, #6, & other residual fuels)

**3 Select Seasonal Adjustment** ?

Seasonally Adjusted  
 Not Seasonally Adjusted

---

Add to selection

Your selection : (1 series selected) NOTE: Select a maximum of 200 series.

Get Data

Fuels and related products and power No. 2 diesel fuel Not Seasonally Adjusted : WPU057303

Clear selection

---

**PPI Commodity Data**

**Series Id:** WPU057303  
Not Seasonally Adjusted

**Series Title:** PPI Commodity data for Fuels and related products and power-No. 2 diesel fuel, not seasonally adjusted

**Group:** Fuels and related products and power

**Item:** No. 2 diesel fuel

**Base Date:** 198200

**Download:** [XLS](#) [xlsx](#)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2019	201.1	218.3	239.3	237.7	235.0	204.4	220.0	207.2	218.4	220.5	223.1	231.1	221.3
2020	214.5	193.3	169.7	123.6	108.3	137.8	179.2	191.0	177.5	187.3	201.1	224.6	175.7

**STEP 2: Calculate the Change in CPI and DPI from 2019 to 2020**

**2A.** Calculate the Average Annual Value for each index (CPI and DPI) for the year prior to the adjustment (V(2020)) and the preceding year (V(2019)).

CPI

$$V(2020) = (292.010 + 290.304 + 292.420 + 293.062 + 294.442 + 295.687) / 6$$

$$V(2020) = 292.9875$$

$$V(2019) = (284.758 + 288.266 + 288.581 + 288.514 + 291.707 + 289.456) / 6$$

$$V(2019) = 288.547$$

DPI

$$V(2020) = (214.5 + 193.3 + 169.7 + 123.6 + 108.3 + 137.8 + 179.2 + 191.0 + 177.5 + 187.3 + 201.1 + 224.6) / 12$$

$$V(2020) = 175.65833$$

$$V(2019) = (201.1 + 218.3 + 239.3 + 237.7 + 235.0 + 204.4 + 220.0 + 207.2 + 218.4 + 220.5 + 223.1 + 231.1) / 12$$

$$V(2019) = 221.34167$$

**2B.** Calculate the Net Annual Change for each index (CPI and DPI) between 2019 and 2020 using the Average Annual Value for each year.

$$\text{Net Annual Change} = ((V(2020) - V(2019)) / V(2019))$$

Net Annual Change in CPI

$$= (292.9875 - 288.547) / 288.547$$
$$= 0.0153892$$

Net Annual Change in DPI

$$= (175.65833 - 221.34167) / 221.34167$$
$$= -0.206392859$$

**STEP 3: Calculate the Adjustment Factor**

Calculate the Adjustment Factor using the Net Annual Change for each index (CPI and DPI).

Adjustment Factor = ((Percent 1) X Net Annual Change in CPI) + ((Percent 2) X Net Annual Change in DPI)

$$= (0.7 X 0.0153892) + (0.2 X -0.206392859)$$
$$= 0.01077244 - 0.04127857$$
$$= -0.03050613$$

**STEP 4: Calculate the Base Rate for 2021 Using the Adjustment Factor**

Calculate the new rate for 2021 using the Adjustment Factor.

Adjusted Base Rate = (1 + Adjustment Factor) x 2020 Base Rate

$$= (1 + -0.03050613) X \$80/ton$$
$$= \$77.56/ton$$



### Exhibit D: Administrative Charges

**1. Administrative Charges:** Contractor has the duty to perform services under this Agreement in such a manner that meets the requirements in the Agreement.

Contractor and City agree that Contractor’s failure to provide services set forth in the Agreement in accordance with the requirements will cause the City damage but that the amount of damages for certain types of failure will be impractical or difficult to determine. Therefore, the parties agree that the City will have the right to assess an administrative charge against Contractor and may deduct such charge from any monies due or which may become due to Contractor in the following amounts.

Administrative charges will not be subject to adjustment.

1.	Failure to pick up biosolids on the scheduled day without providing the City’s Contract Manager prior written notice in accordance with Section 22 of <b>Exhibit A</b> or failure to provide written notice in accordance with Section 22 of <b>Exhibit A</b> within three (3) hours of any reportable event as required by Task 2.1 and Task 2.4 of <b>Exhibit B</b> .	\$2,500 per incident
2.	Failure to deliver trucks with empty and clean containers—free from dirt, biosolids, and other materials—to the Dewatering Facility site.	\$1,000 per incident
3.	Failure of truck driver to provide form of identification upon arrival at the Dewatering Facility site.	\$250 per incident
4.	Failure to properly cover a container loaded with the RWF’s biosolids prior to leaving the Dewatering Facility site.	\$500 per incident
5.	Failure to cleanup spill caused by Contractor during loading at the Dewatering Facility site.	\$1,000 per incident
6.	Failure to clean truck, container, or tires prior to leaving the Dewatering Facility site resulting in the tracking of biosolids around the Dewatering Facility site and/or onto public roadways.	\$250 per incident
7.	Failure to submit an annual report within 20 calendar days of the end of the calendar year.	\$1,000 per day
8.	Use of a subcontractor or site that is not approved by the City.	\$3,000 per truck load delivered by an unapproved subcontractor AND \$3,000 per truck load delivered to an unapproved site

**2. Procedure for Review of Administrative Charges:** The City’s Contract Manager may assess administrative charges pursuant to this **Exhibit D**. If administrative charges are applicable, the City’s Contract Manager will issue a written notice to

Contractor of the administrative charges assessed with supporting documentation (“Notice of Assessment”). The City may, subject to the review process described below, withhold any administrative charges from Contractor’s invoice following the Notice of Assessment.

The administrative charges assessment shall become final unless, within fourteen (14) calendar days of the date of the Notice of Assessment, Contractor provides a written request for a meeting with the Director of Environmental Services (“Director”) to present evidence that the assessment should not be made.

The City’s Contract Manager shall schedule a meeting between Contractor and the Director or the Director’s designee as soon as reasonably possible after timely receipt of Contractor’s request.

The Director or the Director’s designee shall review Contractor’s evidence and render a decision sustaining or reversing the administrative charges as soon as reasonably possible after the meeting. Written notice of the Director’s or Director’s designee’s decision shall be provided to Contractor.

In the event Contractor does not submit a timely written request for a meeting as set forth above, the City’s Contract Manager determination shall be final, and the City may deduct the administrative charges from amounts otherwise due to Contractor.

The City’s assessment or collection of administrative charges shall not prevent the City from exercising any other right or remedy, including the right to terminate this Agreement, for Contractor’s failure to perform the work and services in the manner set forth in the Agreement.

- 3. Application of Administrative Charges:** In the determination of the total administrative charges imposed during a calendar year, the administrative charge will be deemed imposed in the calendar year in which the event giving rise to the administrative charge occurred. However, the administrative charge will not be deemed effective until the Procedure for Review of Administrative Charges set forth in Section 2 of this **Exhibit D** has been completed or the time for initiating review has lapsed, whichever occurs later.

## Exhibit E: Claims and Dispute Resolution

**Intent of Procedures:** The early identification and resolution of Claims benefits all parties and advances successful completion of the service. Knowing about potential Claims and Claims before the Contractor performs disputed service and having documentation from the Contractor concerning a dispute as service is being performed, is critical for the City to make informed decisions impacting the Agreement's compensation and schedule.

### I. Required Claims Procedures

- A. **Scope of Application:** This Section sets forth the requirements for handling all Claims except the following:
1. A Claim by the City,
  2. A dispute respecting a stop notice,
  3. A dispute respecting a penalty for a forfeiture prescribed by statute or regulation that a government agency is specifically authorized to administer, settle, or determine, or
  4. A dispute respecting personal injury, death, reimbursement, or other compensation arising out of or resulting from property damage, personal injury, or death.
- B. **Survives Termination:** The requirements in this Section survive the expiration or earlier termination of this Agreement.

### II. Notice of Potential Claim

- A. **Time for Submitting:** The Contractor must submit a Notice of Potential Claim to the City within thirty (30) calendar days of the event, activity, occurrence, or other cause giving rise to a potential Claim.
- B. **Contents:** A Notice of Potential Claim must include each of the following:
1. A description of the nature of, and circumstances giving rise to, the potential Claim;
  2. The reason(s) the Contractor believes it may be due additional compensation and/or time to perform; and
  3. A good faith estimate of the cost and/or time impact to which Contractor believes it may be entitled based on information reasonably available at the time the Contractor submits the Notice.

- C. **Waiver of Rights:** The Contractor's failure to submit a timely and proper Notice of Potential Claim is a waiver of its right to seek an adjustment of the compensation and time to perform based on any event, activity, occurrence, or other cause giving rise to a potential Claim.

### III. Submission of Contract Claim

- A. The Contractor must submit a Claim to the City on or before forty-five (45) calendar days of submitting the Notice of Potential Claim if:
  - 1. The Contractor and City do not resolve the Notice of Potential Claim, and
  - 2. The Contractor wishes to preserve its right to pursue the Claim.
- B. The Contractor's failure to submit a timely and proper Claim conforming to the requirements of this Subsection is:
  - 1. A waiver by the Contractor of any adjustment of the compensation and time to perform based on the event, activity, occurrence, or other cause underlying the Notice of Potential Claim, and
  - 2. A failure by the Contractor to exhaust its administrative remedies.
- C. The Claim must include a certification executed under penalty of perjury by a person who is legally authorized to act on the Contractor's behalf. The certification must read as follows:

"I, \_\_\_\_\_, being the \_\_\_\_\_ of \_\_\_\_\_,  
Name Title Contractor's Name

Declare under penalty of perjury under the laws of the State of California, and do personally certify and attest as follows: (1) I have thoroughly reviewed the attached Claim for additional compensation and/or extension of time and know its contents, (2) the Claim is made in good faith, (3) the data submitted by the Contractor in support of the Claim is truthful and accurate, (4) the amount of compensation and/or time requested in the Claim accurately reflects the Contract adjustment for which the Contractor believes the City is liable, (5) I am familiar with California Penal Code Section 72 and California Government Code 12650 et seq pertaining to false claims, and (6) I know and understand that the submission or certification of a false Claim may lead to fines, imprisonment, and/or other severe legal consequences."

- D. In addition to the required certification, the Claim must include a detailed analysis that the Contractor believes demonstrates the merits of its Claim.
  - 1. The analysis must reference the specific provision(s) of the Agreement and any other document(s) the Contractor believes support(s) its Claim.
  - 2. The Contractor must attach to the Claim copies of all documents referenced in the analysis.
  - 3. The Claim must include all documents and information that reasonably support the Claim and are reasonably available to the Contractor at the time it submits the Claim. The failure to comply with this requirement might preclude the Contractor from later pursuing the Claim.
- E. The Contractor must prepare all cost information submitted in its Claim in accordance with generally accepted accounting principles. The cost information must be in sufficient detail to enable the City to reasonably evaluate the merits of the Claim. The City has the right to audit Contractor's costs if the City considers the costs excessive, questionable, or unsupported.
- F. The Contractor acknowledges and agrees that if it submits a false claim, on behalf of itself or a Subcontractor, the Contractor may be subject to civil penalties, damages, debarment, and criminal prosecution in accordance with local, state, and federal statutes.

#### **IV. City Review of Claims**

- A. The City will review timely, certified, and properly documented Claims that conform to the requirements of this **Exhibit E**.
- B. The City will respond, in writing, to a Claim within forty-five (45) calendar days of receipt of such Claim. If the City does not respond to a Claim within forty-five (45) calendar days, the Claim is deemed denied in its entirety.
- C. A written response to a Claim by the City may do any of the following.
  - 1. The City can grant the Claim, in whole or in part.
  - 2. The City can deny the Claim, in whole or in part, with a written explanation of the denial.
  - 3. The City can request, in writing, more time to consider the Claim.



4. The City can request, in writing, additional information and clarification of the Claim. As part of such a request, the City may request additional time to consider the Claim.

## **V. Dispute Resolution**

- A. Following the City's rejection of any Claim(s), the Contractor may, in the Contractor's discretion, request to engage in the dispute resolution.
- B. The Contractor may request the parties meet with a trained, neutral facilitator to reach a mutually agreeable resolution of the disputed Claim(s). Facilitated dispute resolution will be informal and non-binding, with each party having an opportunity to present its position and supporting information. Recommendations resulting from facilitated dispute resolution are not admissible in court in any subsequent litigation. The City and Contractor will mutually agree on the scheduling of facilitated dispute resolution and the selection of a person to act as the facilitator. The City and Contractor agree to share equally the costs of facilitated dispute resolution.
- C. The Contractor waives its right to engage in the dispute resolution process if it fails to request such dispute resolution within thirty (30) calendar days of the City's final response to the Claim(s) or of the City's automatic rejection of the Claim(s).

## **VI. Litigation/Government Code Claim**

- A. For purposes of this Section, the phrase "Claims Compliance Requirements" refers collectively to the requirements of Notice of Potential Claim, and Submission of Contract Claim.
- B. All unresolved disputes will be resolved by litigation as provided herein. There is no arbitration of disputes.
- C. Contractor's strict compliance with the Claims Compliance Requirements is a condition precedent to the Contractor's right to file a Government Code Claim under California Government Code Section 900, et seq. and to otherwise commence litigation against the City for disputes arising under this Agreement.
  1. Disputes not timely raised and properly documented in conformance with the Claims Compliance Requirements are deemed waived by the Contractor and may not be asserted in a Government Code Claim, subsequent litigation, or legal action.

2. By choosing to participate in the procurement of this Agreement and by executing this Agreement, Contractor waives all claims or defenses of waiver, estoppel, release, bar, or any other type of excuse of non-compliance with the Claims Compliance Requirements.
- D. An action at law against the City arising out of this Agreement accrues under whichever of the following times is applicable:
1. On the effective date of a termination for cause under Section 21.2 of **Exhibit A**,
  2. If the Contractor elects to participate in dispute resolution in accordance with this **Exhibit E**, at the conclusion of that process, or
  3. If the Contractor does not elect to participate in dispute resolution, upon the City's express or automatic rejection of the Claims in whole or in part.
- E. Contractor's compliance with the requirements of the Claims Compliance Requirements, and the Contractor's election to participate in dispute resolution in accordance with this **Exhibit E**, operates to toll the Contractor's compliance with the time requirement for submitting a Government Code Claim under California Government Code section 900, et seq.

### Exhibit F: Labor Compliance Addendum

<b>AGREEMENT TITLE:</b>	Dewatered Biosolids Transportation and Beneficial Use Services Agreement
<b>CONTRACTOR Name and Address:</b>	Denali Water Solutions, LLC 3308 Bernice Avenue Russellville, AR 72802

By executing this Addendum, Contractor acknowledges and agrees that the work performed pursuant to the above referenced Agreement, including all renewals and extensions, is subject to all applicable provisions.

**Payment of Minimum Compensation to Employees.** Contractor shall be obligated to pay not less than the General Prevailing Wage Rate and/or Living Wage Rate as indicated in **Exhibit F-1** titled “**City of San José Classification Determination.**”

**A. Prevailing Wage Requirements.** California Labor Code and/ or Resolutions of the San José City Council require the payment of not less than the general prevailing rate of per diem wages and rates for holiday and overtime and adherence to all labor standards and regulations. The General Prevailing Wage Rates may be adjusted throughout the term of this Agreement. Notwithstanding any other provision of this Agreement, Contractor shall not be entitled to any adjustment in compensation rates in the event there are adjustments to the General Prevailing Wage Rates.

**B. Living Wage Requirements.** Any person employed by Contractor or subcontractor or City financial recipient or any sub recipient whose compensation is attributable to the City’s financial assistance, who meets the following requirements is considered a covered employee. The employee: 1) is not a person who provides volunteer services, that are uncompensated except for reimbursement of expenses such as meals, parking or transportation; 2) spends at least half of his or her time on work for the City; 3) is at least eighteen (18) years of age; and 4) is not in training for the period of training specified under training standards approved by the City.

**C. Reports.** Contractor shall file a completed and executed copy of this Addendum with the Department of Finance/Purchasing Division. Upon award the Department of Finance/Purchasing Division shall provide the contractor with compliance documents to be completed and returned (with supporting documentation) to the Office of Equality Assurance. **These documents must be returned within 10 calendar days of receipt.** Contractor shall not perform on site work on this contract until labor compliance documents are filed. Contractor shall also report additional information, including certified payrolls, as requested by Director of Equality Assurance to assure adherence to the Policy.

**D. Coexistence with Any Other Employee Rights.** These provisions shall not be construed to limit an employee's ability to bring any legal action for violation of any rights of the employee.

**E. Audit Rights.** All records or documents required to be kept pursuant to this Agreement to verify compliance with the Wage Requirement shall be made available for audit at no cost to City, at any time during regular business hours, upon written request by the City Attorney, City Auditor, City Manager, or a designated representative of any of these officers. Copies of such records or documents shall be provided to City for audit at City Hall when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records or documents shall be available at Contractor's address indicated for receipt of notices in this Contract.

**F. Enforcement.**

**1. General.** Contractor acknowledges it has read and understands that, pursuant to the terms and conditions of this Agreement, it is required to comply with the Wage Requirement and to submit certain documentation to the City establishing its compliance with such requirement. ("Documentation Provision.") Contractor further acknowledges the City has determined that the Wage Requirement promotes each of the following (collectively "Goals"):

- a. It protects City job opportunities and stimulates the City's economy by reducing the incentive to recruit and pay a substandard wage to labor from distant, cheap-labor areas.
- b. It benefits the public through the superior efficiency of well-paid employees, whereas the payment of inadequate compensation tends to negatively affect the quality of services to the City by fostering high turnover and instability in the workplace.
- c. Paying workers a wage that enables them not to live in poverty is beneficial to the health and welfare of all citizens of San José because it increases the ability of such workers to attain sustenance, decreases the amount of poverty and reduces the amount of taxpayer funded social services in San José.
- d. It increases competition by promoting a more level playing field among contractors with regard to the wages paid to workers.

**2. Remedies for Contractor's Breach of Prevailing Wage/Living Wage Provisions.**

- a. **WITHHOLDING OF PAYMENT:** Contractor agrees that the Documentation Provision is critical to the City's ability to monitor Contractor's compliance

with the Wage Requirement and to ultimately achieve the Goals. Contractor further agrees its breach of the Documentation Provision results in the need for additional enforcement action to verify compliance with the Wage Requirement. In light of the critical importance of the Documentation Provision, the City and Contractor agree that Contractor's compliance with this Provision, as well as the Wage Requirement, is an express condition of City's obligation to make each payment due to the Contractor pursuant to this Agreement. **THE CITY IS NOT OBLIGATED TO MAKE ANY PAYMENT DUE THE CONTRACTOR UNTIL CONTRACTOR HAS PERFORMED ALL OF ITS OBLIGATIONS UNDER THESE PROVISIONS. THIS PROVISION MEANS THAT CITY CAN WITHHOLD ALL OR PART OF A PAYMENT TO CONTRACTOR UNTIL ALL REQUIRED DOCUMENTATION IS SUBMITTED.** Any payment by the City despite Contractor's failure to fully perform its obligations under these provisions shall not be deemed to be a waiver of any other term or condition contained in this Agreement or a waiver of the right to withhold payment for any subsequent breach of the Wage Requirement or the Documentation Provision.

- b. **RESTITUTION:** Require the employer to pay any amounts underpaid in violation of the required payments and City's administrative costs and liquidated damages and, in the case of financial assistance, to refund any sums disbursed by the City.
- c. **SUSPENSION OR TERMINATION:** Suspend and/or terminate Agreement for cause.
- d. **DEBARMENT:** Debar Contractor or subcontractor from future City contracts and/or deem the recipient ineligible for future financial assistance.
- e. **LIQUIDATED DAMAGES FOR BREACH OF WAGE PROVISION:** Contractor agrees its breach of the Wage Requirement would cause the City damage by undermining the Goals, and City's damage would not be remedied by Contractor's payment of restitution to the workers who were paid a substandard wage. Contractor further agrees that such damage would increase the greater the number of employees not paid the applicable prevailing wage and the longer the amount of time over which such wages were not paid. The City and Contractor mutually agree that making a precise determination of the amount of City's damages as a result of Contractor's breach of the Wage Requirement would be impracticable and/or extremely difficult. **THEREFORE, THE PARTIES AGREE THAT, IN THE EVENT OF SUCH A BREACH, CONTRACTOR SHALL PAY TO THE CITY AS LIQUIDATED DAMAGES THE SUM OF THREE (3) TIMES THE DIFFERENCE BETWEEN THE ACTUAL AMOUNT OF WAGES PAID AND THE AMOUNT OF WAGES THAT SHOULD HAVE BEEN PAID.**



**City**

**Contractor**

By \_\_\_\_\_

By \_\_\_\_\_

Name:

Name: David Vaughn

Title:

Title: Executive Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit F-1: City of San José Classification Determination



Exhibit F-1

### City of San Jose Classification Determination

**CONTRACT SCOPE:** Transportation & Beneficial Use Services for Dewatered Biosolids  
**ISSUE DATE:** August 9, 2022

Contracts governed by both the City of San José’s Living Wage Policy (Council Policy 3-3) and its Prevailing Wage Policy (Resolution No. 61144) are subject to the Policy with the higher wage requirements. The prevailing wage rates for this contract are contained in the General Prevailing Wage Determination 2022 – 1 and Predetermined Increases issued by the Director of Industrial Relations. A copy of the Wage Determination can be obtained from the Office of Equality Assurance at 200 East Santa Clara Street, 5<sup>th</sup> Floor, San Jose CA 95113.

Prevailing Wages Apply                       Living Wages Apply

Prevailing Wage Classifications\*

- |                                          |                                            |                                           |                                          |
|------------------------------------------|--------------------------------------------|-------------------------------------------|------------------------------------------|
| <input type="checkbox"/> Asbestos        | <input type="checkbox"/> Boilermaker       | <input type="checkbox"/> Bricklayers      | <input type="checkbox"/> Carpenters      |
| <input type="checkbox"/> Carpet/Linoleum | <input type="checkbox"/> Cement Mason      | <input type="checkbox"/> Drywall Finisher | <input type="checkbox"/> Drywall/Lathers |
| <input type="checkbox"/> Electricians    | <input type="checkbox"/> Elevator Mechanic | <input type="checkbox"/> Glaziers         | <input type="checkbox"/> Iron Workers    |
| <input type="checkbox"/> Laborers        | <input type="checkbox"/> Millwrights       | <input type="checkbox"/> Operating Eng.   | <input type="checkbox"/> Painters        |
| <input type="checkbox"/> Pile Drivers    | <input type="checkbox"/> Pipe Trades       | <input type="checkbox"/> Plasterers       | <input type="checkbox"/> Roofers         |
| <input type="checkbox"/> Sheet Metal     | <input type="checkbox"/> Sound/Comm        | <input type="checkbox"/> Surveyors        | <input type="checkbox"/> Teamsters       |
| <input type="checkbox"/> Tile Workers    |                                            |                                           |                                          |

\*Note: Subclassifications and scopes of work are provided by the Department of Industrial Relations. Contractor/Vendor is responsible to verify correct subclassification based on actual work performed on this agreement.

Living Wage Rate (if applicable)

Living Wage <i>with</i> Medical Provided	Living Wage <i>without</i> Medical provided
\$25.71	\$26.96

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Office of Equality Assurance, 200 East Santa Clara Street, Fifth Floor, San Jose CA 95113-1905 tel 408-535-8430

## **Exhibit G: Insurance Requirements**

Contractor agrees to procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the work hereunder by the Contractor, his agents, representatives, employees, or subcontractors. The cost of such insurance must be included in the Contractor's proposal.

### **I. Minimum Scope of Insurance**

Coverage must be at least as broad as:

1. The coverage provided by Insurance Services Office Commercial General Liability coverage ("occurrence" form CG 0001) including products and completed operations; and
2. The coverage provided by Insurance Services Office form number CA 0001 covering Automobile Liability. Coverage must be included for all owned, non-owned and hired automobiles; and
3. Workers' Compensation insurance as required by the Labor Code of the State of California and Employers Liability insurance; and
4. Contractor's Pollution Liability Insurance, including coverage for all operations and completed operations.

There may be no endorsement reducing the scope of coverage required above unless approved by the City's Risk Manager.

### **II. Minimum Limits of Insurance**

Contractor must maintain limits no less than:

1. Commercial General Liability: \$5,000,000 per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit applies separately to this project/location or the general aggregate limit will be twice the required occurrence limit. The policy may not contain exclusions for property damage from explosion, collapse or underground hazard, or inadvertent construction defects.
2. Automobile Liability: \$5,000,000 combined single limit per accident for bodily injury and property damage.

3. Workers' Compensation and Employers Liability: Workers' Compensation limits as required by the Labor Code of the State of California and Employers Liability limits of \$1,000,000 per accident.
4. Contractor's Pollution Liability: \$2,000,000 each occurrence/aggregate limit.

Any limits requirement may be met with any combination of primary and excess coverage so long as the excess coverage is written on a "follow form" or umbrella basis.

### **III. Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to, and approved by, the City.

### **IV. Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability, and Contractor's Pollution Liability Coverages
  - a. The City, its officials, employees, agents, and contractors are to be covered as additional insureds as respects: liability arising out of activities performed by, or on behalf of, the Contractor; products and completed operations of the Contractor; premises owned, leased, or used by the Contractor; or automobiles owned, leased, hired, or borrowed by the Contractor. The coverage may not contain any special limitations on the scope of protection afforded to the City, its officials, employees, agents, and contractors.
  - b. The Contractor's insurance coverage is the primary insurance as respects the City, its officials, employees, agents, and contractors. Any insurance or self-insurance maintained by the City, its officials, employees, agents, or contractors must be excess of the contractor's insurance and may not contribute with it.
  - c. Any failure to comply with reporting provisions of the policies may not affect coverage provided to the City, its officials, employees, agents, or contractors.
  - d. Coverage must state that the Contractor's insurance will apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

- e. Coverage must contain a waiver of subrogation in favor of the City, its officials, employees, agents, and contractors.

2. **Workers' Compensation and Employers' Liability**

Coverage must contain a waiver of subrogation in favor of the City, its officials, employees, agents, and contractors.

3. **All Coverages**

Each insurance policy required by this clause must be endorsed to state that coverage may not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) calendar days prior written notice has been given to the City; except that ten (10) calendar days prior written notice will apply in the event of cancellation for non-payment of premium.

**V. Acceptability of Insurance**

Insurance is to be placed with insurers acceptable to the City's Risk Manager.

**VI. Verification of Coverage**

Contractor must furnish the City with certificates of insurance and endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Copies of all the required ENDORSEMENTS must be attached to the CERTIFICATE OF INSURANCE to be provided by the Contractor's insurance company as evidence of the stipulated coverages.

Proof of insurance must be emailed in pdf format to [Riskmgmt@sanjoseca.gov](mailto:Riskmgmt@sanjoseca.gov).

City of San José – Finance Department  
Risk & Insurance  
200 East Santa Clara St., 14th Floor  
San José, CA 95113-1905

**VII. Subcontractors**

Contractor must include all subcontractors as insureds under its policies or obtain separate certificates and endorsements for each subcontractor.



## Exhibit H: Form of Payment and Performance Bonds

Bond Number: \_\_\_\_\_

### **CONTRACTOR'S PAYMENT BOND**

KNOW ALL PERSONS BY THESE PRESENTS:

THAT WHEREAS, the CITY OF SAN JOSE, a municipal corporation of the State of California, (hereinafter designated as "Public Entity"), is about to enter into a certain contract with \_\_\_\_\_, a \_\_\_\_\_, as Principal, namely, "Contract for: \_\_\_\_\_", for the work hereinafter briefly described, to wit: Specifications for \_\_\_\_\_ and more fully described in and required by said contract, the award of which said Contract was made to said Principal by the City of San José on \_\_\_\_\_.

WHEREAS, said Principal is required by Chapter 5 (commencing at Section 3225) and Chapter 7 (commencing at Section 3247), Title 15, Part 4, Division 3 of the California Civil Code to furnish a bond in connection with said contract.

NOW, THEREFORE, we, the Principal and \_\_\_\_\_ incorporated under the laws of the State of \_\_\_\_\_, and authorized to execute bonds and undertakings as sole surety, as Surety, are held and firmly bound unto the Public Entity in the penal sum of \_\_\_\_\_ and \_\_\_\_\_/100 DOLLARS (\$ \_\_\_\_\_), lawful money of the United States of America for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH that if said Principal, subcontractors, heirs, executors, administrators, successors, or assigns, shall fail to pay any of the persons named in Section 3181 of the California Civil Code, or amounts due under the Unemployment Insurance Code with respect to any work or labor performed or materials supplied by any such claimant, which said work, labor or materials are covered by the said contract and any amendments, changes, change orders, additions, alterations, or modifications thereof, or for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Principal and their Subcontractors, pursuant to Section 18806 of the Revenue and Taxation Code, with respect to such work and labor, the Surety will pay for the same, in an amount not exceeding the sum hereinabove specified, and also, in case suit is brought upon this bond, a reasonable attorney's fee to be fixed by the court.

This bond shall insure to the benefit of any of the persons named in Section 3181 of the California Civil Code, so as to give a right of action to such persons or their assigns in any suit brought upon this bond.


It is further stipulated and agreed that the Surety on this bond shall not be exonerated or released from the obligation of this bond by any change, extension of time for performance, addition, alteration or modification in, to, or of any contract, plans, specifications, or agreement pertaining or relating to any scheme or work of improvement hereinabove described or pertaining or relating to the furnishing of labor, materials, or equipment therefore, nor by any change or modification of any terms of payment or extension of the time for any payment pertaining or relating to any scheme or work of improvement hereinabove described, nor by any rescission or attempted rescission of the contract, agreement or bond, nor by any conditions precedent or subsequent in the bond attempting to limit the right of recovery of claimants otherwise entitled to recover under any such contract or agreement or under the bond, nor by any fraud practiced by any person other than the claimant seeking to recover on the bond and that this bond be construed most strongly against the Surety and in favor of all persons for whose benefit such bond is given, and under no circumstances shall Surety be released from liability to those for whose benefit such bond has been given, by reason of any breach of contract between the owner or Public Entity and original Contractor or on the part of any obligee named in such bond, but the sole conditions of recovery shall be that claimant is a person described in Section 3110 or 3112 of the California Civil Code, and has not been paid the full amount of their claim and that Surety does hereby waive notice of any such change, extension of time, addition, alteration, modification, rescission or attempted rescission, herein mentioned.

It is further stipulated and agreed that no final settlement between the Public Entity and the Contractor with reference to the work, shall abridge the right of any beneficiary hereunder whose claims may be unsatisfied.

This bond is executed and delivered to comply with requirements of the City of San José, and to comply with the provisions of Title 15, Chapters 5 and 7 of Part 4, Division 3 of the Civil Code of the State of California.

Whereas, the Obligee has agreed to accept this Bond, this Bond shall be effective for the definite period of \_\_\_\_\_ to \_\_\_\_\_. The Bond may be extended, at the sole option of the Surety, by continuation certificate for additional periods from the expiry date hereof. However, neither: (a) the Surety's decision not to issue a continuation certificate, nor (b) the failure or inability of the Principal to file a replacement bond or other security in the event the Surety exercises its right to not renew shall itself constitute a loss to the Obligee recoverable under this Bond or any extension thereof. Regardless of the number of years this Bond is in force or the number of continuation certificates issued, the liability of the Surety shall not be cumulative in amounts from period to period and shall in no event exceed the amount set forth above, or as amended by rider.

SIGNED AND SEALED this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

<p>PRINCIPAL</p>   By: _____ Title: _____  By: _____ Title: _____	<p>SURETY</p> _____ Legal Company Name  By: _____ Title: _____  Address _____ _____ _____ Telephone _____
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------

(Affix Corporate Seals)

(Attach Acknowledgments of both Principal and Surety signatures)

Approved by the City Attorney of the City of San José on the \_\_\_\_\_ day of  
\_\_\_\_\_20\_\_\_\_.

By: \_\_\_\_\_  
Deputy

Bond Number: \_\_\_\_\_

## CONTRACTOR'S BOND FOR FAITHFUL PERFORMANCE

KNOW ALL PERSONS BY THESE PRESENTS:

That \_\_\_\_\_, a \_\_\_\_\_, as Principal, and \_\_\_\_\_ incorporated under the laws of the State of \_\_\_\_\_, and authorized to execute bonds and undertakings as sole surety, are held and firmly bound unto the CITY OF SAN JOSE, a municipal corporation of the State of California, in the sum of \_\_\_\_\_ and \_\_\_\_\_/100 DOLLARS (\$ \_\_\_\_\_), for the payment thereof, well and truly to be made, said Principal and Surety bind themselves, their administrators, successors and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that:  
WHEREAS, the above bounden Principal is about to enter into a certain contract with the City of San Jose for the following:

\_\_\_\_\_

the award of which said contract was made to said Principal by the City of San Jose on \_\_\_\_\_.

NOW, THEREFORE, if the Principal shall well, truly and faithfully perform its duties, all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term thereof, and any extensions thereof which may be granted by the Owner, with or without notice to the Surety, and if he/she shall satisfy all claims and demands incurred under such contract, and shall fully indemnify and save harmless the Owner from all costs and damages which it may suffer by reason of failure to do so, and shall reimburse and repay the Owner all outlay and expense which the Owner may incur in making good any default, then this obligation shall be void; otherwise to remain in full force and effect.

PROVIDED, FURTHER, that the said Surety, for value received, hereby stipulates and agrees that no change, extension of time, alteration or addition to the terms of the contract or to the work to be performed thereunder or the specifications accompanying the same shall in any wise affect its obligation on this bond, and it does hereby waive notice of any such change, extension of time, alteration or addition to the terms of the contract or to the work or to the specifications.

Whereas, the Obligee has agreed to accept this Bond, this Bond shall be effective for the definite period of \_\_\_\_\_ to \_\_\_\_\_. The Bond may be extended, at the sole option of the Surety, by continuation certificate for additional periods from the expiry date hereof. However, neither: (a) the Surety's decision not to issue a continuation certificate, nor (b) the failure or inability of the Principal to file a replacement bond or other security in the event the Surety exercises its right to not renew shall itself constitute a loss to the Obligee recoverable under this Bond or any extension thereof. Regardless of the number of years this Bond is in force or the number of continuation certificates issued, the liability of the Surety shall not be cumulative in amounts from period to period and shall in no event exceed the amount set forth above, or as amended by rider.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on this \_\_\_\_\_

day of \_\_\_\_\_, 20\_\_.

PRINCIPAL

SURETY



\_\_\_\_\_  
Legal Company Name

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Address \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone \_\_\_\_\_

\_\_\_\_\_

(Affix Corporate Seals)

(Attach Acknowledgments of both Principal and Surety signatures)

Approved by the City Attorney of the City of San Jose on the \_\_\_\_\_ day of

\_\_\_\_\_, 20\_\_.

By: \_\_\_\_\_

Deputy



### Exhibit I: Notice of Exercise of Option

<b>AGREEMENT TITLE and DATE:</b>	
<b>CONTRACTOR Name and Address:</b>	
<b>DATE OF OPTION:</b>	

*(date the notice is sent must be consistent with the time for exercise set forth in Agreement)*

Pursuant to Section 3 of the Agreement referenced above, the City of San José hereby exercises its option to extend the term under the following provisions.

<b>OPTION NO.</b>	
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#### NEW OPTION TERM

Begin date:	
End date:	

<b>MAXIMUM COMPENSATION for New Option Term:</b>	
------------------------------------------------------	--

For the option term exercised by this Notice, City may not pay Contractor an amount that exceeds the amount set forth above for Contractor's Services and reimbursable expenses, if any. The undersigned signing on behalf of the City of San José hereby certifies that an unexpended appropriation is available for the term exercised by this Notice, and that funds are available as of the date of this signature.

CITY OF SAN JOSE a municipal corporation  By _____ Name: Title:
--------------------------------------------------------------------------------