



**CITY OF PALO ALTO  
CITY COUNCIL  
Special Meeting  
Tuesday, May 27, 2025  
Council Chambers & Hybrid  
5:30 PM**

<b>Agenda Item</b>
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3. Approval of Professional Services Contract Number C25193676 With Franklin Energy Services LLC, in the Amount Not-to-Exceed \$7,054,863 over a three-year term to Administer Turnkey Home Electrification Program as Part of the Advanced Single-Family Electrification Program and Amend the Fiscal Year Budget Appropriation for the Gas Fund; CEQA Status: -- Not a Project under CEQA Guidelines 15378(b)(5)



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: Utilities**

**Meeting Date: May 27, 2025**

Report #:2501-4040

### **TITLE**

Approval of Professional Services Contract Number C25193676 With Franklin Energy Services LLC, in the Amount Not-to-Exceed \$7,054,863 over a three-year term to Administer Turnkey Home Electrification Program as Part of the Advanced Single-Family Electrification Program and Amend the Fiscal Year Budget Appropriation for the Gas Fund; CEQA Status: -- Not a Project under CEQA Guidelines 15378(b)(5)

### **RECOMMENDATION**

Staff recommends that the City Council:

1. Approve and authorize the City Manager or designee to execute the attached Professional Services Contract Number C25193676 with Franklin Energy Services LLC to administer a turnkey home electrification program as part of the Advanced Single-Family Electrification Program for a Period of three (3) Years and a total not-to-exceed amount of \$7,054,863;
2. Amend the Fiscal Year 2025 Budget Appropriation for the Gas Fund (requires a majority vote) by the following:
  - a. Increasing the Contract Services expenditure by \$1,431,000; and
  - b. Decreasing the Gas Cap and Trade Reserve by \$1,431,000.

### **EXECUTIVE SUMMARY**

Staff is recommending approval of a contract with Franklin Energy to administer a turnkey home electrification program as part of the Advanced Single-Family Electrification Program. The program will leverage a new electrification program provided by Peninsula Clean Energy and Silicon Valley Clean Energy, through Franklin Energy and their sub-contractors, to provide home electrification services with fixed pricing. The program adds to existing turnkey services, providing heat pump water heater installation, technical advising on home electrification, and a suite of home electrification rebates. With this contract, the Single-Family Residential

Electrification (SFRE) Pilot Program will expand City-provided turnkey services beyond heat pump water heaters to help homes throughout Palo Alto replace gas heating and appliances.

Staff is also requesting a budget of \$1.43 million, paid for using revenue from the City’s participation in the State’s gas cap and trade program, to enable this pilot program.

Implementation of this program will be informed by lessons learned from the Advanced HPWH Pilot Program as well as new information from the S/CAP Funding Study that began in 2024 and remains underway.

## BACKGROUND

Staff and the community have been working to achieve the community’s greenhouse gas (GHG) emissions reduction goals of reducing GHG emissions 80% from 1990 levels by 2030, as adopted in the Sustainability and Climate Action Plan (S/CAP). The updated S/CAP was adopted in June 2023 along with the 2023-2025 S/CAP Work Plan.<sup>1</sup> Work Items 2.1D through 2.1H focus on establishing rebates and programs to facilitate single-family home electrification.

A variety of rebates and programs have already been established.

Table 1: Summary of Electrification Services Offered by City		
Equipment	Services	Service Launched
Heat pump water heater	Full-service replacement	March 2023
	Emergency replacement	September 2024
	Rebate and/or technical assistance for residents who hire their own contractor	2017
Heat pump space heater and other equipment	Rebate and/or technical assistance for residents who hire their own contractor	January 2025

The “Advanced HPWH Pilot Program” was adopted in October 2022 and launched in March 2023.<sup>2</sup> It includes a rebate program for residents who hire their own contractors and a full-service “turnkey” program for those who want the City to take care of the whole process. In September 2024, the Emergency Water Heater Replacement Pilot Program was added as the full-service program was not designed to accommodate emergency installations. As of January 30, 2025, 522 installations had been completed through a combination of the City’s rebate, emergency, low-income, and full-service programs. Although Palo Alto’s goal of installing 1,000

<sup>1</sup> 2023-2025 S/CAP Work Plan; [https://www.cityofpaloalto.org/files/assets/public/v/1/sustainability/reports/2023-2025-scap-work-plan\\_final.pdf](https://www.cityofpaloalto.org/files/assets/public/v/1/sustainability/reports/2023-2025-scap-work-plan_final.pdf)

<sup>2</sup> On October 3, 2022, City Council approved the contract with Synergy Companies, which includes, among other tasks, the administration of an Advanced Heat Pump Water Heater Pilot ([Staff Report #14542](https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/2022/10-03-2022-id-14542.pdf): <https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/2022/10-03-2022-id-14542.pdf>))

HPWH is taking some extra time, Palo Alto has installed HPWHs at three times the rate as other comparable programs when adjusted for the service territory population.

In January 2025 the City launched services to offer rebates and technical assistance to help Palo Alto homeowners replace gas appliances such as gas furnaces in their homes with clean and efficient electric alternatives, and ultimately to disconnect the gas meter at their house. This was intended to be the first phase of a two-phase launch of the City's electrification program expansion, with the first phase involving rebates and technical assistance and the second phase being the full-service home electrification program described in this staff report.

Staff anticipates interest in heat pumps growing among homeowners as several programs and policies unfold. In 2025, the State's Equitable Building Decarbonization program will begin serving low-income residents with greatly subsidized or no-cost electrification programs. In late 2024, the Inflation Reduction Act (IRA) income-qualified rebates, also known as Home Electrification and Appliance Rebates (HEEHRA), became available, providing significant additional subsidies to low- and moderate – income homeowners for electrification. While this program is slated to provide significant additional funding, its status is uncertain under the new federal administration.

In March 2023, BAAQMD updated the emission standards for gas water heaters (Rule 9-6) and gas furnaces (Rule 9-4), requiring a zero emissions limit for nitrous oxide emissions (NOx) beginning in 2027 and 2029 respectively, in order to help the region achieve federal clean air standards. The "BAAQMD Zero NOx Appliance standards" will apply to residential water heaters sold in the nine-county region starting in 2027, while similarly updated standards are slated to follow in Southern California, and are currently under consideration in the Sacramento area and statewide through the Air Resources Board.

## **ANALYSIS**

This action will expand the City's residential electrification program services further to include a full-service (a.k.a. turnkey services) program component to help residents electrify home heating systems and other gas end-uses in addition to water heaters. With the addition of these services, staff is now referring to the entire suite of programs (including this program and the programs listed in Table 1 above) as the Advanced Single-Family Electrification Pilot Program. Launching this full-service program component requires a new contractual partner (see Attachment A) and additional funding in the FY 2025 budget.

Franklin Energy would run the full-service component of this home electrification program. The City will continue to handle most community outreach, generating leads. Franklin will provide customer intake, complete home assessments, help residents decide on an electrification plan, provide quotes, and manage the contractor to complete the project. They will also provide any post-installation support and issue resolution needed. Franklin currently has contracted with three sub-contractors to handle installations at customer sites, with plans to onboard additional

contractors in the future. These contractors have agreed to provide fixed prices on electrification upgrades, making electrification easier and price-transparent for residents.

Staff estimates that 500-700 households require furnace replacements each year. The proposed budget for this three-year contract is enough for about 150 homes. This is about 20% to 30% of annual replacements, a comparable market share to that accomplished by the heat pump water heater program. The program participation can be monitored, and increased funding pursued if needed.

If the budget amendment is approved, funding supports subsidies as described below for up to 150 homes (up to \$9,550 per home), plus \$211,000 to set up the program, \$369,000 per year for program administration, \$120,000 per year for home electrification plans and technical assistance. An optional additional contract item for a low-income (LI) turnkey electrification program covering household costs could be added for \$1.49 million for 45 homes, assuming \$19,000 in additional covered electrification costs per home; this option is included in the contract maximum and budget approval sought in this report. In total, a 3-year contract of \$7.1 million (including 10% for additional services) is recommended; \$4.9 million without optional LI program, or \$6.4 million with the optional LI program.

Table 2: Proposed Turnkey Home Electrification Annual Budget		
	PROPOSED INCENTIVE (PCE incentive / SVCE incentive)	Annual budget (150 homes per year)*
<b>Customer Incentives, paid directly to Franklin:</b>		
Heat Pump Air Conditioner/Heater (assume 80% of participating households)	\$2,500 (\$1,500 / \$2,500)	\$300,000
Heat Pump Water Heater (assume 2/3 of participating households)	\$3,500** (\$2,500 / \$2,000)	\$350,000
Electric Circuits & Readiness (assume 80% of participating households)	\$500 per circuit, max \$2,000 (same / same)	\$240,000
Electric Panel Upgrade (assume 20% of participating households)	\$1,000 (\$1,000 / \$1,000)	\$30,000
Attic/Roof Insulation (assume 20% of participating households)	Up to \$1,000 (none / none)	\$30,000
Gas Meter Removal (assume 20% of participating households)	\$2,500 (none / \$500)	\$75,000
Permitting costs	\$250 (none / none)	\$55,000
<b>Franklin Contract:</b>		
Home Electrification Plan (assume 33% conversion rate)	\$267	\$120,150
Program Set Up		\$211,000
Concierge Service	\$2,462	\$369,294
<b>First Year Contract</b>		<b>\$1,780,519</b>

Table 2: Proposed Turnkey Home Electrification Annual Budget		
	PROPOSED INCENTIVE (PCE incentive / SVCE incentive)	Annual budget (150 homes per year)*
* Continuation of the contract to years two and three is contingent on approval of funding in the FY 2027 and FY 2028 budgets.		
** Existing rebate from current program, must be included here if contractor pass through.		

## Procurement Process

An exemption to competitive solicitation pursuant to Palo Alto Municipal Code section 2.30.360 (k) was approved by the City Manager via Procurement Officer, after determining that another RFP Process described below was substantially similar to the City’s standard RFP, saving the City time and resources that would otherwise be necessary to issue a separate RFP.

Franklin Energy was selected by Peninsula Clean Energy (PCE) and Silicon Valley Clean Energy (SVCE) after a formal RFP process in 2023 with contracts approved by the boards of the two CCAs in February and March of 2024 respectively.<sup>3, 4</sup> In August 2023, PCE issued the request for proposals (RFP) to select an implementation team for a multi-year single-family home electrification turnkey installation service.<sup>5</sup> In October 2023, five proposals were received, and two of those were invited for interviews. PCE and SVCE selected Franklin Energy to implement the program based on their pricing and experience. The City Attorney and Procurement Officer have reviewed the process and approved the program as eligible for adoption in Palo Alto following the terms and pricing established by PCE and SVCE, although Palo Alto would not be bound to adopt the full program and could choose the segments of interest. Franklin Energy has confirmed that the same pricing will be available to Palo Alto.

## FISCAL/RESOURCE IMPACT

Staff recommends funding the Franklin Energy contract with an amendment to the Fiscal Year 2025 Budget Appropriation for the Gas Fund to increase the Contract Services expense appropriation by \$1,431,000 funded from the Gas Cap and Trade Reserve. Program promotion and outreach will be funded through the climate reduction outreach budget established in the FY 2025 Adopted Budget. The program will be launched and operated using existing staff. The entire Advanced SFRE Pilot Program is projected to require 2 FTE in CY 2025, with staff time requirements likely declining slightly once the program is launched.

<sup>3</sup> Peninsula Clean Energy Authority Board Meeting, February 22, 2024; see item 6 for a 3-year contract with Franklin Energy with a not-to-exceed amount of \$26 million that was approved.  
<https://d3n9y02raazwpg.cloudfront.net/peninsulacleanenergy/0eb565b4-ab64-11ee-bb82-0050569183fa-ccc1c33b-19c1-486c-b92a-8827a6a99940-1708564392.pdf>

<sup>4</sup> Silicon Valley Clean Energy Authority Board Meeting, March 13, 2024; see item 6 for a 3-year contract with Franklin Energy with a not-to-exceed amount of \$14 million that was approved.  
<https://svcleanenergy.org/wp-content/uploads/Meeting-Minutes-from-March-13-2024-Board-Meeting-F-scrubbed.pdf>

<sup>5</sup> All PCE RFP documentation can be found at <https://www.peninsulacleanenergy.com/solicitations/rfp-single-family-home-electrification/>.

The contract with Franklin Energy would be on the City's professional services contract template, which permits the City to terminate without cause/for convenience by providing 30 days' written notice to the contractor. In the event the City finds itself facing a challenging budget situation, and it is determined that City resources need to be refocused elsewhere, the City can terminate for convenience. Other options include termination due to non-appropriation of funds or amending the contract to reduce the cost, for example, by reducing the scope of work. The contract may also be temporarily suspended by written notice of the City Manager.

### **STAKEHOLDER ENGAGEMENT**

Staff has done some level of stakeholder engagement for each of the programs listed above and intends to do more in development of new programs:

- Staff held several Working Group and S/CAP Committee meetings on this program throughout 2023 and 2024.
- Staff learned from participants in each of its existing programs through customer surveys and discussions with individual participants, as well as outreach to contractors.
- Planned stakeholder engagement is slated to continue with additional meetings with the S/CAP Committee and Working Group, community partners, and regional partners, as staff continues to refine electrification programs.

### **ENVIRONMENTAL REVIEW**

Council's approval of this contract and budget revision for Single-Family Residential Electrification Programs are not subject to CEQA review, as administrative government activities that will not result in any direct or indirect physical change to the environment (CEQA Guidelines section 15378(b)(5)). Potential environmental impacts of the Advanced Heat Pump Water Heater Program were analyzed as part of the Sustainability and Climate Action Plan (S/CAP) Addendum to the Comprehensive Plan Environmental Impact Report. On June 5, 2023 (Staff Report #2303-1158)<sup>6</sup> Council certified the Addendum, which found that the S/CAP programs would not result in any significant or substantially more severe effects beyond what was previously analyzed in the Comprehensive Plan EIR.

### **ATTACHMENTS**

Attachment A: Contract with Franklin Energy; Contract C25193676

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<sup>6</sup> 6/5/23 Council Meeting:

<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=12530> Agenda Item 14, <https://cityofpaloalto.primegov.com/Portal/viewer?id=1906&type=0> SR 2303-1158 - Adoption of a Resolution Approving an Addendum to the 2017 Comprehensive Plan Environmental Impact Report and Adopting the Sustainability and Climate Action Plan (S/CAP); Approval of the 2023-2025 S/CAP Workplan; and Review of the 2023 Earth Day Report.

**APPROVED BY:**

Kiely Nose, Interim Director of Utilities

Staff: Diane Bailey, Sustainability Programs Administrator



**CITY OF PALO ALTO CONTRACT NO. C25193676**

**AGREEMENT FOR PROFESSIONAL SERVICES**

**BETWEEN THE CITY OF PALO ALTO AND FRANKLIN ENERGY SERVICES LLC**

This Agreement for Professional Services (this “Agreement”) is entered into as of the 27th day of May, 2025 (the “Effective Date”), by and between the CITY OF PALO ALTO, a California chartered municipal corporation (“CITY”), and FRANKLIN ENERGY SERVICES LLC, a Delaware limited liability, located at 102 N. Franklin Street, Port Washington, WI 53074 (“CONSULTANT”).

The following recitals are a substantive portion of this Agreement and are fully incorporated herein by this reference:

**RECITALS**

A. CITY intends to initiate a turnkey home electrification program for up to 500 single-family homes (the “Project”) and desires to engage a consultant to provide home assessments, home electrification plans and oversee installation of electric appliances and equipment to single-family homeowners throughout the city in connection with the Project (the “Services”, as detailed more fully in Exhibit A).

B. CONSULTANT represents that it, its employees and subconsultants, if any, possess the necessary professional expertise, qualifications, and capability, and all required licenses and/or certifications to provide the Services.

C. CITY, in reliance on these representations, desires to engage CONSULTANT to provide the Services as more fully described in Exhibit A, entitled “SCOPE OF SERVICES”.

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

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

☐ Optional On-Call Provision (This provision only applies if checked and only applies to on-call agreements.)

CITY may elect to, but is not required to, authorize on-call Services up to the maximum compensation amount set forth in Section 4 (Not to Exceed Compensation). CONSULTANT shall provide on-call Services only by advanced, written authorization from CITY as detailed in this Section. On-call Services, if any, shall be authorized by CITY, as needed, with a Task Order assigned and approved by CITY’s Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1 entitled “PROFESSIONAL SERVICES TASK ORDER”. Each Task Order shall contain a specific scope of services, schedule of performance and

maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for on-call Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY's Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation due to CONSULTANT for all Task Orders issued under this Agreement shall not exceed the amount of compensation set forth in Section 4. CONSULTANT shall only be compensated for on-call Services performed under an authorized Task Order and only up to the maximum compensation amount set forth in Section 4. Performance of and payment for any on-call Services are subject to all requirements and restrictions in this Agreement.

## **SECTION 2. TERM.**

The term of this Agreement shall be from the effective date of this agreement through May 26, 2028 unless terminated earlier pursuant to Section 19 (Termination) of this Agreement.

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

**SECTION 4. NOT TO EXCEED COMPENSATION.** The compensation to be paid to CONSULTANT for performance of the Services shall be based on the compensation structure detailed in Exhibit C, entitled "COMPENSATION," including any reimbursable expenses specified therein, and the maximum total compensation shall not exceed **Six Million Four Hundred thirteen Thousand Five Hundred twelve Dollars (\$6,413,512.00)**. The hourly schedule of rates, if applicable, is set out in Exhibit C-1, entitled "SCHEDULE OF RATES." Any work performed or expenses incurred for which payment would result in a total exceeding the maximum compensation set forth in this Section 4 shall be at no cost to the CITY.

☒ **Optional Additional Services Provision** (This provision applies only if checked and a not-to-exceed compensation amount for Additional Services is allocated below under this Section 4.)

In addition to the not-to-exceed compensation specified above, CITY has set aside the not-to-exceed compensation amount of **Six Hundred Forty-one Thousand Three Hundred Fifty-One Dollars (\$641,351.00)** for the performance of Additional Services (as defined below). The total compensation for performance of the Services, Additional Services and any reimbursable expenses specified in Exhibit C, shall not exceed **Seven Million Fifty-**

**Four Thousand Eight Hundred Sixty-Three Dollars (\$7,054,863.00)**, as detailed in Exhibit C.

“Additional Services” means any work that is determined by CITY to be necessary for the proper completion of the Project, but which is not included within the Scope of Services described at Exhibit A. CITY may elect to, but is not required to, authorize Additional Services up to the maximum amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall provide Additional Services only by advanced, written authorization from CITY as detailed in this Section. Additional Services, if any, shall be authorized by CITY with a Task Order assigned and authorized by CITY’s Project Manager, as identified in Section 13 (Project Management). Each Task Order shall be in substantially the same form as Exhibit A-1, entitled “PROFESSIONAL SERVICES TASK ORDER”. Each Task Order shall contain a specific scope of services, schedule of performance and maximum compensation amount, in accordance with the provisions of this Agreement. Compensation for Additional Services shall be specified by CITY in the Task Order, based on whichever is lowest: the compensation structure set forth in Exhibit C, the hourly rates set forth in Exhibit C-1, or a negotiated lump sum.

To accept a Task Order, CONSULTANT shall sign the Task Order and return it to CITY’s Project Manager within the time specified by the Project Manager, and upon authorization by CITY (defined as counter-signature by the CITY Project Manager), the fully executed Task Order shall become part of this Agreement. The cumulative total compensation to CONSULTANT for all Task Orders authorized under this Agreement shall not exceed the amount of compensation set forth for Additional Services in this Section 4. CONSULTANT shall only be compensated for Additional Services performed under an authorized Task Order and only up to the maximum amount of compensation set forth for Additional Services in this Section 4. Performance of and payment for any Additional Services are subject to all requirements and restrictions in this Agreement.

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

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

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

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

**SECTION 8. ERRORS/OMISSIONS.** CONSULTANT is solely responsible for costs, including, but not limited to, increases in the cost of Services, arising from or caused by CONSULTANT's errors and omissions, including, but not limited to, the costs of corrections such errors and omissions, any change order markup costs, or costs arising from delay caused by the errors and omissions or unreasonable delay in correcting the errors and omissions.

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

**SECTION 10. INDEPENDENT CONTRACTOR.** CONSULTANT acknowledges and agrees that CONSULTANT and any agent or employee of CONSULTANT will act as and shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which CONSULTANT performs the Services requested by CITY under this Agreement. CONSULTANT and any agent or employee of CONSULTANT will not have employee status with CITY, nor be entitled to participate in any plans, arrangements, or distributions by CITY pertaining to or in connection with any retirement, health or other benefits that CITY may offer its employees. CONSULTANT will be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, workers' compensation, unemployment compensation, insurance, and other similar responsibilities related to CONSULTANT's performance of the Services, or any agent or employee of CONSULTANT providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between CITY and CONSULTANT or any agent or employee of CONSULTANT. Any terms in this Agreement referring to direction from CITY shall be construed as providing for direction as to policy and the result of CONSULTANT's provision of the Services only, and not as to the means by which such a result is obtained.

**SECTION 11. ASSIGNMENT.** The parties agree that the expertise and experience of CONSULTANT are material considerations for this Agreement. CONSULTANT shall not assign or transfer any interest in this Agreement nor the performance of any of CONSULTANT's obligations hereunder without the prior written approval of the City Manager. Any purported assignment made without the prior written approval of the City Manager will be void and without effect. Subject to the foregoing, the covenants, terms, conditions and provisions of this Agreement will apply to, and will bind, the heirs, successors, executors, administrators and assignees of the

parties.

## **SECTION 12. SUBCONTRACTING.**

☐ **Option A: No Subcontractor:** CONSULTANT shall not subcontract any portion of the Services to be performed under this Agreement without the prior written authorization of the City Manager or designee. In the event CONSULTANT does subcontract any portion of the work to be performed under this Agreement, CONSULTANT shall be fully responsible for all acts and omissions of subcontractors.

☒ **Option B: Subcontracts Authorized:** Notwithstanding Section 11 (Assignment) above, CITY agrees that subcontractors may be used to complete the Services. Franklin Energy Services, LLC ("Consultant") subcontracts with installation contractors ("Subcontractors"). The subcontractors authorized by CITY to perform work on this Project are three vetted electrification installation contractors listed following:

1. Enso Building Solutions Inc. dba Enso Insulation, PO Box 1535, Fullerton, CA 92836
2. Efficient Modern Heat Pump-HVAC dba Electrify My Home, 53 B Commerce Place, Vacaville, CA 95687
3. Fuse Service Inc., dba Fuse HVAC Refrigeration Electrical & Plumbing, 2222 Ronald St., Santa Clara, CA 95050

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

**SECTION 13. PROJECT MANAGEMENT.** CONSULTANT will assign Isai Reyes, Telephone: (415) 231-0222, Email: [ireyes@franklinenergy.com](mailto:ireyes@franklinenergy.com) as the CONSULTANT's Project Manager to have supervisory responsibility for the performance, progress, and execution of the Services and represent CONSULTANT during the day-to-day performance of the Services. If circumstances cause the substitution of the CONSULTANT's Project Manager or any other of CONSULTANT's key personnel for any reason, the appointment of a substitute Project Manager and the assignment of any key new or replacement personnel will be subject to the prior written approval of the CITY's Project Manager. CONSULTANT, at CITY's request, shall promptly remove CONSULTANT personnel who CITY finds do not perform the Services in an acceptable manner, are uncooperative, or present a threat to the adequate or timely completion of the Services or a threat to the safety of persons or property.

CITY's Project Manager is Diane Bailey, Utilities Department, Utility Program Services Division, 250 Hamilton Ave., Palo Alto, CA 94301, Telephone: 650-566-4552, Email: [Diane.Bailey@CityofPaloAlto.org](mailto:Diane.Bailey@CityofPaloAlto.org). CITY's Project Manager will be CONSULTANT's point of contact with respect to performance, progress and execution of the Services. CITY may designate an alternate Project Manager from time to time.

**SECTION 14. OWNERSHIP OF MATERIALS.** All work product, including without limitation, all writings, drawings, studies, sketches, photographs, plans, reports, specifications, computations, models, recordings, data, documents, and other materials and copyright interests developed under this Agreement, in any form or media, shall be and remain the exclusive property of CITY without restriction or limitation upon their use, except that CONSULTANT shall retain ownership of all pre-existing intellectual property rights, including any and all enhancements, improvements, modifications, and any other derivative works created prior to execution of the Agreement. CONSULTANT agrees that all copyrights which arise from creation of the work product pursuant to this Agreement are vested in CITY, and CONSULTANT hereby waives and relinquishes all claims to copyright or other intellectual property rights in favor of CITY. Neither CONSULTANT nor its subcontractors, if any, shall make any of such work product available to any individual or organization without the prior written approval of the City Manager or designee. CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services.

**SECTION 15. AUDITS.** CONSULTANT agrees to permit CITY and its authorized representatives to audit, at any reasonable time during the term of this Agreement and for four (4) years from the date of final payment, CONSULTANT's records pertaining to matters covered by this Agreement, including without limitation records demonstrating compliance with the requirements of Section 10 (Independent Contractor). CONSULTANT further agrees to maintain and retain accurate books and records in accordance with generally accepted accounting principles for at least four (4) years after the expiration or earlier termination of this Agreement or the completion of any audit hereunder, whichever is later.

**SECTION 16. INDEMNITY.**

16.1. To the fullest extent permitted by law, CONSULTANT shall indemnify, defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all third party demands, claims, or liability of any nature, including death or injury to any person, property damage or any other loss, including all costs and expenses of whatever nature including attorney's fees, experts fees, court costs and disbursements ("Claims") to the extent that such Claims arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party. CITY will reimburse CONSULTANT for the proportionate percentage of defense costs exceeding CONSULTANT's proportionate percentage of fault as determined by the final judgment of a court of competent jurisdiction.

16.2. Notwithstanding the above, nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from a Claim arising from the active negligence or willful misconduct of an Indemnified Party that is not contributed to by any act of, or by any omission to perform a duty imposed by law or agreement by, CONSULTANT, its officers, employees, agents or contractors under this Agreement.

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

**SECTION 17. WAIVERS.** No waiver of a condition or nonperformance of an obligation under this Agreement is effective unless it is in writing in accordance with Section 29.4 of this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted shall apply solely to the specific instance expressly stated. No single or partial exercise of any right or remedy will preclude any other or further exercise of any right or remedy.

**SECTION 18. INSURANCE.**

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

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

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

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

**SECTION 19. TERMINATION OR SUSPENSION OF AGREEMENT OR SERVICES.**

19.1. The City Manager may suspend the performance of the Services, in whole or in part, or terminate this Agreement, with or without cause, by giving thirty (30) days prior written notice thereof to CONSULTANT. If CONSULTANT fails to perform any of its material

obligations under this Agreement, in addition to all other remedies provided under this Agreement or at law, the City Manager may terminate this Agreement sooner upon written notice of termination. Upon receipt of any notice of suspension or termination, CONSULTANT will discontinue its performance of the Services on the effective date in the notice of suspension or termination.

19.2. In event of suspension or termination, CONSULTANT will deliver to the City Manager on or before the effective date in the notice of suspension or termination, any and all work product, as detailed in Section 14 (Ownership of Materials), whether or not completed, prepared by CONSULTANT or its contractors, if any, in the performance of this Agreement. Such work product is the property of CITY, as detailed in Section 14 (Ownership of Materials).

19.3. In event of suspension or termination, CONSULTANT will be paid for the Services rendered and work products delivered to CITY in accordance with the Scope of Services up to the effective date in the notice of suspension or termination; provided, however, if this Agreement is suspended or terminated on account of a default by CONSULTANT, CITY will be obligated to compensate CONSULTANT only for that portion of CONSULTANT's Services provided in material conformity with this Agreement as such determination is made by the City Manager acting in the reasonable exercise of his/her discretion. The following Sections will survive any expiration or termination of this Agreement: 14, 15, 16, 17, 19.2, 19.3, 19.4, 20, 25, 27, 28, 29 and 30.

19.4. No payment, partial payment, acceptance, or partial acceptance by CITY will operate as a waiver on the part of CITY of any of its rights under this Agreement, unless made in accordance with Section 17 (Waivers).

## **SECTION 20. NOTICES.**

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

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

With a copy to the Purchasing Manager

To CONSULTANT: Attention of the Project Manager at the address of  
 CONSULTANT recited on the first page of this Agreement.

With Copy to:                Franklin Energy Services, LLC  
    Legal Department  
    at 102 N. Franklin Street  
    Port Washington, WI 53074  
    legal@franklinenergy.com



CONSULTANT shall provide written notice to CITY of any change of address.

## **SECTION 21. CONFLICT OF INTEREST.**

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

21.2. CONSULTANT further covenants that, in the performance of this Agreement, it will not employ subcontractors or other persons or parties having such an interest. CONSULTANT certifies that no person who has or will have any financial interest under this Agreement is an officer or employee of CITY; this provision will be interpreted in accordance with the applicable provisions of the Palo Alto Municipal Code and the Government Code of the State of California, as amended from time to time. CONSULTANT agrees to notify CITY if any conflict arises.

21.3. If the CONSULTANT meets the definition of a “Consultant” as defined by the Regulations of the Fair Political Practices Commission, CONSULTANT will file the appropriate financial disclosure documents required by the Palo Alto Municipal Code and the Political Reform Act of 1974, as amended from time to time.

## **SECTION 22. NONDISCRIMINATION; COMPLIANCE WITH ADA.**

22.1. As set forth in Palo Alto Municipal Code Section 2.30.510, as amended from time to time, CONSULTANT certifies that in the performance of this Agreement, it shall not discriminate in the employment of any person due to that person’s race, skin color, gender, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, pregnancy, genetic information or condition, housing status, marital status, familial status, weight or height of such person. CONSULTANT acknowledges that it has read and understands the provisions of Section 2.30.510 of the Palo Alto Municipal Code relating to Nondiscrimination Requirements and the penalties for violation thereof, and agrees to meet all requirements of Section 2.30.510 pertaining to nondiscrimination in employment.

22.2. CONSULTANT understands and agrees that pursuant to the Americans Disabilities Act (“ADA”), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor or subcontractor, are required to be accessible to the disabled public. CONSULTANT will provide the Services specified in this Agreement in a manner that complies with the ADA and any other applicable federal, state and local disability rights laws and regulations, as amended from time to time. CONSULTANT will not discriminate against persons with disabilities in the provision of services, benefits or activities provided under this Agreement.

## **SECTION 23. ENVIRONMENTALLY PREFERRED PURCHASING AND ZERO WASTE REQUIREMENTS.**

CONSULTANT shall comply with the CITY’s Environmentally Preferred Purchasing policies which are available at CITY’s Purchasing Department, hereby incorporated by reference and as amended from time to time. CONSULTANT shall comply with waste reduction, reuse, recycling and disposal requirements of CITY’s Zero Waste Program. Zero

Waste best practices include, first, minimizing and reducing waste; second, reusing waste; and, third, recycling or composting waste. In particular, CONSULTANT shall comply with the following Zero Waste requirements:

(a) All printed materials provided by CONSULTANT to CITY generated from a personal computer and printer including but not limited to, proposals, quotes, invoices, reports, and public education materials, shall be double-sided and printed on a minimum of 30% or greater post-consumer content paper, unless otherwise approved by CITY's Project Manager. Any submitted materials printed by a professional printing company shall be a minimum of 30% or greater post-consumer material and printed with vegetable-based inks.

(b) Goods purchased by CONSULTANT on behalf of CITY shall be purchased in accordance with CITY's Environmental Purchasing Policy including but not limited to Extended Producer Responsibility requirements for products and packaging. A copy of this policy is on file at the Purchasing Department's office.

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

#### **SECTION 24. COMPLIANCE WITH PALO ALTO MINIMUM WAGE ORDINANCE.**

CONSULTANT shall comply with all requirements of the Palo Alto Municipal Code Chapter 4.62 (Citywide Minimum Wage), as amended from time to time. In particular, for any employee otherwise entitled to the State minimum wage, who performs at least two (2) hours of work in a calendar week within the geographic boundaries of the City, CONSULTANT shall pay such employees no less than the minimum wage set forth in Palo Alto Municipal Code Section 4.62.030 for each hour worked within the geographic boundaries of the City of Palo Alto. In addition, CONSULTANT shall post notices regarding the Palo Alto Minimum Wage Ordinance in accordance with Palo Alto Municipal Code Section 4.62.060.

**SECTION 25. NON-APPROPRIATION.** This Agreement is subject to the fiscal provisions of the Charter of the City of Palo Alto and the Palo Alto Municipal Code, as amended from time to time. This Agreement will terminate without any penalty (a) at the end of any fiscal year in the event that funds are not appropriated for the following fiscal year, or (b) at any time within a fiscal year in the event that funds are only appropriated for a portion of the fiscal year and funds for this Agreement are no longer available. This Section shall take precedence in the event of a conflict with any other covenant, term, condition, or provision of this Agreement.

#### **SECTION 26. PREVAILING WAGES AND DIR REGISTRATION FOR PUBLIC WORKS CONTRACTS.**

26.1. **This Project is not subject to prevailing wages and related requirements.** CONSULTANT is not required to pay prevailing wages and meet related requirements under the California Labor Code and California Code of Regulations in the performance and implementation of the Project if the contract:

- (1) is not a public works contract;
- (2) is for a public works construction project of \$25,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j); or
- (3) is for a public works alteration, demolition, repair, or maintenance project of \$15,000 or less, per California Labor Code Sections 1782(d)(1), 1725.5(f) and 1773.3(j).

**SECTION 27. CLAIMS PROCEDURE FOR “9204 PUBLIC WORKS PROJECTS”.** For purposes of this Section 27, a “9204 Public Works Project” means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind. (Cal. Pub. Cont. Code § 9204.) Per California Public Contract Code Section 9204, for Public Works Projects, certain claims procedures shall apply, as set forth in Exhibit F, entitled “Claims for Public Contract Code Section 9204 Public Works Projects”.



**This Project is not a 9204 Public Works Project.**

**SECTION 28. CONFIDENTIAL INFORMATION.**

28.1. In the performance of this Agreement, CONSULTANT may have access to CITY’s Confidential Information (defined below). For a period of five (5) years from the date of disclosure, CONSULTANT will hold Confidential Information in strict confidence, not disclose it to any third party, and will use it only for the performance of its obligations to CITY under this Agreement and for no other purpose. CONSULTANT will maintain reasonable and appropriate administrative, technical and physical safeguards to ensure the security, confidentiality and integrity of the Confidential Information. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to its employees, agents and subcontractors, if any, to the extent they have a need to know in order to perform CONSULTANT’s obligations to CITY under this Agreement and for no other purpose, provided that the CONSULTANT informs them of, and requires them to follow, the confidentiality and security obligations of this Agreement. Upon conclusion of the 5 year period described above CONSULTANT will destroy all of CITY’s Confidential Information and provide proof of destruction to City.

28.2. “Confidential Information” means all data, information (including without limitation “Personal Information” about a California resident as defined in Civil Code Section 1798 et seq., as amended from time to time) and materials, in any form or media, tangible or intangible, provided or otherwise made available to CONSULTANT by CITY, directly or indirectly, pursuant to this Agreement. Confidential Information excludes information that CONSULTANT can show by appropriate documentation: (i) was publicly known at the time it was provided or has subsequently become publicly known other than by a breach of this Agreement; (ii) was rightfully in CONSULTANT’s possession free of any obligation of confidence prior to receipt of Confidential Information; (iii) is rightfully obtained by CONSULTANT from a third party without breach of any confidentiality obligation; (iv) is independently developed by employees of CONSULTANT without any use of or access to the Confidential Information; or (v) CONSULTANT has written consent to disclose signed by an authorized representative of CITY.

28.3. Notwithstanding the foregoing, CONSULTANT may disclose Confidential Information to the extent required by order of a court of competent jurisdiction or governmental body, provided that CONSULTANT will notify CITY in writing of such order immediately upon receipt and prior to any such disclosure (unless CONSULTANT is prohibited by law from doing so), to give CITY an opportunity to oppose or otherwise respond to such order.

28.4. CONSULTANT will notify City promptly upon learning of any breach in the security of its systems or unauthorized disclosure of, or access to, Confidential Information in

its possession or control, and if such Confidential Information consists of Personal Information, CONSULTANT will provide information to CITY sufficient to meet the notice requirements of Civil Code Section 1798 et seq., as applicable, as amended from time to time.

28.5. Prior to or upon termination or expiration of this Agreement, CONSULTANT will honor any request from the CITY to return or securely destroy all copies of Confidential Information. All Confidential Information is and will remain the property of the CITY and nothing contained in this Agreement grants or confers any rights to such Confidential Information on CONSULTANT.

28.6. If selected in Section 30 (Exhibits), this Agreement is also subject to the terms and conditions of the Information Privacy Policy and Cybersecurity Terms and Conditions.

## **SECTION 29. MISCELLANEOUS PROVISIONS.**

29.1. This Agreement will be governed by California law, without regard to its conflict of law provisions.

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

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

29.4. This Agreement, including all exhibits, constitutes the entire and integrated agreement between the parties with respect to the subject matter of this Agreement, and supersedes all prior agreements, negotiations, representations, statements and undertakings, either oral or written. This Agreement may be amended only by a written instrument, which is signed by the authorized representatives of the parties and approved as required under Palo Alto Municipal Code, as amended from time to time.

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

29.6. In the event of a conflict between the terms of this Agreement and the exhibits hereto (per Section 30) or CONSULTANT's proposal (if any), the Agreement shall control. In the event of a conflict between the exhibits hereto and CONSULTANT's proposal (if any), the exhibits shall control.

29.7. The provisions of all checked boxes in this Agreement shall apply to this Agreement; the provisions of any unchecked boxes shall not apply to this Agreement.

29.8. All section headings contained in this Agreement are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

29.9. This Agreement may be signed in multiple counterparts, which, when executed by the authorized representatives of the parties, shall together constitute a single binding agreement.

**SECTION 30. EXHIBITS.** Each of the following exhibits, if the check box for such exhibit is selected below, is hereby attached and incorporated into this Agreement by reference as though fully set forth herein:

- ☒ EXHIBIT A: SCOPE OF SERVICES
- ☒ EXHIBIT A-1 PROFESSIONAL SERVICES TASK ORDER
- ☒ EXHIBIT B: SCHEDULE OF PERFORMANCE
- ☒ EXHIBIT C: COMPENSATION
- ☒ EXHIBIT C-1: SCHEDULE OF RATES
- ☒ EXHIBIT C-2: ELIGIBLE MEASURES COMPENSATION
- ☒ EXHIBIT D: INSURANCE REQUIREMENTS
- ☒ EXHIBIT E: INFORMATION PRIVACY POLICY
- ☒ EXHIBIT F: CYBERSECURITY TERMS AND CONDITIONS

***THIS AGREEMENT IS NOT COMPLETE UNLESS ALL SELECTED EXHIBITS ARE ATTACHED.***

CONTRACT NO. C25193676 SIGNATURE PAGE

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

CITY OF PALO ALTO

FRANKLIN ENERGY SERVICES LLC

\_\_\_\_\_  
City Manager

Officer 1  
Signed by:  
By: Jaclyn Bliss  
6D81853B84E7453...

Name: Jaclyn Bliss

APPROVED AS TO FORM:

Title: President

\_\_\_\_\_  
City Attorney or designee

Officer 2  
Signed by:  
By: Dario Deferrari  
7AE65D1A33F04BB...

Name: Dario Deferrari

Title: Chief Financial Officer

## **EXHIBIT A SCOPE OF SERVICES**

CONSULTANT shall provide the Services detailed in this Exhibit A, entitled “SCOPE OF SERVICES”. Notwithstanding any provision herein to the contrary, CONSULTANT’s duties and services described in this Scope of Services shall not include preparing or assisting CITY with any portion of CITY’s preparation of a request for proposals, request for qualifications, or any other solicitation regarding a subsequent or additional contract with CITY. CITY shall at all times retain responsibility for public contracting, including with respect to any subsequent phase of this project. CONSULTANT’s participation in the planning, discussions, or drawing of project plans or specifications shall be limited to conceptual, preliminary, or initial plans or specifications. CONSULTANT shall cooperate with CITY to ensure that all bidders for a subsequent contract on any subsequent phase of this project have access to the same information, including all conceptual, preliminary, or initial plans or specifications prepared by CONSULTANT pursuant to this Scope of Services.

### **Overview**

The City of Palo Alto Utilities is initiating a Turnkey Home Electrification Program (the “Turnkey Program”, “Program”, or “Turnkey Electrification Services”) for up to 500 single-family homes over three years. The Program will include free home assessments and home electrification plans to single-family homeowners throughout Palo Alto. Those who want to proceed with one or more major electrification measures (i.e. heat pump water heater, heat pump HVAC) will receive concierge assistance and guaranteed fixed pricing for the installation of heat pump heating and cooling systems, heat pump water heaters, electric cooking appliances, electric clothes dryers, and electrification of any other home gas uses. The concierge service will include applying for leveraged funding (from a mutually agreed upon list) on behalf of the customer. The Program will emphasize the use of efficient heat pumps and clean electric technologies that can operate with zero GHG emissions given Palo Alto’s carbon-neutral electric supply.

### **Program Goals and Objectives**

1. Ensure an affordable and easily accessible option for CPAU customers to electrify their homes.
2. Provide safer, healthier, resilient, zero carbon homes with improved indoor air quality and lower energy bills.
3. Establish dedicated crews of trusted, experienced installers capable of whole home electrification without typically needing to upgrade electrical service.
4. Support the City of Palo Alto Sustainability and Climate Action Plan program and goals.

### **Service Level Expectations (SLE)**

The single-family service SLEs sets minimum requirements for how a customer receives program services. The intent of the SLEs is to deliver timely, quality services and maintain high customer satisfaction. Consultant will track and aim to achieve the following SLEs:

1. For homes receiving a single electrification measure, install and energize equipment within 30 days of customer enrollment,<sup>1</sup> barring electrical service upgrade delay or building department-mandated delays regarding planning or permit review.
2. Install and energize all equipment within 60 days of customer enrollment, barring electrical service upgrade delays.
3. When functioning gas-fired appliances and equipment (water heater, space heater, stovetop, clothes dryer) are electrified through the program, electric replacements must be installed, functional, and operating within 48 hours of the gas appliance(s) removal.
4. Achieve 90% satisfaction rating for program services from customer surveys.
5. Achieve a 30% or higher conversion rate: the rate of customers who enroll and complete at least one major home electrification project.

## **Consultant Tasks**

### **Section I: Turnkey Home Electrification**

#### **Task 1: Program Design and Set Up**

##### **1.1 Kickoff and Check-in Meetings**

Consultant will develop an agenda and lead a program kickoff meeting with CPAU to review program goals and objectives, budget, timeline, and administrative processes at a mutually determined date following contract execution.

After the kickoff meeting, the Consultant will set up check-in meetings on a biweekly recurring schedule, as determined by CPAU. For check-in meetings, Consultant will work with the CPAU contract administrator(s) to determine the agenda at minimum one day prior to the meeting. Meetings will focus on program progress updates, reviewing deliverables, and determining expected milestones for the next meeting.

*Task 1.1 Deliverable: Meeting agendas and meeting minutes*

##### **1.2 Provide Compliance Documentation**

Consultant will provide CPAU with documentation of insurance, all legally required certifications, and other requirements, including requirements applicable to subcontractors. If any materials are renewed or subcontractors changed, updated documents must be provided to CPAU within five (5) business days, in accordance with the terms of the Agreement. Consultant will provide all subcontracts to CPAU for review and verification of required terms, including but not limited to indemnification requirements equivalent to those in Section 16 of this Agreement, and Eligible Measure costs listed in Exhibit C-2, prior to execution.

Major supplementary documentation developed by Consultant and/or its Subcontractors while delivering these services must also be provided to CPAU upon request. This supplementary

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<sup>1</sup> Customer enrollment occurs upon receipt of the customer's signed and properly completed Program Participation Agreement.



documentation may include, but is not limited to executed subcontracts, permits, photographs of installed equipment, and materials developed for CPAU and Consultant use.

*Task 1.2 Deliverable: Compliance documentation, including for all subcontractors*

### **1.3 Finalize Program Design and Strategy**

Consultant will assist CPAU in finalizing the program strategy, plan, and design, subject to CPAU review and approval. Prior to program launch, Consultant will:

- 1.3.1 Develop a detailed project timeline prior to kickoff meeting.
- 1.3.2 Co-develop with CPAU refinements to Turnkey Electrification services as needed.
- 1.3.3 Finalize Eligible Measures Compensation list, including measures outlined in Exhibit C. At CPAU's discretion, the Eligible Measure Compensation list may include additional measures as described in Task 5 and agreed upon by CPAU and Consultant.
- 1.3.4 Determine cost-share pricing structure and operations for customers.
- 1.3.5 Determine approach for procuring equipment including selecting high-quality equipment providers with strong customer ratings for selected equipment and method for securing preferential pricing and any stocking needs.
- 1.3.6 Finalize staffing plan based on final services and program rollout timing.
- 1.3.7 CITY wants to ensure that customers are paying the lowest program costs possible and is aware that some of the HPWH unit measure prices listed in Exhibit C-2 may exceed current market rates. Therefore, Consultant shall conduct a thorough written review of HPWH measure unit prices for CITY review no later than the fourth quarter of 2025. If, based on this review, City determines that any HPWH measure prices have dropped below those shown in Exhibit C-2, Consultant shall revise the compensation for those measures downward by December 2025, to ensure alignment with current market rates and to maintain cost competitiveness.

### **1.4 Develop Program Handbook**

Consultant will draft a Program Handbook for use by CPAU and the Consultant. The Program Handbook will describe in greater detail the design, implementation, and policies of the Turnkey Electrification Service. Consultant will submit a draft of the Program Handbook to CPAU for review and approval before finalizing. Consultant will provide written revisions and update to the Program Handbook upon CPAU request. The Program Handbook will include the following:

- 1.4.1 Customer and property eligibility requirements.
- 1.4.2 The terms and conditions for eligible customers to participate in the program.
- 1.4.3 The process for enrolling customers in the program, including customer journey, operational steps, and developing program referrals in collaboration with CPAU.
- 1.4.4 The process to conduct post-assessment customer follow-ups to maximize conversion rate.
- 1.4.5 Eligible Measures List as outlined in Exhibit C-2, and any additional measures added as part of Task 5.
- 1.4.6 List of third-party programs that can be co-delivered/leveraged through the program, including measures and incentive amounts, and a process for how they are applied for and accounted for through the program.
- 1.4.7 Home Assessment methodology including the following:
  - 1. List of criteria that would deem a project ineligible for planned services by equipment type or issue (e.g., water heaters in locations too small for a heat pump water heater, knob and tube wiring in home, electric service capacity issues, etc.)

- 2. Testing and assessing procedures and required certifications, as appropriate.
- 1.4.8 Field verification standards for Eligible Measures, including handling of hazardous materials (e.g., asbestos and lead safe practices).
- 1.4.9 The process for getting building permits.
- 1.4.10 The process for installing equipment, including manufacturer's and workmanship warranty documentation processes, health and safety protocols, and quality assurance.
- 1.4.11 Dispute resolution guidelines and standard procedures including processes for handling customer and/or Subcontractor issues.
- 1.4.12 The process for providing Program Progress Reports (Task 2.1) and Monthly Expense Reports (Task 2.2).

*Task 1.4 Deliverable: Program Handbook*

## **1.5 Develop and Maintain Technical Design Guidelines**

Consultant will:

1.5.1 Develop and maintain Technical Design Guidelines, subject to CPAU's review and approval. The Technical Design Guidelines will be used by Consultant to guide the development of each participating home's Scope of Work (Task 4.2.3).

The Technical Design Guidelines will be based on the following principles:

1. Maximizing decarbonization with high cost-effectiveness.
2. Favoring installation and operation simplicity and reliability.
3. Delivering operating cost, comfort and air quality benefits to homeowners, while mitigating adverse conditions such as noise.
4. Designing for grid benefits and resilience where possible.
5. Meeting all permitting requirements of the local jurisdictions; and
6. Avoiding service upgrades through power-efficient, whole system design whenever possible. All program contractors will be expected to be trained on this topic.

1.5.2 . Technical Design Guidelines shall, at a minimum, include the following:

1. Installation guidelines and diagrams, if applicable, for Eligible Measures outlined in Exhibit C-2, and any additional measures added as part of Task 5. Eligible Measures will also include minor home repair measures and, in some cases, energy efficiency and resilience measures.
2. Installation guidelines and diagrams, if applicable, for approved New Program Measures, Technologies and Methods (Task 5).
3. Home scenarios and a decision tree.
4. Process and guidelines for decommissioning gas equipment, capping gas lines, and if appropriate or necessary coordination with CPAU to remove gas meter.

1.5.3 Monitor industry best practice through associations such as ASHRAE and other forums.

1.5.4 Provide written revisions and updates to the Technical Design Guidelines based on industry best practices, learnings from the Program, and any additional measures added as part of Task 5 every 12 months or as mutually deemed appropriate.

1.5.5 Design Technical Design Guidelines to be public-facing and consistent with CPAU's Branding Guidelines.

*Task 1.5 Deliverable: Technical Design Guidelines*

## **1.6 Develop Home Assessment Template**

Consultant will create a Home Assessment Template for CPAU review and approval before use. Consultant will perform an in-home or virtual assessment and use the Home Assessment Template to document existing home conditions and equipment and determine measures' suitability to develop a customized Scope of Work (Task 4.2.3). The Home Assessment will include the following elements regarding equipment and appliances located at the residential property:

- 1.6.1 An inventory of physical conditions, location, and age of appliances, and home conditions.
- 1.6.2 Evaluation of the condition and capacity of the existing electrical systems and recommended upgrades that may be necessary to enable the proposed measures.
- 1.6.3 Analysis of panel capacity for recommended measures and whole-home electrification (either meter-based or electric load calculations as needed) to ensure home can electrify on service capacity and determine appropriate approach to electrical layout.
- 1.6.4 Recommended locations for new electrical equipment, noting any observed space or structural constraints and possible remedies.
- 1.6.5 Photos and diagrams as required by permitting and incentive programs (site, equipment, etc.).

*Task 1.6 Deliverable: Home Assessment Template*

## **1.7 Develop Project Scope of Work Template**

In coordination with CPAU, Consultant will draft a Project Scope of Work template for CPAU review and approval before use. The Project Scope of Work will be provided by the Consultant to the homeowner and will include information necessary for the homeowner to understand the electrification opportunities available to them. The Project Scope of Work will be provided in electronic format, and available via paper upon customer request. Consultant will provide revisions and updates to the Project Scope of Work template upon CPAU request but no more frequent than twice a year. The Project Scope of Work template shall include the following elements:

- 1.7.1 Customer contact information (name, address, email, phone number)
- 1.7.2 Program contact information (email, phone number)
- 1.7.3 Recommended Eligible Measures (measure, quantity, cost)
- 1.7.4 Incentives (CPAU and third-party rebates and incentives)
- 1.7.5 Financing options based on content provided by CPAU
- 1.7.6 Cost (total and net of potential incentives)
- 1.7.7 Proposed workplan and general timeline that will be executed if customer opts to receive services

*Task 1.7 Deliverable: Scope of Work Template*

## **1.8 Develop Program Participation Agreement**

Consultant will draft a Program Participation Agreement(s) subject to CPAU review and approval that includes terms and conditions of the program and grants the Consultant and its subcontractors permission to perform activities necessary to participate in the Program including site visits, building evaluations, equipment installation, and evaluation, measurement and verification (EM&V). The Program Participation Agreement will be developed in paper and

electronic formats. Consultant must ensure that the Participation Agreement is signed by homeowners upon enrollment.

*Task 1.8 Deliverable: Program Participation Agreement*

**1.9 Enroll in State or Local Programs**

Complementary regional, state, and federal electrification incentive programs (“third-party programs”) are anticipated to be available during the program term, including but not limited to TECH Clean CA, GoGreen Financing, and the Inflation Reduction Act (IRA) electrification rebates. Maximizing third-party program incentives is necessary to reduce project costs across the single-family service. Some third-party programs require enrollment as a qualified contractor to be eligible for incentives. As such:

1.9.1 Consultant and/or its Subcontractors shall enroll in third-party programs, as directed by CPAU, and provide CPAU with proof of enrollment within 30 day of availability.

1.9.2 If, after making commercially reasonable attempts to enroll Customers in CPAU-directed third-party programs, the Parties determine that proceeding in certain programs would be exceedingly burdensome for Consultant or the Customer, Consultant may provide written documentation of its findings sufficient to allow CPAU to determine whether Consultant shall continue attempting enrollment utilizing the “Additional Services” clause of Section 4 of the Agreement, or whether to abandon continued enrollment attempts at no additional cost.

1.9.3 If any third-party programs are terminated during the Term of this Agreement and before Customer payments are issued, Consultant shall inform CPAU within 30 business days, to allow CPAU to determine whether a substitute third-party program can be utilized.

1.9.4 During the program term, Consultant and/or its Subcontractors, where applicable, shall complete and submit applications for mutually agreed upon third-party programs for projects completed.

1.9.5 Consultant and/or its Subcontractors shall capture incentives from mutually agreed upon third-party programs and report on funds received and net CPAU costs on Monthly Expense Reports (defined in Section 2.2).

*Task 1.9 Deliverable: Proof of enrollment in other incentive programs as directed by CPAU.*

**1.10 Setup Customer Relationship Management (CRM) System & Data Exchange**

A customer relationship management (CRM) system is critical to manage the pipeline of projects in an easily searchable and reportable way and analyze program performance. Consultant shall:

1.10.1 Set up an electronic customer relationship management system (CRM) for the Program.

1.10.2 With CPAU review and approval, jointly define all the data elements to be captured. Data elements shall include but are not limited to the following:

1. Customer contact information (name, address, phone, email);
2. Customer enrollment in Turnkey, program and status for receiving services, including whether projects were declined by customer or infeasible with rationale;
3. Scheduled program activities, including date and time of site assessments, installations, inspections, as subcontractor supplied data allows etc.;
4. Customer Scope of Work and resulting job orders;

5. Photos or diagrams of site conditions prior to installation;
  6. Equipment and measures installation costs (quoted, actual);
  7. Completed customer forms and records, including Program Participation Agreement, building permits, and inspection reports;
  8. Customer payments collected as shown on contractor invoicing;
  9. Installed equipment and measures (quantity, model size);
  10. Third-party rebate and funding sources utilized (program name, incentive amount, measure); and
  11. Final permits for installed projects.
- 1.10.3 Transfer data to CPAU's CRM. With CPAU review and approval, jointly define data to be transferred and the method and frequency of the automated data transfer.
- 1.10.4 Ensure data systems meet industry-standard security and that data is encrypted, at rest and in transit.

*Task 1.10 Deliverable: Customer Relationship Management system and data exchange method*

## **2 Administrative Reporting Tasks**

### **2.1 Develop and Provide Program Progress Reports**

Consultant will provide monthly Program Progress Reports. Consultant will share the report findings at the biweekly check-in meeting with the CPAU contract administrator. Program Progress Reports will include at minimum: program performance towards goals and objectives, successes and challenges (e.g. technical problems, implementation barriers, or customer issues, if any), and next steps. On a regular schedule, but no less than quarterly, review SLEs and participant surveys collected by CPAU to provide written assessment regarding performance of the program, Consultant and subcontractors, work completed, and recommend to CPAU program improvements.

*Task 2.1 Deliverable: Program Progress Report*

### **2.2 Develop and Provide Monthly Expense Reports**

Consultant will develop a Monthly Expense Report Template for CPAU review and approval. After CPAU approval of the Monthly Expense Report Template, Consultant will provide Monthly Expense Reports including all associated invoices, including by subcontractors, by a mutually determined day of the month to receive payment for services provided for the previous month. The Expense Report Template will include but are not limited to the following:

- 2.2.1 Measures installed (quantity, description, model number, cost, date of installation, date of final permit);
- 2.2.2 Administration labor (task, subtask, hours, rate, total);
- 2.2.3 Project incentives from third-party rebate programs (program name, measure, total revenue);
- 2.2.4 Customer co-payments, collected by Subcontractors;
- 2.2.5 Total expenses for the reporting period;
- 2.2.6 Total program expenses; and
- 2.2.7 Remaining program budget.

*Task 2.2. Deliverables: Monthly Expense Report Template and Ongoing Monthly Expense Reports*

## **2.3 Develop Annual Program Report**

Consultant will develop an Annual Program Report consistent with CPAU-provided branding guidelines for public distribution within 3 months after completion of each 12-month period. Consultant will draft the Annual Program Report for CPAU review and approval prior to public distribution. The Annual Report will include but is not limited to the following:

- 2.3.1 Executive summary;
- 2.3.2 List of outcomes for each Program Objective;
- 2.3.3 List of any additional accomplishments;
- 2.3.4 Summary of projects completed and program interactions, for example; home characteristics, measures installed, project duration, funding sources, costs;
- 2.3.5 Summary of average/median project costs for each equipment type, and lessons learned broken down by measure type;
- 2.3.6 Evaluated conclusions drawn from the project including lessons learned and recommendations for future work; and
- 2.3.7 Financial summary comparing expenditures to the project budget.

*Task 2.3 Deliverables: Annual Program Report*

## **3 Marketing and Outreach**

### **3.1 Coordinate Marketing and Outreach Activities**

Consultant will:

- 3.1.1 Work closely with CPAU staff to ensure alignment with existing marketing and communications practices, including but not limited to branding guidelines and writing styles.
- 3.1.2 Participate in regular meetings (anticipated as quarterly) with CPAU's Communications Team to discuss marketing approach, program progress, and marketing needs.
- 3.1.3 As needed, propose additional materials needed for the program and co-develop webpages, flyers, enrollment forms, educational forms, and other program materials with CPAU's Communications Team.
- 3.1.4 Provide insights for an outreach strategy that targets homes that are most likely to benefit from the services based on electric and gas meter data, building characteristics, demographics and other criteria as mutually determined.

## **4. Turnkey Home Electrification Implementation**

### **4.1 Screen, Enroll, and Educate Customers**

Consultant will:

- 4.1.1 Intake customer leads via online interest form hosted on CPAU's website. Form will allow customer to specify preferred communication method (phone, text, email).
- 4.1.2 Screen customer leads based on Program Handbook (Task 1.4).
- 4.1.3 Respond to customers by their preferred communication channel within three (3) business days to enroll them in the program, which includes collecting eligibility verification documentation, if any, and scheduling a Home Assessment (Task 4.2).
- 4.1.4 Manage all customer communications. As needed, offer access to interpretation service for other priority languages (e.g., Chinese, Spanish).

4.1.5 Provide customer with educational materials on home electrification and on use and maintenance of equipment to be installed in customer's homes. If there is a desire for additional CPAU program materials the content will be shared by CPAU.

4.1.6 Follow up with customers to ensure that questions are answered.

## **4.2 Perform Home Assessment, Develop Customer Project Scope of Work, and Execute Program Participation Agreement**

After completing Task 4.1 with the customer, Consultant will:

4.2.1 Serve as the customer's principal point of contact for the Program, provide ongoing support, and resolve any customer issues.

4.2.2 Perform an in-person or virtual Home Assessment in eligible customer's homes and update the CRM (Task 1.10). If an electrification plan was previously produced for the customer by CPAU or a third-party, the electrification plan may be used as initial guidance for the Home Assessment but should be adapted as conditions and professional evaluation dictate.

4.2.3 Using data gathered from the Home Assessment, develop a proposed Project Scope of Work (consistent with the Technical Design Guidelines in Task 1.5). If within Program budget, whole home electrification scope is to be encouraged with the property owner. Property owner may decline elements but at least one major electrification measure (i.e., water heater or space heating and cooling) is required to receive Program services.

4.2.4 Deliver Project Scope of Work (utilizing the template from Task 1.7) to customer which includes pricing of services, and information on all relevant program supported rebates and financing options. Consultant will offer to review the Scope of Work to explain findings, address any questions, and begin planning any installations. All Cost-share Turnkey Customer Cost-share Payment amounts and Premium Equipment Upgrade compensation, if applicable, will be included and clearly disclosed in each customer's Project Scope of Work and Program Participation Agreement.

4.2.5 Provide the Program Participation Agreement (Task 1.8) to customer for their signature.

4.2.6 Follow up with customers who have not moved forward to encourage participation, at regular intervals following Program Handbook. Franklin Energy Advisors will conduct follow up by phone and send follow up emails with the email content provided by CPAU.

## **4.3 Install Measures and Provide Post-Installation Quality Control**

Upon receiving the customer's signed Program Participation Agreement, the Consultant will:

4.3.1 Oversee Subcontractors who shall apply for building permits on behalf of the customer.

4.3.2 Oversee installation and manage Subcontractors installing measures outlined in the customer's Project Scope of Work.

1. All equipment must be installed in accordance with all applicable federal, state, and local laws, building codes, manufacturer's specifications and permitting requirements.
2. If an electrical service capacity upgrade is required, the Subcontractor will coordinate with CPAU on service and panel upgrades.
3. Consultant will notify CPAU of any delays that may result in an installation start date later than 120 days from the customer's signed Program Participation Agreement.

4.3.3 Periodically, as mutually determined with CPAU, perform quality control procedures to evaluate subcontractors' performance and implement changes as mutually deemed appropriate.

1. Consultant shall perform site visits in 5% of homes that didn't have an inspection report and provide reports to CPAU on quarterly basis.
2. Additionally, CPAU may request site visits of up to 10 homes receiving services. Consultant shall participate in project site visits with the designated CPAU staff member(s) at a mutually determined date.

4.3.4 Within two business days of installation, educate customer in successfully operating and maintaining the new measure(s) installed.

4.3.5 Provide customer with equipment technical manuals, equipment warranty documentation, and installation warranty documentation that is supplied with the equipment via the manufacturer.

4.3.6 Respond to workmanship warranty calls as needed and use commercially reasonable efforts to assist customer in responding to product warranty issues, according to the warranty obtained by customer.

#### **4.4 Manage Program Funds, Third-Party Rebates, and Customer Payments**

After completing the customer's installation, the Consultant and/or its Subcontractors, as appropriate, will:

4.4.1 Collect customer cost-share Payments. Cost-share Turnkey projects are those that are paid in part by both the customer and CPAU. Customer cost-share payment contributions will be based on a fixed cost per Eligible Measure after applicable incentives are applied. The Subcontractor performing the work shall be responsible for collecting customer cost-share payments.

4.4.2 Submit application(s) for third-party program(s) the project is eligible for to reduce project costs. Where feasible, third-party program incentives shall be applied for by Consultant on behalf of the customer to reduce the cost of the customer's co-payment contribution.

4.4.3 Submit documentation to CPAU on third-party rebate and incentive sources such as amount captured per month and net CPAU cost after third-party rebates.

4.4.4 Pay Subcontractor invoices for equipment incentives provided by CPAU upon receiving CPAU payments.

4.4.5 Provide Monthly Expense Reports (Task 2.2) to receive payment for Program services.

#### **4.5 Provide Supporting Documentation for Completed Projects**

Proper record-keeping is critical for the success of the single-family service. As such, Consultant must timely and accurately make the following items available for each project in Consultant's CRM in order to receive payment for Services under this Agreement:

- 4.5.1 Customers' Scope of Work;
- 4.5.2 Photos, Permits, and Final Inspection Report;
- 4.5.3 Executed Program Participation Agreement;
- 4.5.4 Project Installation Data

### **5 New Program Measures, Technologies, and Methods**

A goal of the Program is to fully decarbonize homes in Palo Alto, while providing exceptional customer experience at the lowest installation cost. To that end, CPAU and Consultant may



propose new measures, technologies and methods for inclusion in the Program. Any new measures, technologies, or methods adopted which do not require changes to the Scope or additions to the project budget may be incorporated as Eligible Measures into the Program Handbook (Task 1.4) Technical Design Guidelines (Task 1.5), and Exhibit C-2, Eligible Measures Compensation with written approval by CPAU Program Manager. In the event that the addition of new measures requires additional scope and/or budget this shall be formalized in a mutually negotiated and executed amendment to this Agreement. Area of interest may include but are not limited to:

### **5.1 Energy Efficiency**

5.1.1 Develop with CPAU, criteria and program delivery methods for deploying low-cost energy efficiency measures such as: air sealing, targeted insulation, duct sealing, sink aerators, LED lights, etc.

### **5.2 EV Charging**

5.2.1 Develop methods to ensure homes are capable of accepting an EV charger with at least a 20-amp, 120-volt outlet on a dedicated circuit unless technically infeasible, such as lack of off-street parking.

### **5.3 120 Volt and/or Power Efficient Systems and Space + Water Heating Combo Systems**

5.3.1 Monitor results of assessments for 120-volt and/or power efficient water heater, space heating systems, and induction ranges.

5.3.2 Develop with CPAU criteria and program delivery methods for deploying these systems as lower cost alternatives to traditional 240-volt systems under conditions that satisfy resident comfort needs.

### **5.4 Panels and Service Capacity**

5.4.1 To keep costs down, CPAU seeks an approach that avoids service upgrades where possible. Identify or develop tool or process for National Electrical Code (NEC) 220.83 and/or 220.87 calculations which will assist with upgrading homes without requiring a service upgrade.

5.4.2 Develop criteria for a) service upgrades or b) panel replacements without service upgrades such as due to safety needs.

5.4.3 Work with CPAU to assess scenarios where smart panels, smart breakers, and circuit pausers may be useful and cost-effective.

### **5.5 Innovations**

5.5.1 Pilot technologies as mutually determined to meet program objectives including technologies mentioned above plus battery storage, and other technologies as mutually determined.

5.5.2 Incorporate innovations deemed successful into Technical Design Guidelines and standard practices as mutually determined.

## **Section II**

### **Overview of Turnkey Installation Program for Income-Qualified households (Optional)**

This scope of work is optional at the CITY's discretion. If CITY opts to proceed with this Scope, it will provide CONSULTANT with 90 days advanced written notice by email to allow for staffing and operational readiness. If directed by CITY, CONSULTANT will implement Direct Installation Program for Income-Qualified households to provide turnkey home electrification services.

## **1 Direct Install Implementation for Income-Qualified households**

### **1.1 Screen, Enroll, and Educate Customers**

Consultant will:

- 1.1.1 Intake customers leads via online interest form hosted on CPAU's website. Form will allow customer to specify preferred communication method (phone, text, email).
- 1.1.2 Screen customer leads based on Program Handbook (Section I, Task 1.4).
- 1.1.3 Respond to customers by their preferred communication channel within three (3) business days to enroll them in the program, which includes collecting eligibility verification documentation, such as income documentation, and scheduling a Home Assessment (Section I, Task 4.2).
- 1.1.4 Manage all customer communications. As needed, offer access to interpretation service for other priority languages (e.g., Chinese, Spanish).
- 1.1.5 Provide customer with educational materials on home electrification and on use and maintenance of equipment to be installed in customer's homes.
- 1.1.6 Where appropriate, refer customers to other non-CPAU electrification programs, such as energy efficiency and home repair programs that customers may qualify for.

### **1.2 Perform Home Assessment, Develop Customer Project Scope of Work, and Execute Program Participation Agreement**

After completing Section II Task 1.1 with the customer, Consultant will:

- 1.2.1 Serve as the enrolled customer's principal point of contact for the Program, provide ongoing support, and resolve any customer issues.
- 1.2.2 Perform an in-person or virtual Home Assessment in eligible customer's homes and update CRM (Section I, Task 1.10). If an electrification plan was previously produced for the customer by CPAU or a third-party, the electrification plan may be used as initial guidance for the Home Assessment but should be adapted as conditions and professional evaluation dictate.
- 1.2.3 Using data gathered from the Home Assessment, develop a proposed Project Scope of Work that is consistent with the Technical Design Guidelines (Section I, Task 1.5). If within Program budget, whole home electrification scope is to be encouraged with the property owner. Property owner may decline measures, but at least one major electrification measure (i.e., water heater or space heating and cooling) is required to receive services.
- 1.2.4 Deliver Project Scope of Work to customer. Consultant will offer to review the Scope of Work with customer to explain findings, address any questions, and begin planning any installations.
- 1.2.5 Provide the Program Participation Agreement (Section I, Task 1.8) to customer for their signature.

### **1.3 Install Measures and Provide Post-Installation Quality Control**

Upon receiving the customer's signed Program Participation Agreement, the Consultant will:

- 1.3.1 Oversee Subcontractors who shall apply for building permits on behalf of the customer.
- 1.3.2 Oversee installation and manage Subcontractors installing measures outlined in the customer's Project Scope of Work (Section I, Task 1.7)
  1. All equipment must be installed in accordance with all applicable federal, state, and local laws, building codes, manufacturer's specifications and permitting requirements.
  2. Consultant will notify CPAU of any delays which may result in an installation start date later than 120 days from the customer's signed Program Participation Agreement.
- 1.3.3 Periodically, as mutually determined with CPAU, perform quality control procedures to evaluate Subcontractors' performance and implement changes as mutually deemed appropriate.
  - 1.. Consultant shall perform site visits in 5% of homes that didn't have an inspection report and provide reports to CPAU on quarterly basis.
  2. Additionally, CPAU may request, upon five (5) days written notice site visits of up to 10 homes receiving services. Consultant shall participate in project site visits with the designated CPAU staff member(s) at a mutually determined date.
- 1.3.4 Within two business days of installation, educate customer in successfully operating and maintaining the new measure(s) installed.
- 1.3.5 Provide customer with equipment technical manuals, equipment warranty documentation, installation warranty documentation that are supplied with the equipment by the manufacturer. CPAU may pay for customer's extended warranty terms on select measures, as defined and priced in Exhibit C.
- 1.3.6 Respond to workmanship warranty calls as needed and assist customer in responding to product warranty issues, according to the warranty obtained by customer. Address all workmanship and product replacement warranty issues to reasonable customer satisfaction.

### **1.4 Manage Program Funds and Third-Party Rebates**

After completing the customer's installation, Consultant will:

- 1.4.1 Submit application(s) for third-party program(s) the project is eligible for to reduce project costs. Consultant and/or its Subcontractors shall enroll in third-party programs as directed by CPAU and provide CPAU with proof of enrollment, within 30 days of such proof becoming available.
- 1.4.2 If, after making commercially reasonable attempts to enroll Customers in CPAU-directed third-party programs, the Parties determine that proceeding in certain programs would be exceedingly burdensome for Consultant or the Customer, Consultant may provide written documentation of its findings sufficient to allow CPAU to determine whether Consultant shall continue attempting enrollment utilizing the "Additional Services" clause of Section 4 of the Agreement, or whether to abandon continued enrollment attempts at no additional cost.
- 1.4.3 If any third-party programs are terminated during the Term of this Agreement and before Customer payments are issued, Consultant shall inform CPAU within 30 business days, to allow CPAU to determine whether a substitute third-party program can be utilized.

1.4.4 Pay invoices for equipment, labor, and Subcontractor services.

1.4.5 Provide Monthly Expense Reports (Section I, Task 2.2) to receive payment for Program services.

### **1.5 Provide Supporting Documentation for Completed Projects**

Proper record-keeping is critical for the success of the single-family service. As such, Consultant must timely and accurately make the following items available for each project in Consultant's CRM in order to receive payment for Services under this Agreement:

1.5.1 Customers' Scope of Work.

1.5.2 Photos, Permits, and Final Inspection Report.

1.5.3 Executed Program Participation Agreement.

1.5.4 Project Installation Data

EXHIBIT A-1  
PROFESSIONAL SERVICES TASK ORDER

CONSULTANT shall perform the Services detailed below in accordance with all the terms and conditions of the Agreement referenced in Item 1A below. All exhibits referenced in Item 8 are incorporated into this Task Order by this reference. CONSULTANT shall furnish the necessary facilities, professional, technical and supporting personnel required by this Task Order as described below.

CONTRACT NO.  
OR PURCHASE ORDER REQUISITION NO. (AS APPLICABLE)

1A. MASTER AGREEMENT NO. (MAY BE SAME AS CONTRACT / P.O. NO. ABOVE):  
1B. TASK ORDER NO.:  
2. CONSULTANT NAME:  
3. PERIOD OF PERFORMANCE: START: COMPLETION:  
4. TOTAL TASK ORDER PRICE: \$  
BALANCE REMAINING IN MASTER AGREEMENT/CONTRACT \$  
5. BUDGET CODE  
COST CENTER  
COST ELEMENT  
WBS/CIP  
PHASE  
6. CITY PROJECT MANAGER’S NAME & DEPARTMENT:  
7. DESCRIPTION OF SCOPE OF SERVICES (Attachment A)  
MUST INCLUDE:  
▪ SERVICES AND DELIVERABLES TO BE PROVIDED  
▪ SCHEDULE OF PERFORMANCE  
▪ MAXIMUM COMPENSATION AMOUNT AND RATE SCHEDULE (as applicable)  
▪ REIMBURSABLE EXPENSES, if any (with “not to exceed” amount)  
8. ATTACHMENTS: A: Task Order Scope of Services B (if any):

<p>I hereby authorize the performance of the work described in this Task Order.</p> <p>APPROVED: CITY OF PALO ALTO</p> <p>BY: Name Title Date</p>	<p>I hereby acknowledge receipt and acceptance of this Task Order and warrant that I have authority to sign on behalf of Consultant.</p> <p>APPROVED: COMPANY NAME:</p> <p>BY: Name Title Date</p>
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## EXHIBIT B

### SCHEDULE OF PERFORMANCE

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

<b>Milestones</b>	<b>Completion Number of Days/Weeks (as specified below) from NTP</b>
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Section I: Turnkey Home Electrification	
Task 1: Program Design and Set Up	90 days
Task 1.1 Kickoff and Check-in Meetings	5 days
Task 1.2 Provide Compliance Documentation	90 days
Task 1.3 Finalize Program Design and Strategy	90 days
Task 1.4 Develop Program Handbook	90 days
Task 1.5 Develop and Maintain Technical Design Guidelines	90 days
Task 1.6 Develop Home Assessment Template	90 days
Task 1.7 Develop Project Scope of Work Template	90 days
Task 1.8 Develop Program Participation Agreement	90 days
Task 1.9 Enroll in State or Local Programs	90 days
Task 1.10 Setup Customer Relationship Management (CRM) System & Data Exchange	90 days
Task 2 Administrative Reporting Tasks	Ongoing
Task 2.1 Develop and Provide Program Process Reports	Monthly by 5 <sup>th</sup> of the Month
Task 2.2 Develop and Provide Monthly Expense Reports	Monthly by 5 <sup>th</sup> of the Month
Task 2.3 Develop and Provide Annual Program Report	Annually by January 31st
Task 3 Marketing and Outreach	Ongoing
Task 3.1 Coordinate Marketing and Outreach Activities	Ongoing
Task 4. Turnkey Home Electrification Implementation (all subtasks)	90 days
Task 5 New Program Measures, Technologies, and Methods (all subtasks)	Ongoing/as needed

Section II Turnkey Installation Program for Income-Qualified households	
Task II.1 Direct Install Implementation for Income-Qualified households (all subtasks)	90 days from advanced written notice to enact this section.

☒ Optional Schedule of Performance Provision for On-Call or Additional Services Agreements.  
(This provision only applies if checked and only applies to on-call agreements per Section 1 or agreements with Additional Services per Section 4.)

The schedule of performance shall be as provided in the approved Task Order, as detailed in Section 1 (Scope of Services) in the case of on-call Services, or as detailed in Section 4 in the case of Additional Services, provided in all cases that the schedule of performance shall fall within the term as provided in Section 2 (Term) of this Agreement.

## **EXHIBIT C COMPENSATION**

CITY agrees to compensate CONSULTANT for Services performed in accordance with the terms and conditions of this Agreement, and as set forth in the budget schedule below. Compensation shall be calculated based on the rate schedule attached as Exhibit C-1 up to the not to exceed budget amount for each task set forth below, as well as Exhibit C-2 “Eligible Measure Compensation”.

CITY’s Project Manager may approve in writing the transfer of budget amounts between any of the tasks or categories listed below, provided that the total compensation for the Services, including any specified reimbursable expenses, and the total compensation for Additional Services (if any, per Section 4 of the Agreement) do not exceed the amounts set forth in Section 4 of this Agreement.

CONSULTANT agrees to complete all Services, any specified reimbursable expenses, and Additional Services (if any, per Section 4), within this/these amount(s). Any work performed or expenses incurred for which payment would result in a total exceeding the maximum amount of compensation set forth in this Agreement shall be at no cost to the CITY.

Consultant understands that Consultant’s receipt of compensation under this Agreement will depend on the number of customers who opt to participate in the Program by executing Program Participation Agreements, and Consultant’s satisfactory completion of invoicing activities as described in Exhibit A. CITY makes no guarantee, express or implied, regarding the number of customers who will participate in programs covered by this Agreement.

Exhibit C – Compensation illustrates not-to-exceed (NTE) amounts for each budget category and invoicing and payment terms.

Consultant is responsible for tracking expenditures and ensuring that neither the not-to-exceed amounts per budget category, nor the total not-to-exceed total compensation of this Agreement are exceeded. CITY may approve in writing the transfer of funds between budget categories listed in Exhibit C - provided that the total compensation for Work does not exceed Seven Million Fifty-Four Thousand Eight Hundred Sixty-Three Dollars (\$7,054,863.00) for the Term of the Agreement, as set forth in Section 4 of this Agreement. Consultant agrees to complete all Work within the assigned budget amounts as set forth in Section 4.

CITY will compensate Consultant based on the hourly rates as set forth in Exhibit C-1 and Exhibit C-2 “Eligible Measure Compensation” up to the NTE amounts listed in Exhibit C. CITY will compensate Consultant the fixed price (the Cost per Unit) per Eligible Measure installed by Consultant and approved by CITY, up to the NTE amounts listed in Exhibit C. Exhibit C-2 includes the following compensation to Consultant:

- The "Compensation for Eligible Measure" set forth in Exhibit C-2 includes all of Consultant’s costs to perform installation of Eligible Measures including, without limitation, Consultant’s base equipment costs, material costs, labor costs, a standard one (1) year warranty on parts and labor, and all manufacturer warranties transferred to the customer. No additional fees or charges will be required of CITY or its customers for Consultant to install the Eligible Measures listed in this Agreement.



- The “Potential Compensation for Premium Equipment Upgrade” in Exhibit C-2 describes compensation that Cost-Share Turnkey Customers may pay Consultant for equipment choices (e.g. color, brand, etc.) beyond the base equipment provided with Eligible Measures if they elect to purchase this option.

#### Cost-share Turnkey Customer Cost Allocation

Cost-share Turnkey customers will pay Consultant a “Cost-share Payment”, which is based on the fixed Compensation per Eligible Measure listed in Exhibit C-2 after applicable incentives are applied. Cost-share Turnkey customers will pay Consultant the Premium Equipment Upgrade for Eligible Measures listed in Exhibit C-2 if they elect to purchase these.

CITY bears no responsibility for any of Consultant’s cost and/or compensation to Consultant associated with Customer Cost-share Payments or Premium Equipment Upgrade for any Cost-share Turnkey customers. All such compensation will remain the sole responsibility of Cost-share Turnkey customers who may elect to participate in the Program.

#### Updates to Exhibit C-2 Eligible Measures Compensation

Annually, Consultant will provide CITY proposed compensation for Eligible Measures listed in Exhibit C-2 for the subsequent year, including the percent change in compensation for each Eligible Measures from the previous year, if any. In the event that the proposed compensation adjustment exceeds the Eligible Measure Compensation by more than 5% from the previous year, Consultant shall provide a detailed breakdown of costs including all relevant supporting documentation such as prevailing wage labor costs and material costs. Upon receipt of this documentation, CITY shall review the provided information within ten (10) business days. CITY may, at its discretion, approve or deny the proposed Eligible Measure Compensation exceeding 5% from the previous year. If CITY approves the higher cost, Consultant shall incorporate the updates into Exhibit C-2. If CITY denies the higher cost, the existing Eligible Measure Compensation will remain in effect.

CITY and Consultant may propose new Eligible Measures throughout the Term of this Agreement. New Eligible Measures and their compensation shall be incorporated into the Program Handbook (Task 1.4), Technical Design Guidelines (Task 1.5), and Exhibit C-2. In the event that the addition of new Eligible Measures requires additional scope or budget, this shall be formalized in a mutually negotiated and executed amendment to this Agreement.

**BUDGET SCHEDULE****NOT TO EXCEED AMOUNT**

	Year 1	Year 2	Year 3
Task 1 - Start-up	\$ 211,075.00		
Task 2 - Administrative Reporting	\$ 32,826.00	\$ 32,826.00	\$ 32,826.00
Task 3 - Marketing and Outreach	\$ 14,825.00	\$ 14,825.00	\$ 14,825.00
Task 4 – Turnkey Home Electrification Implementation	\$ 441,793.00	\$ 441,793.00	\$ 441,793.00
Option II Task 1 - Income Qualified	\$ 77,060.00	\$ 77,060.00	\$ 77,060.00
Income Qualified Project Costs	\$ 420,975.00	\$ 420,975.00	\$ 420,975.00
Market Rate Project Costs (Rebates)	\$ 1,080,000.00	\$ 1,080,000.00	\$ 1,080,000.00
<b>Total for Services and Reimbursable Expenses</b>	<b>\$2,278,554.00</b>	<b>\$2,067,479.00</b>	<b>\$2,067,479.00</b>

Additional Services (if any, per Section 4)	\$ 227,855.00	\$ 206,748.00	\$ 206,748.00
<b>Total per year Services and Additional Services</b>	<b>\$2,506,409.40</b>	<b>\$2,274,226.90</b>	<b>\$2,274,226.90</b>
<b>Maximum Total Compensation</b>			<b>\$7,054,863.00</b>

**REIMBURSABLE EXPENSES**

CONSULTANT'S ordinary business expenses, such as administrative, overhead, administrative support time/overtime, information systems, software and hardware, photocopying, telecommunications (telephone, internet), in-house printing, insurance and other ordinary business expenses, are included within the scope of payment for Services and are not reimbursable expenses hereunder.

Reimbursable expenses, if any are specified as reimbursable under this section, will be reimbursed at actual cost. The expenses (by type, e.g. travel) for which CONSULTANT will be reimbursed are: **NONE** up to the not-to-exceed amount of: **\$0.00**.

## EXHIBIT C-1 SCHEDULE OF RATES

CONSULTANT's schedule of rates is as follows:

<b>Position Titles</b>	<b>2025 Rate</b>	<b>2026 Rate</b>	<b>2027 Rate</b>
Regional Director	\$201.50	\$207.50	\$213.75
Product Manager	\$178.25	\$183.50	\$189.00
Program Manager	\$167.00	\$172.00	\$177.25
Operations Project Manager	\$178.25	\$183.50	\$189.00
Project Manager	\$164.50	\$169.50	\$174.50
Senior Software Engineer	\$148.50	\$153.00	\$157.50
Data Analyst	\$138.00	\$142.25	\$146.50
Database Specialist	\$127.25	\$131.00	\$135.00
Marketing Manager	\$127.25	\$131.00	\$135.00
Marketing Specialist	\$100.25	\$103.25	\$106.25
Engineer I	\$113.00	\$116.50	\$120.00
Engineer II	\$133.75	\$137.75	\$142.00
Principal Engineer	\$169.75	\$174.75	\$180.00
Energy Advisor I	\$100.25	\$103.25	\$106.25
Energy Advisor II	\$111.50	\$114.75	\$118.25
Energy Advisor III	\$127.25	\$131.00	\$135.00
Customer Care Manager	\$122.00	\$125.75	\$129.50
Central Ops Supervisor	\$105.00	\$108.25	\$111.50
CSR II	\$89.00	\$91.75	\$94.50
Project Coordinator	\$87.00	\$89.50	\$92.25
Franklin Home Assessment	\$269.00	\$269.00	\$269.00

**EXHIBIT C-2**  
**ELIGIBLE MEASURES COMPENSATION**

<b>Eligible Measure</b>	<b>Compensation for Installed Measure</b>	<b>Unit of Measure</b>	<b>Potential Compensation for Premium Equipment Upgrade<sup>1</sup></b>
<b>Base Electrification Measures</b>			
Heat pump water heater (80 gallon, 240V)	\$7,050.00	Per Unit	N/A
Heat pump water heater (65 gallon, 240V)	\$6,350.00	Per Unit	N/A
Heat pump water heater (50 gallon, 240V)	\$5,850.00	Per Unit	N/A
Heat pump water heater (80 gallon, 120V)	\$7,050.00	Per Unit	N/A
Heat pump water heater (65 gallon, 120V)	\$6,350.00	Per Unit	N/A
Emergency loaner cost	\$400.00	Per Unit	N/A
Heat pump HVAC, (ducted, inverter-driven) 2 Ton	\$10,900.00	Per Unit	\$2,000.00
Heat pump HVAC, (ducted, inverter-driven) 3 Ton	\$12,300.00	Per Unit	\$2,250.00
Heat pump HVAC, (ducted, inverter-driven) 4 Ton	\$14,200.00	Per Unit	\$2,500.00
Heat pump HVAC, (ducted, inverter-driven) 5 Ton	\$17,300.00	Per Unit	\$2,750.00
Heat pump mini-split system (Ductless, inverter-driven,) one zone	\$5,750.00	Per Unit	\$2,000.00
Heat pump mini-split system (Ductless, inverter-driven,) two zone	\$9,800.00	Per Unit	\$2,250.00
Heat pump mini-split system (Ductless, inverter-driven,) three zone	\$13,400.00	Per Unit	\$2,500.00
Heat pump mini-split system (Ductless, inverter-driven,) four zone	\$18,435.00	Per Unit	\$2,750.00
Electric induction range	\$2,450.00	Per Unit	\$1,000.00
Electric induction cooktop	\$3,050.00	Per Unit	\$1,000.00
High efficiency electric clothes dryer	\$2,000.00	Per Unit	\$1,000.00
Condensing combo washer-dryer	\$1,000.00	Per Unit	\$1,000.00
<b>Electrical Services Measures</b>			
Electric panel replacement Minor	\$4,850.00	Per Unit	N/A
Electric panel replacement Moderate	\$6,850.00	Per Unit	N/A
Electric panel replacement Major	\$9,450.00	Per Unit	N/A
Service upgrade	\$800.00	Per Unit	N/A
Sub-panel replacement / installation	\$1,600.00	Per Unit	N/A
Electrical Repair Minor	\$800.00	Per Unit	N/A
Electrical Repair Moderate	\$1,600.00	Per Unit	N/A
Electrical Repair Major	\$2,400.00	Per Unit	N/A
Add 230 Volt Circuit (Homerun) Minor	\$1,200.00	Per Unit	N/A
Add 230 Volt Circuit (Homerun) Moderate	\$1,600.00	Per Unit	N/A
Add 230 Volt Circuit (Homerun) Major	\$2,000.00	Per Unit	N/A
Add 120 Volt Circuit (Homerun) Minor	\$800.00	Per Unit	N/A
Add 120 Volt Circuit (Homerun) Moderate	\$1,200.00	Per Unit	N/A
Add 120 Volt Circuit (Homerun) Major	\$1,600.00	Per Unit	N/A
Rare Breaker Adder Minor	\$50.00	Per Unit	N/A
Rare Breaker Adder Moderate	\$75.00	Per Unit	N/A
Rare Breaker Adder Major	\$100.00	Per Unit	N/A
Circuit sharing device minor	\$500	Per Unit	N/A
Circuit Sharing device moderate	\$1250	Per Unit	N/A
Circuit throttling/pausing device minor	\$500	Per Unit	N/A

Circuit throttling/pausing device major	\$3,000	Per Unit	N/A
Smart panel	\$9,050.00	Per Unit	N/A
Tandem breaker	\$200.00	Per Unit	N/A
LED Recessed Lighting Retrofit	\$40	Per Unit	N/A
LED Threaded Base Retrofit	\$30	Per Unit	N/A
LED Pin Base Retrofit	\$35	Per Unit	N/A
LED 4' Tube Retrofit	\$40	Per Unit	N/A
LED 8' Tube Retrofit	\$50	Per Unit	N/A
<b>Efficiency Measures</b>			
Attic Insulation Final R 38-44	\$2.50	Per Sq Ft	N/A
Subfloor or Platform Duct Sealing & Return Sizing Corrections	\$1,500.00	Per Home	N/A
Deeply Buried Ducts	\$3.60	Per Sq Ft	N/A
High Performance Installation Verification (HPIV)	\$900.00	Per System	N/A
HPIV Additional System	\$300.00	Per System	N/A
<b>Health and Safety Measures</b>			
CO Detector 10 year	\$50.00	Per Home	N/A
Smoke Detector Minor	\$50.00	Per Home	N/A
Smoke Detector Hardwire Minor	\$150.00	Per Home	N/A
Smoke Detector Hardwire Moderate	\$250.00	Per Home	N/A
Smoke Detector Hardwire Major	\$400.00	Per Home	N/A
ERV Minor	\$2,000.00	Per Home	N/A
ERV Moderate	\$2,850.00	Per Home	N/A
ERV Major	\$3,600.00	Per Home	N/A
Add 2" Filter HVAC Minor	\$40.00	Per Home	N/A
Add 2" Filter HVAC Moderate	\$80.00	Per Home	N/A
Add 2" Filter HVAC Major	\$120.00	Per Home	N/A
Add 2" Filter BOX Minor	\$300.00	Per Home	N/A
Add 2" Filter BOX Moderate	\$500.00	Per Home	N/A
Add 2" Filter BOX Major	\$750.00	Per Home	N/A
Fix Water Leak (exterior cladding) Minor	\$600.00	Per Home	N/A
Fix Water Leak (exterior cladding) Moderate	\$1,000.00	Per Home	N/A
Fix Water Leak (exterior cladding) Major	\$1,500.00	Per Home	N/A
Fix Water Leak (interior plumbing) Minor	\$250.00	Per Home	N/A
Fix Water Leak (interior plumbing) Moderate	\$600.00	Per Home	N/A
Fix Water Leak (interior plumbing) Major	\$1,000.00	Per Home	N/A
Fix Drainage Gutters & Downspouts Minor	\$500.00	Per Home	N/A
Fix Drainage Gutters & Downspouts Moderate	\$1,000.00	Per Home	N/A
Fix Drainage Gutters & Downspouts Major	\$1,500.00	Per Home	N/A
Pest Infestation Remediation Minor	\$500.00	Per Home	N/A
Pest Infestation Remediation Moderate	\$1,500.00	Per Home	N/A
Pest Infestation Remediation Major	\$3,000.00	Per Home	N/A
Asbestos Abatement Minor	\$4,000.00	Per Home	N/A
Asbestos Abatement Moderate	\$8,000.00	Per Home	N/A
Asbestos Abatement Major	\$12,000.00	Per Home	N/A
Mold Remediation Minor	\$500.00	Per Home	N/A
Mold Remediation Moderate	\$1,500.00	Per Home	N/A
Mold Remediation Major	\$3,000.00	Per Home	N/A
Remove Knob and Tube wiring	\$350	Per Junction	N/A
Debris Removal Minor	\$400.00	Per Home	N/A
Debris Removal Moderate	\$800.00	Per Home	N/A
Debris Removal Major	\$1,500.00	Per Home	N/A
Moving Personal Items Minor	\$400.00	Per Home	N/A
Moving Personal Items Moderate	\$800.00	Per Home	N/A

Moving Person Items Major	\$1,200.00	Per Home	N/A
<b>Structural Remediation Measures</b>			
Roofing Repair Minor	\$800.00	Per Home	N/A
Roofing Repair Moderate	\$2,000.00	Per Home	N/A
Roofing Repair Major	\$4,000.00	Per Home	N/A
Exterior Door Replacement Minor	\$1,500.00	Per Home	N/A
Exterior Door Replacement Moderate	\$2,500.00	Per Home	N/A
Exterior Door Replacement Major	\$3,000.00	Per Home	N/A
Whole Home Air Sealing Minor	\$750	Per Home	N/A
Whole Home Air Sealing Moderate	\$2,000	Per Home	N/A
Whole Home Air Sealing Major	\$4,000	Per Home	N/A
Whole House Weather Stripping Minor	\$500.00	Per Home	N/A
Whole House Weather Stripping Moderate	\$750.00	Per Home	N/A
Whole House Weather Stripping Major	\$1,000.00	Per Home	N/A
Window Replacement Minor	\$1,250.00	Per Home	N/A
Window Replacement Moderate	\$1,600.00	Per Home	N/A
Window Replacement Major	\$2,000.00	Per Home	N/A
Drywall Repair Minor	\$400.00	Per Home	N/A
Drywall Repair Moderate	\$800.00	Per Home	N/A
Drywall Repair Major	\$1,200.00	Per Home	N/A
Plaster Repair Minor	\$600.00	Per Home	N/A
Plaster Repair Moderate	\$1,200.00	Per Home	N/A
Plaster Repair Major	\$1,800.00	Per Home	N/A
<b>Air Quality Remediation Measures</b>			
Media Filter Upgrade Minor	\$150.00	Per Home	N/A
Media Filter Upgrade Moderate	\$200.00	Per Home	N/A
Media Filter Upgrade Major	\$300.00	Per Home	N/A
Kitchen Vent Hood Replace Minor	\$200.00	Per Home	N/A
Kitchen Vent Hood Replace Moderate	\$300.00	Per Home	N/A
Kitchen Vent Hood Replace Major	\$400.00	Per Home	N/A
Kitchen Vent Hood New Minor	\$600.00	Per Home	N/A
Kitchen Vent Hood New Moderate	\$800.00	Per Home	N/A
Kitchen Vent Hood New Major	\$1,000.00	Per Home	N/A
Bathroom Fan Replacement Minor	\$400.00	Per Home	N/A
Bathroom Fan Replacement Moderate	\$600.00	Per Home	N/A
Bathroom Fan Replacement Major	\$800.00	Per Home	N/A
Bathroom Fan New / Nonexisting Minor	\$700.00	Per Home	N/A
Bathroom Fan New / Nonexisting Moderate	\$900.00	Per Home	N/A
Bathroom Fan New / Nonexisting Major	\$1,100.00	Per Home	N/A
Exterior Vent Installation Minor	\$700.00	Per Home	N/A
Exterior Vent Installation Moderate	\$900.00	Per Home	N/A
Exterior Vent Installation Major	\$1,100.00	Per Home	N/A
<b>HVAC Optimization Measures</b>			
Ductwork Repair Minor	\$300.00	Per Home	N/A
Ductwork Repair Moderate	\$600.00	Per Home	N/A
Ductwork Repair Major	\$900.00	Per Home	N/A
Ductwork Replacement	\$500.00	Per Home	N/A
Smart Thermostat Minor	\$105	Per Home	N/A
Smart Thermostat Moderate	\$225	Per Home	N/A
Smart Thermostat Major	\$342	Per Home	N/A
New / Replacement Line Set Minor	\$400.00	Per Home	N/A
New / Replacement Line Set Moderate	\$650.00	Per Home	N/A
New / Replacement Line Set Major	\$900.00	Per Home	N/A
Sheet Metal Fabrication Minor	\$400.00	Per Home	N/A
Sheet Metal Fabrication Moderate	\$650.00	Per Home	N/A

Sheet Metal Fabrication Major	\$900.00	Per Home	N/A
Low Resistance Register Grilles Minor	\$400.00	Per Home	N/A
Low Resistance Register Grilles Moderate	\$650.00	Per Home	N/A
Low Resistance Register Grilles Major	\$900.00	Per Home	N/A
New Register Cut In (per each)	\$275.00	Per Home	N/A
Attic Infrastructure (bringing up to code) Minor	\$900.00	Per Home	N/A
Attic Infrastructure (bringing up to code) Moderate	\$1,600.00	Per Home	N/A
Attic Infrastructure (bringing up to code) Major	\$2,800.00	Per Home	N/A
Attic Hatch Retrofit Minor	\$450.00	Per Home	N/A
Attic Hatch Retrofit Moderate	\$600.00	Per Home	N/A
Attic Hatch Retrofit Major	\$750.00	Per Home	N/A
<b>Heat Pump Water Heater Optimization Measures</b>			
Water Heater Duct In Minor	\$600.00	Per Home	N/A
Water Heater Duct In Moderate	\$750.00	Per Home	N/A
Water Heater Duct In Major	\$900.00	Per Home	N/A
Water Heater Enclosure Minor	\$400.00	Per Home	N/A
Water Heater Enclosure Moderate	\$500.00	Per Home	N/A
Water Heater Enclosure Major	\$600.00	Per Home	N/A
Water Heater Relocation Minor	\$900.00	Per Home	N/A
Water Heater Relocation Moderate	\$1,600.00	Per Home	N/A
Water Heater Relocation Major	\$2,800.00	Per Home	N/A
1st Unit	\$750.00	Per Home	N/A
Additional Unit(s)	\$300.00	Per Home	N/A
2-hour Virtual	\$247.000	Per Home	N/A
4-hour On-Site	\$494.00	Per Home	N/A
8-hour On-Site	\$988.00	Per Home	N/A

<sup>1</sup> Compensation to Consultant for Premium Equipment Upgrade is not guaranteed because it is solely dependent on participating customer's voluntary decision on whether to purchase the premium upgrade.

**EXHIBIT D**  
**INSURANCE REQUIREMENTS**

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

AWARD IS CONTINGENT ON COMPLIANCE WITH CITY'S INSURANCE REQUIREMENTS AS SPECIFIED HEREIN.

REQUIRED	TYPE OF COVERAGE	REQUIREMENT	MINIMUM LIMITS	
			EACH OCCURRENCE	AGGREGATE
YES YES	WORKER'S COMPENSATION EMPLOYER'S LIABILITY	STATUTORY PER ACCIDENT, PER POLICY, PER EMPLOYEE	\$1,000,000	\$1,000,000
YES	GENERAL LIABILITY, INCLUDING PERSONAL INJURY, BROAD FORM PROPERTY DAMAGE BLANKET CONTRACTUAL, AND FIRE LEGAL LIABILITY	BODILY INJURY  PROPERTY DAMAGE  BODILY INJURY & PROPERTY DAMAGE COMBINED.	\$1,000,000  \$1,000,000  \$1,000,000	\$2,000,000  \$2,000,000  \$2,000,000
YES	AUTOMOBILE LIABILITY, INCLUDING ALL OWNED, HIRED, NON-OWNED	BODILY INJURY - EACH PERSON - EACH OCCURRENCE  PROPERTY DAMAGE  BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000 \$1,000,000 \$1,000,000  \$1,000,000  \$1,000,000	\$1,000,000 \$1,000,000 \$1,000,000  \$1,000,000  \$1,000,000
YES	PROFESSIONAL LIABILITY, INCLUDING, ERRORS AND OMISSIONS, MALPRACTICE (WHEN APPLICABLE), AND NEGLIGENT PERFORMANCE	ALL DAMAGES	\$1,000,000	\$2,000,000
YES: CONSULTANT  NO: SUB- CONTRACTOR	CYBER AND PRIVACY INSURANCE. SUCH INSURANCE SHALL INCLUDE COVERAGE FOR LIABILITY ARISING FROM COVERAGE IN AN AMOUNT SUFFICIENT TO COVER THE FULL REPLACEMENT VALUE OF DAMAGE TO, ALTERATION OF, LOSS OF, THEFT, DISSEMINATION OR DESTRUCTION OF ELECTRONIC DATA AND/OR USE OF CONFIDENTIAL INFORMATION, "PROPERTY" OF THE CITY OF PALO ALTO THAT WILL BE IN THE CARE, CUSTODY, OR CONTROL OF VENDOR, INFORMATION INCLUDING BUT NOT LIMITED TO, BANK AND CREDIT CARD ACCOUNT INFORMATION OR PERSONAL INFORMATION, SUCH AS NAME, ADDRESS, SOCIAL SECURITY NUMBERS, PROTECTED HEALTH INFORMATION OR OTHER PERSONAL IDENTIFICATION INFORMATION, STORED OR TRANSMITTED IN ELECTRONIC FORM.	ALL DAMAGES	\$1,000,000	\$2,000,000
FOR AUTHORIZED SUBCONTRACTORS, PER SECTION 12, OPTION B, THE CITY OF PALO ALTO REQUIRES THE FOLLOWING ADDITIONAL COVERAGES:				



YES	POLLUTION LIABILITY, INCLUDING SUDDEN AND ACCIDENTAL; AND MOLD (WHEN APPLICABLE)	BODILY INJURY AND PROPERTY DAMAGE, COMBINED	\$1,000,000	\$2,000,000
YES	CONTRACTORS EQUIPMENT- INSTALLATION FLOATER, INCLUDING OWNED, LEASED OR BORROWED EQUIPMENT AND TOOLS	PER ITEM PER POLICY	\$10,000 \$100,000	
YES	<b>THE CITY OF PALO ALTO IS TO BE NAMED AS AN ADDITIONAL INSURED:</b> CONSULTANT, AT ITS SOLE COST AND EXPENSE, SHALL OBTAIN AND MAINTAIN, IN FULL FORCE AND EFFECT THROUGHOUT THE ENTIRE TERM OF ANY RESULTANT AGREEMENT, THE INSURANCE COVERAGE HEREIN DESCRIBED, INSURING NOT ONLY CONSULTANT AND ITS SUBCONSULTANTS, IF ANY, BUT ALSO, WITH THE EXCEPTION OF WORKERS' COMPENSATION, EMPLOYER'S LIABILITY AND PROFESSIONAL INSURANCE, <b>NAMING AS ADDITIONAL INSUREDS CITY, ITS COUNCIL MEMBERS, OFFICERS, AGENTS, AND EMPLOYEES.</b>			

I. INSURANCE COVERAGE MUST INCLUDE:

- A. A CONTRACTUAL LIABILITY ENDORSEMENT PROVIDING INSURANCE COVERAGE FOR CONSULTANT'S AGREEMENT TO INDEMNIFY CITY.
- B. PRODUCTS-COMPLETED OPERATIONS LIABILITY COVERAGE

WITH RESPECT TO CLAIMS ARISING OUT OF THE PRODUCTS INSTALLED, SET UP OR ASSEMBLED TO THE CITY OF PALO ALTO OR THE RESIDENTS OF PALO ALTO, AND THE COMPLETED OPERATIONS OF THE NAMED INSURED, AS PER WRITTEN CONTRACT, INSURANCE AS AFFORDED BY THIS POLICY WILL INCLUDE PRODUCTS-COMPLETED OPERATIONS LIABILITY COVERAGE .

II. THE CONSULTANT MUST SUBMIT CERTIFICATES(S) OF INSURANCE EVIDENCING REQUIRED COVERAGE AT THE FOLLOWING EMAIL: [PURCHASINGSUPPORT@CITYOFPALOALTO.ORG](mailto:PURCHASINGSUPPORT@CITYOFPALOALTO.ORG)

III. ENDORSEMENT PROVISIONS WITH RESPECT TO THE INSURANCE AFFORDED TO ADDITIONAL INSUREDS:

A. PRIMARY COVERAGE

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

B. CROSS LIABILITY

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

C. NOTICE OF CANCELLATION

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

**EVIDENCE OF INSURANCE AND OTHER RELATED NOTICES ARE REQUIRED TO BE  
FILED WITH THE CITY OF PALO ALTO SENT TO THE FOLLOWING EMAIL:  
[PURCHASINGSUPPORT@CITYOFPALOALTO.ORG](mailto:PURCHASINGSUPPORT@CITYOFPALOALTO.ORG)**



## INFORMATION SECURITY POLICY

### POLICY STATEMENT

This policy describes the information security policy and procedures for the protection of non-public information (the "Non-Public Information") created, collected, processed, received, stored and transmitted by the City of Palo Alto (the "City"). City employees and officials (the "Users") must maintain the accessibility, availability, confidentiality, integrity and regulatory compliance of Non-Public Information created, collected, processed, stored and transmitted by the City. The failure to comply with this policy and procedures could result in substantial damage, liability or loss in regard to the property or reputation of the City, another Authorized User, or any person who transacts business with the City, including the City's utility customers, third party vendors, and other governmental agencies. Authorized Users are obligated to report loss, damage or disclosure of Non-Public Information or other violation of this policy and procedure to their supervisor or the Information Security Manager (the "ISM") or other employee designated by the City's Information Technology Department (the "IT"). Violation of this policy and procedures, including the failure to report the violation, could include disciplinary or other action imposed or taken by the City or other affected person in accordance with Federal, California and City laws, ordinances, rules and regulations.

### PURPOSE

Information pertaining to the business of the City, acting in both its governmental and proprietary capacities, is a vital asset of the City. An Authorized User of Non-Public Information shall use best efforts to protect the information covered by this policy and procedures from unauthorized access, availability, alteration, destruction, disclosure, modification or use. Because the City is required by applicable law to protect the Non-Public Information due to its sensitive nature and value, an Authorized User of the Non-Public Information shall exercise reasonable and appropriate care in conforming to applicable laws. This policy and procedure applies only to an Authorized User's access to and use of Non-Public Information.

### PROCEDURES

IT has adopted Information Security Standards (the "Standards") to enforce this policy. IT shall inform and train authorized users on the requirements contained in this policy and procedures and the Standards. The authorized user shall comply with the Standards, in conjunction with this policy.

#### A. Covered Equipment and Devices

This policy applies to all City-approved, -owned or -leased computer network systems and peripheral equipment (the "Equipment"), including any mobile communication device (the "Device"), whether or not owned by an Authorized User, that may be used to create, collect, process, store and transmit the Non-Public Information.

#### B. Roles of Information Technology Department and Others

IT, including the Chief Information Officer ("CIO") and the ISM, shall promote information security awareness within the City government community, and shall receive and maintain reports of incidents, malfunctions and threats to the City's information technology assets, which may have a security impact upon the City. The CIO and ISM are also responsible for developing the Standards.

IT shall be responsible for the design, primary enforcement and maintenance of Non-Public Information security through education, training and other means. IT shall ensure that the following control measures and standards are enabled on every Equipment and Device:

Limit physical and login access to the Equipment and the Devices to Authorized Users.

Maintain the most current software patches and anti-virus software for the Equipment and the Devices.

Enable and use host-based firewalls, as available, to ensure the security of the Equipment and the Device(s). Perform regular security scans on the Equipment and the Device(s).

#### C. User Access Control Requirements

1. Do not access Non-Public Information except to the extent you have a need to do so in order to perform your City duties.
2. Do not disclose or share Non-Public Information with any person who does not have both a right to access the Non-Public Information and a need to do so in order to perform their City duties.
3. Do not alter or destroy Non-Public Information except to the extent you are required or authorized to do so.
4. An Authorized User who has access to Non-Public Information shall protect and secure that information while the information is in his or her custody in a manner that is consistent with applicable contract and legal requirements and restrictions and is reasonable and appropriate to the level of risk, sensitivity or value the Non-Public Information has to the City.
5. An Authorized User shall maintain the accessibility, availability, confidentiality, integrity and regulatory compliance of any Non-Public Information that is created,

collected, processed, stored and transmitted by the City on a 24 hours-per-day, 7 days-per-week ("24/7") basis.

6. An Authorized User shall maintain the protection of information assets from malicious code, including viruses and malware by following the City's incident management procedures, including detection, prevention, isolation, and recovery tools.

D. Equipment and Devices Security Control Requirements:

1. Secure your Equipment and Devices by using a screen saver or built-in lock feature when you are physically away from your office or other work space.
2. Restrict physical access 24/7 to your Equipment and Devices, in particular, your laptop computer, by a lock and security cable, if the City makes them available.
3. Maintain possession of your Device(s) 24/7 and require a password or fingerprint to access and use the Device(s).
4. Log out when you cease access and use of Equipment and Device(s).
5. Notify the IT Help Desk and the ISM immediately whenever you become aware or suspect Non-Public Information, passwords, or other access control mechanisms have been compromised, disclosed, lost, or stolen.
6. Do not intentionally, recklessly or willfully alter, damage, or misuse any City-owned or -leased Equipment or Device.
7. The user shall comply with the Policy and the Standards whenever he or she uses a City Owned Mobile Device ("COMD") and or Employee-Owned Mobile Devices, also known as Bring Your Own Devices ("BYOD") to conduct the City business.
8. BYODs and COMDs include smartphones, cell phones, tablets PCs (Androids, iPads, etc.) and user-own laptops. Only authorized BYOD shall have access to the only authorized City's application systems. The City reserves the right to provide or withdraw access to the City infrastructure without notice.

E. Utilities' Customer Identity and Credit Security

Federal regulations amending the Fair Credit Reporting Act, including the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), and the Red Flags Clarification Act of 2010, protect the Non-Public Information of customers of financial institutions, including utilities, that are defined as "creditors." These regulations require that consumer's Non-Public Information, such as credit card data, Social Security Numbers, driver's license numbers, or similar data be secured by Authorized Users and within the City's data management systems. Authorized Users are required to report any suspected or real breach of Utilities Non-Public Information to the ISM immediately. The ISM will identify, detect, prevent and mitigate the suspected, real or future breaches of security, as required by the regulations.


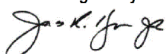
F. Violations and Enforcement

An Authorized User must report an actual or suspected violation of this policy and procedures to his or her supervisor and IT. The City will not discipline an Authorized User

for making a good faith report of a potential violation of this policy and procedures or the Standards.

A violation of this policy will be investigated by the appropriate City staff and if a violation is established, disciplinary action up to termination from employment may result.

NOTE: Questions regarding this policy should be referred to the Information Technology Department, as appropriate.

Recommended:	<div>DocuSigned by:  7914D9897578424...</div>	12/5/2017
	_____ Director Information Technology/CIO	_____ Date
Approved:	<div>DocuSigned by:  39E7298FB2064DB...</div>	12/13/2017
	_____ City Manager	_____ Date



## EXHIBIT "F"

### CYBERSECURITY TERMS AND CONDITIONS

In order to assure the privacy and security of the personal information of the City's customers and people who do business with the City, including, without limitation, vendors, utility customers, library patrons, and other individuals and companies, who are required to share such information with the City, as a condition of receiving services from the City or selling goods and services to the City, including, without limitation, the Software as a Service services provider (the "Consultant") and its subcontractors, if any, including, without limitation, any Information Technology ("IT") infrastructure services provider, shall design, install, provide, and maintain a secure IT environment, described below, while it renders and performs the Services and furnishes goods, if any, described in the Statement of Work, Exhibit B, to the extent any scope of work implicates the confidentiality and privacy of the personal information of the City's customers. The Consultant shall fulfill the data and information security requirements (the "Requirements") set forth in Part A below.

A "secure IT environment" includes (a) the IT infrastructure, by which the Services are provided to the City, including connection to the City's IT systems; (b) the Consultant's operations and maintenance processes needed to support the environment, including disaster recovery and business continuity planning; and (c) the IT infrastructure performance monitoring services to ensure a secure and reliable environment and service availability to the City. "IT infrastructure" refers to the integrated framework, including, without limitation, data centers, computers, and database management devices, upon which digital networks operate.

In the event that, after the Effective Date, the Consultant reasonably determines that it cannot fulfill the Requirements, the Consultant shall promptly inform the City of its determination and submit, in writing, one or more alternate countermeasure options to the Requirements (the "Alternate Requirements" as set forth in Part B), which may be accepted or rejected in the reasonable satisfaction of the Information Security Manager (the "ISM").

#### **Part A. Requirements:**

The Consultant shall at all times during the term of any contract between the City and the Consultant:

- (a) Appoint or designate an employee, preferably an executive officer, as the security liaison to the City with respect to the Services to be performed under this Agreement.
- (b) Comply with the City's Information Privacy Policy:
- (c) Have adopted and implemented information security and privacy policies that are documented, are accessible to the City, and conform to ISO 27001/2 – Information Security Management Systems (ISMS) Standards. See the following:  
[http://www.iso.org/iso/home/store/catalogue\\_tc/catalogue\\_detail.htm?csnumber=42103](http://www.iso.org/iso/home/store/catalogue_tc/catalogue_detail.htm?csnumber=42103)  
[http://www.iso.org/iso/catalogue/catalogue\\_tc/catalogue\\_detail.htm?csnumber=50297](http://www.iso.org/iso/catalogue/catalogue_tc/catalogue_detail.htm?csnumber=50297)
- (d) Conduct routine data and information security compliance training of its personnel that is appropriate to their role.
- (e) Develop and maintain detailed documentation of the IT infrastructure, including software versions and patch levels.
- (f) Develop an independently verifiable process, consistent with industry standards, for performing professional and criminal background checks of its employees that (1) would permit verification of employees' personal identity and employment status, and (2) would enable the immediate denial of access to the City's confidential data and information by any of its employees who no



longer would require access to that information or who are terminated.

- (g) Provide a list of IT infrastructure components in order to verify whether the Consultant has met or has failed to meet any objective terms and conditions.
- (h) Implement access accountability (identification and authentication) architecture and support role-based access control ("RBAC") and segregation of duties ("SoD") mechanisms for all personnel, systems, and Software used to provide the Services. "RBAC" refers to a computer systems security approach to restricting access only to authorized users. "SoD" is an approach that would require more than one individual to complete a security task in order to promote the detection and prevention of fraud and errors.
- (i) Assist the City in undertaking annually an assessment to assure that: (1) all elements of the Services' environment design and deployment are known to the City, and (2) it has implemented measures in accordance with industry best practices applicable to secure coding and secure IT architecture.
- (j) Provide and maintain secure intersystem communication paths that would ensure the confidentiality, integrity, and availability of the City's information.
- (k) Deploy and maintain IT system upgrades, patches and configurations conforming to current patch and/or release levels by not later than one (1) week after its date of release. Emergency security patches must be installed within 24 hours after its date of release.
- (l) Provide for the timely detection of, response to, and the reporting of security incidents, including on-going incident monitoring with logging.
- (m) Notify the City within 48 hours of detecting a security incident that results in the unauthorized access to or the misuse of the City's confidential data and information.
- (n) Inform the City that any third party service provider(s) meet(s) all of the Requirements.
- (o) Perform security self-audits on a regular basis and not less frequently than on a quarterly basis, and provide the required summary reports of those self-audits to the ISM on the annual anniversary date or any other date agreed to by the Parties.
- (p) Accommodate, as practicable, and upon reasonable prior notice by the City, the City's performance of random site security audits at the Consultant's site(s), including the site(s) of a third-party service provider(s), as applicable. The scope of these audits will extend to the Consultant's and its third-party service provider(s)' awareness of security policies and practices, systems configurations, access authentication and authorization, and incident detection and response.
- (q) Cooperate with the City to ensure that to the extent required by applicable laws, rules and regulations, and the Confidential Information will be accessible only by the Consultant and any authorized third-party service provider's personnel.
- (r) Perform regular, reliable secured backups of all data needed to maximize the availability of the Services. Adequately encrypt the City of Palo Alto's data, during the operational process, hosted at rest, and the backup stage at the Vendors' environment (including Vendor's contracting organization's environment).
- (s) Maintain records relating to the Services for a period of three (3) years after the expiration or earlier termination of this Agreement and in a mutually agreeable storage medium. Within thirty (30) days after the effective date of expiration or earlier termination of this Agreement, all of those records relating to the performance of the Services shall be provided to the ISM.
- (t) Maintain the Confidential Information in accordance with applicable federal, state, and local data and information privacy laws, rules, and regulations.
- (u) Encrypt the Confidential Information before delivering the same by electronic mail to the City and or any authorized recipient.
- (v) Provide Network Layer IP filtering services to allow access only from the City of Palo Alto's IP address to the Vendor environment (primarily hosted for the City of Palo Alto).





- (w) Offer a robust disaster recovery and business continuity (DR-BCP) solutions to the City for the systems and services the Vendor provides to the City.
- (x) Provide and support Single Sign-on (SSO) and Multifactor Authentication (MFA) solutions for authentication and authorization services from the "City's environment to the Vendor's environment," and Vendor's environment to the Vendor's cloud services/hosted environment." The Vendor shall allow two employees of the City to have superuser and super-admin access to the Vendor's IT environment, and a cloud-hosted IT environment belongs to the City.
- (y) Unless otherwise addressed in the Agreement, shall not hold the City liable for any direct, indirect or punitive damages whatsoever including, without limitation, damages for loss of use, data or profits, arising out of or in any way connected with the City's IT environment, including, without limitation, IT infrastructure communications.
- (z) The Vendor must provide evidence of valid cyber liability insurance policy per the **City's**

#### **EXHIBIT "D" INSURANCE REQUIREMENTS.**

##### **Part B. Alternate Requirements:**