


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Dan Takasugi, Public Works Director/City Engineer
DATE: March 18, 2008
SUBJECT: Consideration of a Resolution Approving a Professional Services Agreement with EGS, Inc. for Services Associated with a Feasibility Study for Geothermal Heating at the Calistoga Community Pool in an Amount Not-to-Exceed \$16,000

APPROVAL FOR FORWARDING:


James C. McCann, City Manager

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ISSUE:

Consideration of a Resolution approving a Professional Services Agreement with EGS, Inc. for services associated with a feasibility study for geothermal heating at the Calistoga Community Pool in an amount not-to-exceed \$16,000.

RECOMMENDATION:

Adopt Resolution.

BACKGROUND/DISCUSSION:

Throughout the history of the Community Pool project, the City has had a desire to use geothermal energy as a heat source. Preliminary studies have indicated that geothermal energy resources may be available at the Pool site, and that such a heating system could have an attractive payback period.

The Community Pool was designed to accommodate geothermal heating at a future date, with some dedicated floor space and utility chases designed for geothermal equipment and mechanical piping. However, a geothermal heating system was not included in the design contract or the construction contract, due to anticipated budget limitations. Currently, natural gas heaters are being constructed in the pool

24 project. The natural gas heating system has a low construction cost, and thus would
25 not have resulted in significant budget savings, had the geothermal heating system
26 been designed and constructed into the project. Furthermore, the natural gas
27 heating system will be a desirable backup or augmentation system if the geothermal
28 heating system is eventually installed.

29
30 City staff has come across opportunities to apply for grants or no-interest loans for
31 this type of a renewable energy project. Loans could presumably be structured for
32 repayment with energy cost savings. In order to apply for such grants or loans, staff
33 would need to have a well-defined project with a reliable cost estimate. This would
34 be best obtained in a Feasibility Study, performed by consultants specializing in
35 Geothermal Resources and Mechanical Engineering.

36
37 Staff held discussions with Paul Brophy from EGS, Inc., a geothermal resource
38 expert, and Paul Larkin from Larkin & Associates Inc., a mechanical engineer with
39 expertise in geothermal heating systems. Both of these consultants successfully
40 worked on the geothermal heating systems at Auberge Solage. As a result of those
41 discussions, staff requested a fee proposal from EGS, Inc. for a Feasibility Study to
42 install a Geothermal Heating System at the Calistoga Community Pool.

43
44 **GENERAL PLAN CONFORMANCE:**

45
46 This project conforms to the 2003 General Plan Open Space and Conservation
47 Element Goal OSC-4, Action A2: Implement the development of a community
48 swimming pool as envisioned in the Logvy Master Plan.

49
50 **FISCAL IMPACT:**

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52 Funds are available for this feasibility study in Calistoga Community Pool Capital
53 Improvement Account.

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55 **ATTACHMENTS:**

- 56
57 1. Resolution
58 2. Professional Services Agreement

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RESOLUTION 2008- ____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA,
COUNTY OF NAPA, STATE OF CALIFORNIA,
APPROVING A PROFESSIONAL SERVICES AGREEMENT
WITH EGS, INC. IN THE AMOUNT OF \$16,000
FOR A GEOTHERMAL FEASIBILITY STUDY**

Agreement No. ____

WHEREAS, the City of Calistoga is constructing a community pool facility; and

WHEREAS, the City of Calistoga wishes to obtain geothermal resource and mechanical engineering services for a geothermal feasibility study; and

WHEREAS, EGS, Inc., at the City's request, has submitted a proposal for these required services dated March 3, 2008, in the amount of \$16,000; and

WHEREAS, City staff has reviewed this proposal and found it to be fair and reasonable; and

WHEREAS, these costs are budgeted in the Fiscal Year 2007/08 Calistoga Community Pool Capital Budget Account.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of Calistoga hereby adopts a Resolution approving a Professional Services Agreement (Exhibit "A") with EGS, Inc. for a Geothermal Feasibility Study; and

BE IT FURTHER RESOLVED that the City Manager is authorized to execute the agreement contingent upon review and approval of the City Attorney.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Calistoga at a regular meeting held this 18th day of March 2008, by the following vote:

AYES:

NOES:

ABSTAIN/ABSENT:

JACK GINGLES, Mayor

ATTEST:

RAQUEL CANTILLON, Deputy City Clerk

CONSULTANT SERVICES AGREEMENT

**(Geothermal Resource and Mechanical Engineering Services
for a Geothermal Feasibility Study
in connection with the Calistoga Community Pool)**

Agreement No. _____

1 THIS AGREEMENT is entered into as of the 18th day of March, 2008 by and between the CITY
2 OF CALISTOGA, herein called the "City", and EGS, INC., herein called the "Consultant".

3 Recitals

4 WHEREAS, the City desires to obtain geothermal resource and mechanical engineering
5 services in connection with the Calistoga Community Pool Facility; and

6 WHEREAS, Consultant hereby warrants to the City that Consultant is skilled and able to
7 provide such services described in Section 1 of this Agreement; and

8 WHEREAS, the City desires to retain Consultant pursuant to this Agreement to provide
9 the services described in Section 1 of this Agreement.

10 Agreement

11 NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

12 1. Scope of Services. Subject to such policy direction and approvals as the City
13 through its staff may determine from time to time, Consultant shall perform the services set out
14 in the "Scope of Work" attached hereto as Exhibit "A".

15 2. Time of Performance. The services of Consultant are to commence no sooner
16 than March 19, 2008 and, subject to City Council approval, be completed not later than May 15,
17 2008. Consultant shall perform its services in accordance with the schedule in Exhibit "A".
18 Any changes to these dates in either Section 2 or Exhibit "A" must be approved in writing by
19 the Public Works Director or his or her representatives.

20 3. Compensation and Method of Payment.

21 A. Compensation. The compensation to be paid to Consultant, including both
22 payment for professional services and reimbursable expenses, shall be at the rate and schedules
23 attached hereto as Exhibit "A". However, in no event shall the amount the City pays Consultant
24 exceed Sixteen Thousand Dollars (\$16,000). Payment by the City under this Agreement shall
25 not be deemed a waiver of unsatisfactory work, even if such defects were known to the City at
26 the time of payment.

27 B. Timing of Payment. Billing for said services shall be made once at the
28 conclusion of the work and submittal of the records and any appropriate report. The City shall

29 review Consultant's billing statement and pay Consultant for services rendered within 45 days of
30 receipt of a complete billing statement that meets all requirements of this Agreement.

31 C. Changes in Compensation. Consultant will not undertake any work that
32 will incur costs in excess of the amount set forth in Paragraph 3(A) without prior written
33 amendment to this Agreement.

34 D. Taxes. Consultant shall pay all taxes, assessments and premiums under
35 the federal Social Security Act, any applicable unemployment insurance contributions, Workers
36 Compensation insurance premiums, sales taxes, use taxes, personal property taxes, or other taxes
37 or assessments now or hereafter in effect and payable by reason of or in connection with the
38 services to be performed by Consultant.

39 E. No Overtime or Premium Pay. Consultant shall receive no premium or
40 enhanced pay for work normally understood as overtime, i.e., hours that exceed forty (40) hours
41 per work week, or work performed during non-standard business hours, such as in the evenings
42 or on weekends. Consultant shall not receive a premium or enhanced pay for work performed on
43 a recognized holiday. Consultant shall not receive paid time off for days not worked, whether it
44 be in the form of sick leave, administrative leave, or for any other form of absence.

45 F. Litigation Support. Consultant agrees to testify at the City's request if
46 litigation is brought against the City in connection with Consultant's report. Unless the action is
47 brought by Consultant or is based upon Consultant's negligence, the City will compensate
48 Consultant for the preparation and the testimony at Consult's standard hourly rates, if requested
49 by the City and not part of the litigation brought by the City against Consultant.

50 4. Amendment to Scope of Work. The City shall have the right to amend the Scope
51 of Work within the Agreement by written notification to the Consultant. In such event, the
52 compensation and time of performance shall be subject to renegotiation upon written demand of
53 either party to the Agreement. Failure of the Consultant to secure the City's written authorization
54 for extra or changed work shall constitute a waiver of any and all right to adjustment in the
55 contract price or time due, whether by way of compensation, restitution, quantum meruit, etc. for
56 work done without the appropriate City authorization.

57 5. Duties of City. The City shall provide all information requested by Consultant
58 that is reasonably necessary to performing the Scope of Work. The City retains all rights of
59 approval and discretion with respect to the projects and undertakings contemplated by this
60 Agreement.

61 6. Ownership of Documents. Title to all plans, specifications, maps, estimates,
62 reports, manuscripts, drawings, descriptions and other final work products compiled by the
63 Consultant under the Agreement shall be vested in the City, none of which shall be used in any
64 manner whatsoever, by any person, firm, corporation, or agency without the expressed written
65 consent of the City. Basic survey notes and sketches, charts, computations, and other data
66 prepared or obtained under the Agreement shall be made available, upon request, to the City
67 without restriction or limitations on their use. Consultant may retain copies of the above-
68 described information but agrees not to disclose or discuss any information gathered, discussed

EGS, Inc.

69 or generated in any way through this Agreement without the written permission of the City
70 during the term of this Agreement, unless required by law.

71 7. Employment of Other Consultants, Specialists or Experts. Consultant will not
72 employ or otherwise incur an obligation to pay other consultants, specialists or experts for
73 services in connection with this Agreement without the prior written approval of the City. Any
74 consultants, specialists or experts approved by the City are listed in Exhibit B.

75 8. Conflict of Interest.

76 A. Consultant covenants and represents that neither it, nor any officer or
77 principal of its firm, has, or shall acquire any interest, directly or indirectly, which would conflict
78 in any manner with the interests of the City or which would in any way hinder Consultant's
79 performance of services under this Agreement. Consultant further covenants that in the
80 performance of the Agreement, no person having any such interest shall be employed by it as an
81 officer, employee, agent or subcontractor without the express written consent of the City.
82 Consultant agrees to at all times avoid conflicts of interest, or the appearance of any conflicts of
83 interest, with the interests of the City in the performance of this Agreement.

84 B. Consultant is not a designated employee within the meaning of the
85 Political Reform Act because Consultant:

86 (1) will conduct research and arrive at conclusions with respect to its
87 rendition of information, advice, recommendation or counsel independent of the control and
88 direction of the City or of any City official, other than normal contract monitoring; and

89 (2) possesses no authority with respect to any City decision beyond the
90 rendition of information, advice, recommendation or counsel. (2 Cal. Code Regs.
91 § 18700(a)(2).)

92 9. Interest of Members and Employees of City. No member of the City and no other
93 officer, employee or agent of the City who exercises any functions or responsibilities in
94 connection with the carrying out of any project to which this Agreement pertains, shall have any
95 personal interest, direct or indirect, in this Agreement, nor shall any such person participate in
96 any decision relating to this Agreement which affects its personal interests or the interest of any
97 corporation, partnership or association in which he/she is directly or indirectly interested.

98 10. Liability of Members and Employees of City. No member of the City and no
99 other officer, employee or agent of the City shall be personally liable to Consultant or otherwise
100 in the event of any default or breach of the City, or for any amount which may become due to
101 Consultant or any successor in interest, or for any obligations directly or indirectly incurred
102 under the terms of this Agreement.

103 11. Indemnity. Consultant hereby agrees to defend, indemnify and hold harmless the
104 City, its officers, agents, employees and servants, from and against any and all claims, demands,
105 damages, costs, liabilities or obligations based on negligence or willful misconduct brought on
106 account of or arising out of any acts, errors or omissions of Consultant undertaken pursuant to

EGS, Inc.

107 this Agreement. The City has no liability or responsibility for any accident, loss or damage to
108 any work performed under this Agreement whether prior to its completion and acceptance or
109 otherwise. Consultant's duty to indemnify and hold harmless, as set forth herein, shall include
110 the duty to defend as set forth in section 2778 of the California Civil Code.

111 12. Consultant Not an Agent of City. Consultant, its officers, employees and agents
112 shall not have any power to bind or commit the City to any decision.

113 13. Independent Contractor. It is understood that Consultant, in the performance of
114 the work and services agreed to be performed by Consultant, shall act as and be an independent
115 contractor and not an agent or employee of the City; and as an independent contractor,
116 Consultant shall obtain no rights to retirement benefits or other benefits which accrue to the
117 City's employees, and Consultant hereby expressly waives any claim it may have to any such
118 rights.

119 14. Compliance with Laws.

120 A. General. Consultant shall use the standard of care in its profession to
121 comply with all applicable federal, state and local laws, codes, ordinances and regulations.
122 Consultant represents and warrants to the City that it has all licenses, permits, qualifications,
123 insurance and approvals of whatsoever nature which are legally required for Consultant to
124 practice its profession. Consultant represents and warrants to the City that Consultant shall, at its
125 sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any
126 licenses, permits, insurance and approvals which are legally required for Consultant to practice
127 its profession.

128 B. Workers' Compensation. Consultant certifies that it is aware of the
129 provisions of the California Labor Code which require every employee to be insured against
130 liability for workers' compensation or to undertake self-insurance in accordance with the
131 provisions of that Code, and Consultant certifies that it will comply with such provisions before
132 commencing performance of this Agreement.

133 C. Prevailing Wage. Consultant and Consultant's sub-consultants, shall, to
134 the extent required by the California Labor Code, pay not less than the latest prevailing wage
135 rates to workers and professionals as determined by the Director of Industrial Relations of the
136 State of California pursuant to California Labor Code, Part 7, Chapter 1, Article 2. Copies of the
137 applicable wage determination are on file at the City's Public Works Department office.

138 D. Injury and Illness Prevention Program. Consultant certifies that it is aware
139 of and has complied with the provisions of California Labor Code section 6401.7, which requires
140 every employer to adopt a written injury and illness prevention program.

141 E. City Not Responsible. The City is not responsible or liable for
142 Consultant's failure to comply with any and all of said requirements.

143 15. Confidential Information. All data, documents, discussions or other information
144 developed or received by or for Consultant in performance of this Agreement are confidential
145 and not to be disclosed to any person except as authorized by the City, or as required by law.

146 16. Insurance.

147 A. Minimum Scope of Insurance.

148 (1) Consultant agrees to have and maintain, for the duration of this
149 Agreement, a General Liability insurance policy insuring it and its firm to an amount not less
150 than \$1,000,000 (One Million Dollars) combined single limit per occurrence and in the aggregate
151 for bodily injury, personal injury and property damage.

152 (2) Consultant agrees to have and maintain for the duration of this
153 Agreement an Automobile Liability insurance policy insuring it and its staff to an amount not
154 less than \$1,000,000 (One Million Dollars) combined single limit per accident for bodily injury
155 and property damage.

156 (3) Consultant shall maintain professional errors and omissions
157 liability insurance for protection against claims alleging negligent acts, errors or omissions which
158 may arise from Consultant's operations under this Agreement, whether such operations be by
159 Consultant or by its employees, subcontractors, or subconsultants. The amount of this insurance
160 shall not be less than \$1,000,000 (One Million Dollars) on a claims-made annual aggregate basis.

161 (4) A Workers' Compensation and Employers' Liability policy written
162 in accordance with the laws of the State of California and providing coverage for any and all
163 employees of Consultant:

164 (a) This policy shall provide coverage for Workers'
165 Compensation (Coverage A).

166 (b) This policy shall also provide required coverage for
167 Employers' Liability (Coverage B.)

168 (c) Consultant shall provide to the City an endorsement that
169 the Consultant waives the right of subrogation against the City, its officials, officers, employees,
170 volunteers, and agents.

171
172 (5) All of the following endorsements are required to be made a part of
173 each of the required policies, except for the Professional Liability and Workers' Compensation
174 and Employers' Liability policies, as stipulated below:

175 (a) "The City, its employees, officers, agents and volunteers
176 are hereby added as additional insureds, but only as respects work done by, for, or on behalf of
177 the named insured."

178 (b) "This policy shall be considered primary insurance as
179 respects any other valid and collectible insurance the City may possess, including any self-
180 insured retention the City may have, and any other insurance the City does possess shall be
181 considered excess insurance only and shall not contribute with it."

182 (c) "This insurance shall act for each insured and additional
183 insured as though a separate policy had been written for each. This, however, will not act to
184 increase the limit of liability of the insuring company."

185 (6) Consultant shall provide to the City all certificates of insurance
186 with original endorsements effecting coverage required by this paragraph. Certificates of such
187 insurance shall be filed with the City on or before commencement of performance of this
188 Agreement. The City reserves the right to require complete, certified copies of all required
189 insurance policies at any time.

190 (7) Any failure to comply with reporting provisions of the policies
191 shall not affect coverage provided to the City, its officers, officials, employees or volunteers.

192 (8) Consultant's insurance shall apply separately to each insured
193 against whom a claim is made or suit is brought, except with respect to the limits of the insurer's
194 liability.

195 B. All Coverages. Each insurance policy required shall provide that coverage
196 shall not be canceled, except after 30 days' prior written notice by certified mail, return receipt
197 requested, has been given to the City. Current certification of such insurance shall be kept on
198 file with the City Manager at all times during the term of this Agreement.

199 C. Acceptability of Insurers. Insurance is to be placed with insurers with a
200 Best's rating of no less than A:VII.

201 D. Deductibles and Self-Insured Retentions. Any deductibles or self-insured
202 retentions must be declared to and approved by the City. At the City's option, Consultant shall
203 demonstrate financial capability for payment of such deductibles or self-insured retentions.

204 17. Assignment Prohibited. Neither the City nor Consultant may assign any right or
205 obligation pursuant to this Agreement. Any attempted or purported assignment of any right or
206 obligation hereunder shall be void and of no effect.

207 18. Termination of Agreement.

208 A. This Agreement and all obligations hereunder may be terminated at any
209 time, with or without cause, by the City upon 5 days' written notice to Consultant. Consultant
210 may terminate this Agreement upon 30 days' written notice to the City.

211 B. If Consultant fails to perform any of its material obligations under this
212 Agreement, in addition to all other remedies provided by law, the City may terminate this
213 Agreement immediately upon written notice.

214 C. Upon termination with or without cause, all finished and unfinished
215 documents, project data and reports shall, at the option of the City, become its sole property and
216 shall, at Consultant's expense, be delivered to the City or to any party it may so designate.

217 D. In the event termination is without cause, Consultant shall be entitled to
218 any compensation owing to it hereunder up to the time of such termination, it being understood
219 that any payments are full compensation for services rendered prior to the time of payment;
220 provided, however, that Consultant shall be entitled to compensation for work in progress at the
221 time of termination.

222 19. Suspension. The City shall have the authority to suspend this Agreement and the
223 services contemplated herein, wholly or in part, for such period as he/she deems necessary due to
224 unfavorable conditions or to the failure on the part of the Consultant to perform any provision of
225 this Agreement. Consultant will be paid for satisfactory Services performed through the date of
226 temporary suspension. In the event that Consultant's services hereunder are delayed for a period
227 in excess of six (6) months due to causes beyond Consultant's reasonable control, Consultant's
228 compensation shall be subject to renegotiation.

229 20. Amendment. This Agreement constitutes the complete and exclusive statement of
230 the agreement between the City and Consultant shall supersede any previous agreements,
231 whether verbal or written, concerning the same subject matter. This Agreement may be amended
232 or extended from time to time by written agreement of the parties hereto.

233 21. Interpretation. This Agreement shall be interpreted as though it was a product of
234 a joint drafting effort and no provisions shall be interpreted against a party on the ground that
235 said party was solely or primarily responsible for drafting the language to be interpreted.

236 22. Litigation Costs. If either party becomes involved in litigation arising out of this
237 Agreement or the performance thereof, the court in such litigation shall award reasonable costs
238 and expenses, including attorneys' fees, to the prevailing party. In awarding attorneys' fees, the
239 court will not be bound by any court fee schedule, but shall, if it is in the interest of justice to do
240 so, award the full amount of costs, expenses, and attorneys' fees paid or incurred in good faith.

241 23. Time of the Essence. Time is of the essence of this Agreement.

242 24. Written Notification. Any notice, demand, request, consent, approval or
243 communication that either party desires or is required to give to the other party shall be in
244 writing and either served personally or sent by prepaid, first class mail. Any such notice,
245 demand, etc. shall be addressed to the other party at the address set forth hereinbelow. Either
246 party may change its address by notifying the other party of the change of address. Notice shall
247 be deemed communicated within 48 hours from the time of mailing if mailed as provided in this
248 Section.

249 If to the City: City of Calistoga
250 City Manager
251 1232 Washington Street
252 Calistoga, CA 94515

EGS, Inc.

253 If to Consultant: Paul Brophy, President
254 EGS, Inc.
255 3883 Airway Drive, Suite 340
256 Santa Rosa, CA 95403
257

258 25. Consultant's Books and Records.

259 A. Consultant shall maintain any and all ledgers, books of account, invoices,
260 vouchers, canceled checks, and other records or documents evidencing or relating to charges for
261 services, or expenditures and disbursements charged to the City for a minimum period of three
262 (3) years, or for any longer period required by law, from the date of final payment to Consultant.

263 B. Consultant shall maintain all documents and records which demonstrate
264 performance under this Agreement for a minimum period of three (3) years, or for any longer
265 period required by law, from the date of termination or completion of this Agreement.

266 C. Any records or documents required to be maintained pursuant to this
267 Agreement shall be made available for inspection or audit, at any time during regular business
268 hours, upon written request by the City Attorney, City Auditor, City Manager, or a designated
269 representative of any of these officers. Copies of such documents shall be provided to the City
270 for inspection when it is practical to do so. Otherwise, unless an alternative is mutually agreed
271 upon, the records shall be available at Consultant's address indicated for receipt of notices in this
272 Agreement.

273 D. The City may, by written request by any of the above-named officers,
274 require that custody of the records be given to the City and that the records and documents be
275 maintained in the City Manager's office. Access to such records and documents shall be granted
276 to any party authorized by Consultant, Consultant's representatives, or Consultant's successor-
277 in-interest.

278 26. Equal Employment Opportunity. Consultant is an equal opportunity employer
279 and agrees to comply with all applicable state and federal regulations governing equal
280 employment opportunity. Consultant will not discriminate against any employee or applicant for
281 employment because of race, religion, age, sex, creed, color, sexual orientation, marital status or
282 national origin. Consultant will take affirmative action to ensure that applicants are treated
283 during such employment without regard to race, religion, age, sex, creed, color, sexual
284 orientation, marital status or national origin. Such action shall include, but shall not be limited
285 to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment
286 advertising; lay-offs or termination; rates of pay or other forms of compensation; and selection
287 for training, including apprenticeship. Consultant further agrees to post in conspicuous places,
288 available to employees and applicants for employment, notices setting forth the provisions of this
289 nondiscrimination clause.

290 27. City Not Obligated to Third Parties. The City shall not be obligated or liable for
291 payment hereunder to any party other than the Consultant.

EGS, Inc.

292 28. Waiver. No failure on the part of either party to exercise any right or remedy
293 hereunder shall operate as a waiver of any other right or remedy that party may have hereunder.

294 29. Severability. If any one or more of the provisions contained herein shall for any
295 reason be held to be invalid, illegal or unenforceable in any respect, then such provision or
296 provisions shall be deemed severable from the remaining provisions hereof, and such invalidity,
297 illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall
298 be construed as if such invalid, illegal or unenforceable provision had not been contained herein.

299 30. Exhibits. The following exhibits are attached to this Agreement and incorporated
300 herein by this reference:

301 A. Exhibit A: Scope of Work/Schedule of Fees

302 B. Exhibit B: Other Consultants, Specialists or Experts Employed by
303 Consultant

304 31. Execution. This Agreement may be executed in several counterparts, each of
305 which shall constitute one and the same instrument and shall become binding upon the parties
306 when at least one copy hereof shall have been signed by both parties hereto. In approving this
307 Agreement, it shall not be necessary to produce or account for more than one such counterpart.

308 32. News Releases/Interviews. All Consultant and subconsultant news releases,
309 media interviews, testimony at hearings and public comment shall be prohibited unless expressly
310 authorized by the City.

311 33. Venue. In the event that suit shall be brought by either party hereunder, the
312 parties agree that trial of such action shall be held exclusively in a state court in the County of
313 Napa, California.

314 IN WITNESS WHEREOF, the City and Consultant have executed this Agreement as of
315 the date first above written.

316 CITY OF CALISTOGA

EGS, INC.

317 By: _____

By: _____

318 James C. McCann

Paul Brophy

319 Its: City Manager

Its: President

320

321 APPROVED AS TO FORM:

ATTEST:

322 By: _____

By: _____

323 Michelle Marchetta Kenyon,

Susan Sneddon

324 City Attorney

City Clerk

325

326

327

EXHIBIT A

Scope of Work/Schedule of Fees

EGS Inc.

3883 Airway Drive, Suite 340
Santa Rosa, CA 95403

March 3, 2008

Mr. Dan Takasugi
Public Works Director
City of Calistoga
414 Washington Street
Calistoga, CA 94515
dtakasugi@ci.calistoga.ca.us

Project: Calistoga City Swimming Pool (Logvy Park) - Geothermal Feasibility Study

Subject: Proposal for Professional Services

Dear Mr. Takasugi

1.0 Introduction

This is a proposal for Geothermal Resource and Mechanical Engineering services on the subject project and is based on our recent discussions and meeting with the City of Calistoga, and the e-mail from yourself inviting our proposal. Our two companies, EGS Inc. and Larkin and Associates would provide all services included in this proposal with EGS Inc. providing all geothermal resource, well construction and well operation services, with Larkin and Associates providing all mechanical engineering and above ground facility services. It is proposed that EGS Inc. will be the primary contractor to the City.

It is our understanding that the City of Calistoga (the City) hopes to obtain good estimates of geothermal system construction cost, utility cost savings, and life-cycle costs. The system would be similar to that recently developed by Solage, Calistoga geothermal heating system, with both production and injection wells, and heat exchangers to heat the pools and provide space heating.

2.0 Scope of Work

We propose to complete the Feasibility Study in three phases:

Phase 1 – Geothermal Resource Analysis

1. Estimation of well locations, expected water temperatures, flow rates and water quality.
2. Cost of wells - both production and injection wells.
3. Cost of permitting - both production and injection wells.

Phase 2 – Surface Facility Analysis and Total Cost Evaluation

4. Review of Pool project drawings, previous studies and other existing data.
5. Coordination with the City of Calistoga personnel, including two meetings in Calistoga.
6. Development of geothermal schemes. Two alternate schemes are included, with different well locations, but using the same basic mechanical scheme (similar to the Solage system).

EXHIBIT "A"

City of Calistoga
Geothermal Feasibility Proposal

7. Preliminary product selection and sizing for the purpose of cost estimating.
8. Cost estimating for above-ground systems.
9. Operating cost estimating, and life cycle cost analysis.

Phase 3 – Final Feasibility Report and Presentation to the City

10. Written report summarizing and documenting the schemes, costs and lifecycle cost analysis.

3.0 Estimate of Costs

Fees for the above professional services will be billed on a time and materials basis with a "Not to Exceed" total of \$16,000. Estimated fees for each phase of the Feasibility Study are estimated at:

Phase 1 - \$ 2,500
Phase 2 - \$ 12,000
Phase 3 - \$ 1,500

The following are our current hourly rates:

Principal Engineer: \$160/hr. (Paul Larkin - Larkin & Associates))
Principal Geologist \$140/hr (Paul Brophy - EGS Inc.)
Engineer: \$100-130/hr.
CAD Drafting: \$60-75/hr.
Clerical: \$45/hr.

In addition, direct expenses (printing, deliveries, mileage, etc.) will be billed at our cost.

Additional services not listed above, such as study of additional systems, detailed design work, additional energy calculations, etc., will be billed as Extra Services at the same hourly rates.

Such Extra Services are not covered in the above fee limit and will not be performed unless specifically authorized by the City or their agent. Additional expenses will be billed at our cost.

The above fee limit will remain in effect providing our work is completed within one year of the date of this letter. Our hourly rates are revised periodically to reflect salary and overhead costs, etc.

EGS Inc. carries Errors and Omissions (Professional Liability) insurance; a certificate of insurance is available upon request. Our Standard Terms and Conditions are attached, and are incorporated into this Agreement by reference.

We trust this Proposal meets your needs at this time. We have included our standard Authority to Proceed (Attachment A) and Terms and conditions (Attachment B) for your review. If you have any questions please feel free to contact me at (707) 544 0955.

Respectfully submitted,
EGS Inc.

Paul Brophy

Paul Brophy P.G.
President EGS Inc.

EXHIBIT B

Other Consultants, Specialists or Experts Employed by Consultant

Larkin and Associates