

THE STATE OF TEXAS

BID # S50-L23331

COUNTY OF HARRIS

ORDINANCE # 2009-1262
CONTRACT # 4600009983

I. PARTIES

1.0 ADDRESS:

THIS AGREEMENT FOR ON-SITE WATER TREATMENT, SLUDGE DEWATERING AND DISPOSAL SERVICES AT THE SOUTHEAST WATER PURIFICATION PLANT ("Agreement") is made on the Countersignature Date between the **CITY OF HOUSTON, TEXAS** ("City"), a municipal corporation and **SYNAGRO OF TEXAS-CDR, INC.** ("Contractor or Vendor"), a corporation doing business in Texas.

The initial addresses of the parties, which one party may change by giving written notice to the other party, are as follows:

City

City Purchasing Agent for Director(s)
of Public Works & Engineering Department(s)
City of Houston
P.O. Box 1562
Houston, Texas 77251

Contractor

Synagro of Texas-CDR, Inc.
1002 Village Square, Suite #C
Tomball, TX 77375
Phone: 281-516-0307
Fax: 281-516-1427
abosinger@synagro.com

The Parties agree as follows:

2.0 TABLE OF CONTENTS:

2.1 This Agreement consists of the following sections:

TABLE OF CONTENTS

Page No.

I. PARTIES.....	1
1.0 ADDRESS:.....	1
2.0 TABLE OF CONTENTS:.....	1
3.0 PARTS INCORPORATED:.....	3
4.0 CONTROLLING PARTS:.....	3
5.0 DEFINITIONS:.....	3
6.0 SIGNATURES:.....	4
II. DUTIES OF CONTRACTOR.....	5
1.0 SCOPE OF SERVICES:.....	5
2.0 INDEMNITY AND RELEASE:.....	5
3.0 INDEMNIFICATION PROCEDURES:.....	6
4.0 INSURANCE:.....	6
5.0 WARRANTIES:.....	7
6.0 LICENSES AND PERMITS:.....	7
7.0 COMPLIANCE WITH EQUAL OPPORTUNITY ORDINANCE:.....	8
8.0 MWBE COMPLIANCE:.....	8
9.0 DRUG ABUSE DETECTION AND DETERRENCE:.....	8
10.0 ENVIRONMENTAL LAWS:.....	9
11.0 PERFORMANCE BOND:.....	9
12.0 CONTRACTOR'S PERFORMANCE:.....	9
13.0 PAYMENT OF EMPLOYEES AND SUBCONTRACTORS:.....	10
14.0 CONTRACTOR PAY OR PLAY PROGRAM.....	10
III. DUTIES OF CITY.....	10
1.0 PAYMENT TERMS:.....	10
2.0 TAXES:.....	10
3.0 METHOD OF PAYMENT:.....	10
4.0 METHOD OF PAYMENT - DISPUTED PAYMENTS:.....	11
5.0 LIMIT OF APPROPRIATION:.....	11
6.0 CHANGES:.....	11
IV. TERM AND TERMINATION.....	12
1.0 CONTRACT TERM:.....	12
2.0 NOTICE TO PROCEED:.....	12
3.0 RENEWALS:.....	13
4.0 TIME EXTENSIONS:.....	13
5.0 TERMINATION FOR CONVENIENCE BY THE CITY:.....	13
6.0 TERMINATION FOR CAUSE BY CITY:.....	13
7.0 TERMINATION FOR CAUSE BY CONTRACTOR:.....	14
8.0 REMOVAL OF CONTRACTOR OWNED EQUIPMENT AND MATERIALS:.....	14
V. MISCELLANEOUS.....	14
1.0 INDEPENDENT CONTRACTOR:.....	14
2.0 FORCE MAJEURE:.....	14
3.0 SEVERABILITY:.....	15
4.0 ENTIRE AGREEMENT:.....	15
5.0 WRITTEN AMENDMENT:.....	15
6.0 APPLICABLE LAWS:.....	15

7.0	NOTICES:	15
8.0	NON-WAIVER:	15
9.0	INSPECTIONS AND AUDITS:	16
10.0	ENFORCEMENT:	16
11.0	AMBIGUITIES:	16
12.0	SURVIVAL:	16
13.0	PARTIES IN INTEREST:	16
14.0	SUCCESSORS AND ASSIGNS:	16
15.0	BUSINESS STRUCTURE AND ASSIGNMENTS:	16
16.0	REMEDIES CUMULATIVE:	17
17.0	CONTRACTOR DEBT:	17

EXHIBITS

A.	DEFINITIONS	18
B.	SCOPE OF SERVICES	19
C.	EQUAL EMPLOYMENT OPPORTUNITY	26
D.	MWBE SUBCONTRACT TERMS	27
E.	DRUG POLICY COMPLIANCE AGREEMENT	30
F.	CERTIFICATION OF NO SAFETY IMPACT POSITIONS	31
G.	DRUG POLICY COMPLIANCE DECLARATION	32
H.	FEES AND COSTS	33
I.	CONTRACTOR PAY OR PLAY	37
J.	PERFORMANCE BOND	39
K.	WASTEWATER TREATMENT PERMIT	40

3.0 PARTS INCORPORATED:

3.1 The above described sections and exhibits are incorporated into this Agreement.

4.0 CONTROLLING PARTS:

4.1 If a conflict among the sections or exhibits arises the Exhibits control over the Sections.

5.0 DEFINITIONS:

5.1 Certain terms used in this Agreement are defined in Exhibit "A".

6.0 SIGNATURES:

6.1 The Parties have executed this Agreement in multiple copies, each of which is an original.

ATTEST/SEAL (if a corporation):

Synagro of Texas-CDR, Inc.

WITNESS (if not a corporation):

By: Karl J. Scott
Name: Karl J. Scott
Title: Assistant Secretary

By: J. Paul Withrow
Name: J. Paul Withrow
Title: Vice President
Federal Tax ID Number: 74-2648566

ATTEST/SEAL:

[Signature]
City Secretary

CITY OF HOUSTON, TEXAS

Signed by:

Bill White
Mayor [Signature]

APPROVED:

[Signature]
City Purchasing Agent

COUNTERSIGNED BY:

[Signature]
City Controller [Signature]

DATE COUNTERSIGNED:

12-21-09

This Contract has been reviewed as to form by the undersigned legal assistant and has been found to meet established Legal Department criteria. The Legal Department has not reviewed the content of these documents.

December 1, 2009
Date

[Signature]
Legal Assistant

II. DUTIES OF CONTRACTOR

1.0 SCOPE OF SERVICES:

- 1.1 In consideration of the payments specified in this Agreement, Contractor shall provide all labor, material, equipment, transportation and supervision necessary to perform the services described in Exhibit "B".

2.0 INDEMNITY AND RELEASE:

2.1 RELEASE

PRIME CONTRACTOR/SUPPLIER AGREES TO AND SHALL RELEASE THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY THE CITY) FROM ALL LIABILITY FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT, EVEN IF THE INJURY, DEATH, DAMAGE, OR LOSS IS CAUSED BY THE CITY'S SOLE OR CONCURRENT NEGLIGENCE AND/OR THE CITY'S STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY.

2.2 INDEMNIFICATION:

PRIME CONTRACTOR/SUPPLIER AGREES TO AND SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY, ITS AGENTS, EMPLOYEES, OFFICERS, AND LEGAL REPRESENTATIVES (COLLECTIVELY "THE CITY") HARMLESS FOR ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, FINES, AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES, COURT COSTS, AND ALL OTHER DEFENSE COSTS AND INTEREST) FOR INJURY, DEATH, DAMAGE, OR LOSS TO PERSONS OR PROPERTY SUSTAINED IN CONNECTION WITH OR INCIDENTAL TO PERFORMANCE UNDER THIS AGREEMENT INCLUDING, WITHOUT LIMITATION, THOSE CAUSED BY:

- 2.2.1 PRIME CONTRACTOR/SUPPLIERS AND/OR ITS AGENTS', EMPLOYEES', OFFICERS', DIRECTORS', CONTRACTORS', OR SUBCONTRACTORS' (COLLECTIVELY IN NUMBERED PARAGRAPHS 2.1-2.3, "PRIME CONTRACTOR/SUPPLIER") ACTUAL OR ALLEGED NEGLIGENCE OR INTENTIONAL ACTS OR OMISSIONS;
- 2.2.2 THE CITY'S AND PRIME CONTRACTOR/SUPPLIER'S ACTUAL OR ALLEGED CONCURRENT NEGLIGENCE, WHETHER PRIME CONTRACTOR/SUPPLIER IS IMMUNE FROM LIABILITY OR NOT; AND
- 2.2.3 THE CITY'S AND PRIME CONTRACTOR/SUPPLIER'S ACTUAL OR ALLEGED STRICT PRODUCTS LIABILITY OR STRICT STATUTORY LIABILITY, WHETHER PRIME CONTRACTOR/SUPPLIER IS IMMUNE FROM LIABILITY OR NOT.
- 2.2.4 PRIME CONTRACTOR/SUPPLIER SHALL DEFEND, INDEMNIFY, AND HOLD THE CITY HARMLESS DURING THE TERM OF THIS AGREEMENT AND FOR FOUR YEARS AFTER THE AGREEMENT TERMINATES. PRIME CONTRACTOR/SUPPLIER'S INDEMNIFICATION IS LIMITED TO \$500,000.00 PER OCCURRENCE. PRIME CONTRACTOR/SUPPLIER SHALL NOT INDEMNIFY THE CITY FOR THE CITY'S SOLE NEGLIGENCE.

2.3 INDEMNIFICATION:

CONTRACTOR SHALL REQUIRE ALL OF ITS SUBCONTRACTORS (AND THEIR SUBCONTRACTORS) TO RELEASE AND INDEMNIFY THE CITY TO THE SAME EXTENT AND IN SUBSTANTIALLY THE SAME FORM AS ITS RELEASE AND INDEMNITY TO THE CITY

3.0 INDEMNIFICATION PROCEDURES:

3.1 Notice of Claims. If the City or Prime Contractor/Supplier receives notice of any claim or circumstances which could give rise to an indemnified loss, the receiving party shall give written notice to the other party within 10 days. The notice must include the following:

3.1.1 a description of the indemnification event in reasonable detail,

3.1.2 the basis on which indemnification may be due, and

3.1.3 the anticipated amount of the indemnified loss.

3.2 This notice does not stop or prevent the City from later asserting a different basis for indemnification or a different amount of indemnified loss than that indicated in the initial notice. If the City does not provide this notice within the 10 day period, it does not waive any right to indemnification except to the extent that Prime Contractor/Supplier is prejudiced, suffers loss, or incurs expense because of the delay.

3.3 Defense of Claims

3.3.1 Assumption of Defense. Prime Contractor/Supplier may assume the defense of the claim at its own expense with counsel chosen by it that is reasonably satisfactory to the City. Prime Contractor/Supplier shall then control the defense and any negotiations to settle the claim. Within 10 days after receiving written notice of the indemnification request, Prime Contractor/Supplier must advise the City as to whether or not it will defend the claim. If Prime Contractor/Supplier does not assume the defense, the City shall assume and control the defense, and all defense expenses constitute an indemnification loss.

3.3.2 Continued Participation. If Prime Contractor/Supplier elects to defend the claim, the City may retain separate counsel to participate in (but not control) the defense and to participate in (but not control) any settlement negotiations. Prime Contractor/Supplier may settle the claim without the consent or agreement of the City, unless it (i) would result in injunctive relief or other equitable remedies or otherwise require the City to comply with restrictions or limitations that adversely affect the City, (ii) would require the City to pay amounts that Prime Contractor/Supplier does not fund in full, (iii) would not result in the City's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

4.0 INSURANCE:

4.1 Contractor shall maintain in effect certain insurance coverage and shall furnish certificates of insurance, in duplicate form, before beginning its performance under this Agreement. All policies except Professional Liability and Workers' Compensation must name the City as an additional insured. The issuer of any policy (1) shall have a Certificate of Authority to transact insurance business in Texas or (2) shall be an eligible non-admitted insurer in the State of Texas and have a Best's rating of at least B+ and a Best's Financial Size Category of Class VI

or better, according to the most current edition Best's Key Rating Guide. Contractor shall maintain the following insurance coverages in the following amounts:

4.1.1 Commercial General Liability insurance including Contractual Liability insurance:
\$500,000 per occurrence; \$1,000,000 aggregate

4.1.2 Workers' Compensation including Broad Form All States endorsement:
Statutory amount

4.1.3 Automobile Liability insurance
\$1,000,000 combined single limit per occurrence
Defense costs are excluded from the face amount of the policy.
Aggregate Limits are per 12-month policy period unless otherwise indicated.

4.1.4 Employer's Liability
Bodily injury by accident \$100,000 (each accident)
Bodily injury by disease \$100,000 (policy limit)
Bodily injury by disease \$100,000 (each employee)

4.2 All insurance policies must require on their face, or by endorsement, that the insurance carrier waives any rights of subrogation against the City, Contractor shall give written notice to the Director if any of its insurance policies are cancelled, materially changed or non-renewed. Within the 30 day period, Contractor shall provide other suitable policies in lieu of those about to be canceled, materially changed, or non-renewed so as to maintain in effect the required coverage. If Contractor does not comply with this requirement, the Director, at his or sole discretion, may:

4.2.1 immediately suspend Contractor from any further performance under this Agreement and begin procedures to terminate for default, or

4.2.2 purchase the required insurance with City funds and deduct the cost of the premiums from amounts due to Contractor under this Agreement.

5.0 WARRANTIES:

5.1 Contractor represents and warrants that it shall perform all work in a good and workmanlike manner, meeting the standards of quality prevailing in Harris County, Texas for work of this kind. Contractor shall perform all work using trained and skilled persons having substantial experience performing the work required under this Agreement.

5.2 With respect to any parts and goods furnished by it, Contractor warrants:

5.2.1 that all items are free of defects in title, material, and workmanship,

5.2.2 that each item meets or exceeds the manufacturer's specifications and requirements for the equipment, structure, or other improvement in which the item is installed,

5.2.3 that each replacement item is new in accordance with original equipment manufacturer's specifications, and of a quality at least as good as the quality of the item which it replaces (when the replaced item was new), and

5.2.4 that no item or its use infringes any patent, copyright, or proprietary right.

6.0 LICENSES AND PERMITS:

6.1 Contractor shall obtain and pay for all licenses, permits, and certificates required by any statute,

ordinance, rule, or regulation.

7.0 COMPLIANCE WITH EQUAL OPPORTUNITY ORDINANCE:

- 7.1 Contractor shall comply with the City's Equal Employment Opportunity Ordinance as set out in Exhibit "C."

8.0 MWBE COMPLIANCE:

- 8.1 Contractor shall comply with the City's Minority and Women Business Enterprise ("MWBE") programs as set out in Chapter 15, Article V of the City of Houston Code of Ordinances. Contractor shall make good faith efforts to award subcontracts or supply agreements in at least **6%** of the value of this Agreement to MWBEs. Contractor acknowledges that it has reviewed the requirements for good faith efforts on file with the City's Affirmative Action Division and will comply with them.
- 8.2 Contractor shall require written subcontracts with all MWBE subcontractors and shall submit all disputes with MWBEs to binding arbitration in Houston, Texas if directed to do so by the Affirmative Action Division Director. MWBE subcontracts must contain the terms set out in Exhibit "D." If Contractor is an individual person (as distinguished from a corporation, partnership, or other legal entity), and the amount of the subcontract is \$50,000 or less, the subcontract must also be signed by the attorneys of the respective parties.

9.0 DRUG ABUSE DETECTION AND DETERRENCE:

- 9.1 It is the policy of the City to achieve a drug-free workforce and workplace. The manufacture, distribution, dispensation, possession, sale, or use of illegal drugs or alcohol by contractors while on City Premises is prohibited. Contractor shall comply with all the requirements and procedures set forth in the Mayor's Drug Abuse Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31 ("Executive Order"), which is incorporated into this Agreement and is on file in the City Secretary's Office.
- 9.2 Before the City signs this Agreement, Contractor shall file with the Contract Compliance Officer for Drug Testing ("CCODT"):
- 9.2.1 a copy of its drug-free workplace policy,
- 9.2.2 the Drug Policy Compliance Agreement substantially in the form set forth in Exhibit "E," together with a written designation of all safety impact positions and,
- 9.2.3 if applicable (e.g. no safety impact positions), the Certification of No Safety Impact Positions, substantially in the form set forth in Exhibit "F."
- 9.3 If Contractor files a written designation of safety impact positions with its Drug Policy Compliance Agreement, it also shall file every 6 months during the performance of this Agreement or on completion of this Agreement if performance is less than 6 months, a Drug Policy Compliance Declaration in a form substantially similar to Exhibit "G." Contractor shall submit the Drug Policy Compliance Declaration to the CCODT within 30 days of the expiration of each 6-month period of performance and within 30 days of completion of this Agreement. The first 6-month period begins to run on the date the City issues its Notice to Proceed or if no Notice to Proceed is issued, on the first day Contractor begins work under this Agreement.
- 9.4 Contractor also shall file updated designations of safety impact positions with the CCODT if additional safety impact positions are added to Contractor's employee work force.

- 9.5 Contractor shall require that its subcontractors comply with the Executive Order, and Contractor shall secure and maintain the required documents for City inspection.

10.0 ENVIRONMENTAL LAWS:

- 10.1 Contractor shall comply with all rules, regulations, statutes, or orders of the Environmental Protection Agency ("EPA"), the Texas Commission on Environmental Quality ("TCEQ"), and any other governmental agency with the authority to promulgate environmental rules and regulations ("Environmental Laws"). Contractor shall promptly reimburse the City for any fines or penalties levied against the City because of Contractor's failure to comply.
- 10.2 Contractor shall not possess, use, generate, release, discharge, store, dispose of, or transport any Hazardous Materials on, under, in, above, to, or from the site except in strict compliance with the Environmental Regulations. "Hazardous Materials" means any substances, materials, or wastes that are or become regulated as hazardous or toxic substances under any applicable federal, state, or local laws, regulations, ordinances, or orders. Contractor shall not deposit oil, gasoline, grease, lubricants or any ignitable or hazardous liquids, materials, or substances in the City's storm sewer system or sanitary sewer system or elsewhere on City Property in violation of the Environmental Laws.

11.0 PERFORMANCE BOND:

- 11.1 The successful Contractor shall be required to provide a Performance Bond or a Clean Irrevocable Letter of Credit in the amount of **\$400,000.00 per awarded facility** to be renewed annually. The Contract term is three-years with two one-year options to renew for a total five-year term.
- 11.2 The bond will be renewed for each one-year term upon extension of the Contract. Further, subsequent to Contract award extension and upon the City's written notification, to the Contractor, of its intent to exercise a one-year contract option year, the Contractor shall provide to the City, within ten (10) calendar days of receipt of such notification, a Performance Bond or Clean Irrevocable Letter of Credit in the amount of 100% of the total contract option year amount.
- 11.3 The Performance Bond shall be in the same form as that distributed by the City, and attached hereto, all duly executed by this bidder (as "Principal") and by a Corporate Surety Company licensed to do business in the State of Texas, and shown in the most recent edition of United States Treasury Circular 570 as having an "underwriting limitation" at least as great as that amount of the Performance Bond.
- 11.4 The Clean Irrevocable Letter of Credit must be submitted on the form provided herein and signed by an officer of the institution with the appropriate authority to issue said document.
- 11.5 The Contractor must deliver the Performance Bond or Clean Irrevocable Letter of Credit to the City Purchasing Agent of the City on or before the tenth (10th) day following the day this Bidder receives notification from the City of a possible award.

12.0 CONTRACTOR'S PERFORMANCE:

- 12.1 Contractor shall make citizen satisfaction a priority in providing services under this Agreement. Contractor shall train its employees to be customer service-oriented and to positively and politely interact with citizens when performing contract services. Contractor's employees shall be clean, courteous, efficient, and neat in appearance and committed to offering the highest quality of service to the public. If, in the Director's opinion, Contractor is not interacting in a

positive and polite manner with citizens, he or she shall direct Contractor to take all remedial steps to conform to these standards.

13.0 PAYMENT OF EMPLOYEES AND SUBCONTRACTORS:

- 13.1 Contractor shall make timely payments in accordance with applicable state and federal law to all persons and entities supplying labor, materials or equipment for the performance of this Agreement including Contractor's employees.
- 13.2 Failure of Contractor to pay its employees as required by law shall constitute a default under this contract for which the Contractor and its surety shall be liable on Contractor's performance bond if Contractor fails to cure the default as provided under this Agreement.
- 13.3 Contractor shall defend and indemnify the City from any claims or liability arising out of Contractor's failure to pay its subcontractors as required by law. Contractor shall submit disputes relating to payment of M/WBE subcontractors to arbitration in the same manner as any other disputes under the M/WBE subcontract.

14.0 CONTRACTOR PAY OR PLAY PROGRAM:

- 14.1 The requirement and terms of the City of Houston Pay or Play Policy, as set out in Executive Order 1-7, are incorporated into this Agreement for all purposes. Contractor has reviewed Executive Order 1-7 and shall comply with its terms and conditions as they are set out at the time of City Council approval of this Agreement. Exhibit "I".
- 14.2 The Pay or Play Program for various departments will be administered by the City of Houston Affirmative Action Division's designee and for a Department specific contract; the Department's designated contract administrator will administer the Pay or Play Program.

III. DUTIES OF CITY

1.0 PAYMENT TERMS:

- 1.1 The City shall pay and Contractor shall accept fees at the unit prices provided in Exhibit H for all services rendered and the Deliverables furnished by Contractor. The fees must only be paid from Allocated Funds, as provided below.
- 1.2 Any quantities of services or Deliverables shown in any part of this contract or its exhibits are estimated only and are not any guarantee that the City will not purchase more or less of those services or Deliverables. The City will pay only for the services or Deliverables actually ordered and only at the unit prices set out.

2.0 TAXES:

- 2.1 The City is exempt from payment of Federal Excise and Transportation Tax and Texas Limited Sales and Use Tax. Contractor's invoices to the City must not contain assessments of any of these taxes. The Director will furnish the City's exemption certificate and federal tax identification number to Contractor if requested.

3.0 METHOD OF PAYMENT:

- 3.1 The City shall pay Contractor on the basis of invoices submitted by Contractor and approved by the Director, showing the specific tasks completed in the preceding month and the corresponding prices. The City shall make payments to Contractor at its address for notices within 30 days of receipt of an approved invoice.

4.0 METHOD OF PAYMENT - DISPUTED PAYMENTS:

- 4.1 If the City disputes any items in an invoice Contractor submits for any reason, including lack of supporting documentation, the Director shall temporarily delete the disputed item and pay the remainder of the invoice. The Director shall promptly notify Contractor of the dispute and request remedial action. After the dispute is settled, Contractor shall include the disputed amount on a subsequent regularly scheduled invoice or on a special invoice for the disputed item only.

5.0 LIMIT OF APPROPRIATION:

- 5.1 The City's duty to pay money to Contractor under this Agreement is limited in its entirety by the provisions of this Section.
- 5.2 In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of **\$164,500.00** to pay money due under this Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for this Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:
- 5.3 The City makes a Supplemental Allocation by issuing to Contractor a Service Release Order, or similar form approved by the City Controller, containing the language set out below. When necessary, the Supplemental Allocation shall be approved by motion or ordinance of City Council.

"NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS"

By the signature below, the City Controller certifies that, upon the request of the responsible director, the supplemental sum set out below has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

- 5.4 The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under this Agreement in excess of the Allocated Funds. Contractor must assure itself that sufficient allocations have been made to pay for services it provides. If Allocated Funds are exhausted, Contractor's only remedy is suspension or termination of its performance under this Agreement and it has no other remedy in law or in equity against the City and no right to damages of any kind.

6.0 CHANGES:

- 6.1 At any time during the Agreement Term, the City Purchasing Agent or Director may issue a Change Order to increase or decrease the scope of services or change plans and specifications, as he or she may find necessary to accomplish the general purposes of this Agreement. Contractor shall furnish the services or deliverables in the Change Order in accordance with the requirements of this Agreement plus any special provisions, specifications, or special instructions issued to execute the extra work.
- 6.2 The City Purchasing Agent or Director will issue the Change Order in substantially the following form:

CHANGE ORDER

TO: [Name of Contractor]

FROM: City of Houston, Texas (the "City")
DATE: [Date of Notice]
SUBJECT: Change Order under the Agreement between the City and [Name of Contractor] countersigned by the City Controller on [Date of countersignature of the Agreement]

Subject to all terms and conditions of the Agreement, the City requests that Contractor provide the following:

[Here describe the additions to or changes to the equipment or services and the Change Order Charges applicable to each.]

Signed:
[Signature of City Purchasing Agent or Director]

- 6.3 The City Purchasing Agent or Director may issue more than one Change Order, subject to the following limitations:
- 6.3.1 Council expressly authorizes the City Purchasing Agent or Director to approve a Change Order of up to \$50,000. A Change Order of more than \$50,000 over the approved contract amount must be approved by the City Council.
 - 6.3.2 If a Change Order describes items that Contractor is otherwise required to provide under this Agreement, the City is not obligated to pay any additional money to Contractor.
 - 6.3.3 The Total of all Change Orders issued under this section may not increase the Original Agreement amount by more than 25%.
- 6.4 Whenever Contractor receives a Change Order, Contractor shall furnish all material, equipment, and personnel necessary to perform the work described in the Change Order. Contractor shall complete the work within the time prescribed. If no time for completion is prescribed, Contractor shall complete the work within a reasonable time. If the work described in any Change Order causes an unavoidable delay in any other work Contractor is required to perform under this Agreement, Contractor may request a time extension for the completion of the work. The City Purchasing Agent's or Director's decision regarding a time extension is final.
- 6.5 A product or service provided under a Change Order is subject to inspection, acceptance, or rejection in the same manner as the work described in the Original Agreement, and is subject to the terms and conditions of the Original Agreement as if it had originally been a part of the Agreement.
- 6.6 Change Orders are subject to the Allocated Funds provisions of this Agreement.

IV. TERM AND TERMINATION

1.0 CONTRACT TERM:

- 1.1 This Agreement is effective on the Countersignature Date and expires three (3) years after the date specified in the Notice to Proceed unless sooner terminated according to the terms of this Agreement.

2.0 NOTICE TO PROCEED:

- 2.1 Contractor shall begin performance under this Agreement on the date specified in a Notice to Proceed from the City Purchasing Agent.

3.0 RENEWALS:

- 3.1 Upon expiration of the Initial Term, and so long as the City makes sufficient supplemental allocations, this Agreement will be automatically renewed for two successive one-year terms on the same terms and conditions. If the Director of the City Department elects not to renew this Agreement, the City Purchasing shall notify Contractor in writing of non-renewal at least 30 days before the expiration of the then-current term.

4.0 TIME EXTENSIONS:

- 4.1 If the Department requests an extension of time to complete its performance, then the City Purchasing Agent may, in his or her sole discretion, extend the time so long as the extension does not exceed 90 days. The extension must be in writing but does not require amendment of this Agreement. Contractor is not entitled to damages for delay(s) regardless of the cause of the delay(s).

5.0 TERMINATION FOR CONVENIENCE BY THE CITY:

- 5.1 The City Purchasing Agent or Director may terminate this Agreement at any time by giving 30 days written notice to Contractor. The City's right to terminate this Agreement for convenience is cumulative of all rights and remedies which exist now or in the future.
- 5.2 On receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement and cancel all existing orders and subcontracts that are chargeable to this Agreement. As soon as practicable after receiving the termination notice, Contractor shall submit an invoice showing in detail the services performed under this Agreement up to the termination date. The City shall then pay the fees to Contractor for services actually performed, but not already paid for, in the same manner as prescribed in Section III unless the fees exceed the allocated funds remaining under this Agreement.
- 5.3 TERMINATION OF THIS AGREEMENT AND RECEIPT OF PAYMENT FOR SERVICES RENDERED ARE CONTRACTOR'S ONLY REMEDIES FOR THE CITY'S TERMINATION FOR CONVENIENCE, WHICH DOES NOT CONSTITUTE A DEFAULT OR BREACH OF THIS AGREEMENT. CONTRACTOR WAIVES ANY CLAIM (OTHER THAN ITS CLAIM FOR PAYMENT AS SPECIFIED IN THIS SECTION), IT MAY HAVE NOW OR IN THE FUTURE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE CITY'S TERMINATION FOR CONVENIENCE.

6.0 TERMINATION FOR CAUSE BY CITY:

- 6.1 If Contractor defaults under this Agreement, the City Purchasing Agent or Director may either terminate this Agreement or allow Contractor to cure the default as provided below. The City's right to terminate this Agreement for Contractor's default is cumulative of all rights and remedies which exist now or in the future. Default by Contractor occurs if:
- 6.1.1 Contractor fails to perform any of its duties under this Agreement;
- 6.1.2 Contractor becomes insolvent;
- 6.1.3 all or a substantial part of Contractor's assets are assigned for the benefit of its creditors;
or
- 6.1.4 a receiver or trustee is appointed for Contractor.

- 6.2 If a default occurs, the City Purchasing Agent or Director may, but is not obligated to, deliver a written notice to Contractor describing the default and the termination date. The City Purchasing Agent or Director at his or her sole option, may extend the termination date to a later date. If the City Purchasing Agent or Director allows Contractor to cure the default and Contractor does so to the City Purchasing Agent's or Director's satisfaction before the termination date, then the termination is ineffective. If Contractor does not cure the default before the termination date, then the City Purchasing Agent or Director may terminate this Agreement on the termination date, at no further obligation of the City.
- 6.3 To effect final termination, the City Purchasing Agent or Director must notify Contractor in writing. After receiving the notice, Contractor shall, unless the notice directs otherwise, immediately discontinue all services under this Agreement, and promptly cancel all orders or subcontracts chargeable to this Agreement.

7.0 TERMINATION FOR CAUSE BY CONTRACTOR:

- 7.1 Contractor may terminate its performance under this Agreement only if the City defaults and fails to cure the default after receiving written notice of it. Default by the City occurs if the City fails to perform one or more of its material duties under this Agreement. If a default occurs and Contractor wishes to terminate the Agreement, then Contractor must deliver a written notice to the Director describing the default and the proposed termination date.
- 7.2 The date must be at least 30 days after the Director receives notice. Contractor, at its sole option, may extend the proposed termination date to a later date. If the City cures the default before the proposed termination date, then the proposed termination is ineffective. If the City does not cure the default before the proposed termination date, then Contractor may terminate its performance under this Agreement on the termination date.

8.0 REMOVAL OF CONTRACTOR OWNED EQUIPMENT AND MATERIALS:

- 8.1 Upon expiration, or termination of this Agreement, Contractor is permitted ten (10) days within which to remove contractor-owned material and equipment from the City's premises. The City shall make such material and equipment readily available to Contractor. The time period may be extended upon approval by the Director. The City reserves the right to deny any extension of time.

V. MISCELLANEOUS

1.0 INDEPENDENT CONTRACTOR:

- 1.1 Contractor shall perform its obligations under this Agreement as an independent contractor and not as an employee of the City.

2.0 FORCE MAJEURE:

- 2.1 Timely performance by both parties is essential to this Agreement. However, neither party is liable for delays or other failures to perform its obligations under this Agreement to the extent the delay or failure is caused by Force Majeure. Force Majeure means fires, floods, explosions, and other acts of God, war, terrorist acts, riots, court orders, and the acts of superior governmental or military authority.
- 2.2 This relief is not applicable unless the affected party does the following:
 - 2.2.1 uses due diligence to remove the Force Majeure as quickly as possible; and
 - 2.2.2 provides the other party with prompt written notice of the cause and its anticipated effect.

- 2.3 The City may perform contract functions itself or contract them out during periods of Force Majeure. Such performance does not constitute a default or breach of this Agreement by the City.
- 2.4 If the Force Majeure continues for more than 30 days, the City Purchasing Agent or Director may terminate this Agreement by giving 30 days' written notice to Contractor. This termination is not a default or breach of this Agreement. CONTRACTOR WAIVES ANY CLAIM IT MAY HAVE FOR FINANCIAL LOSSES OR OTHER DAMAGES RESULTING FROM THE TERMINATION EXCEPT FOR AMOUNTS DUE UNDER THE AGREEMENT AT THE TIME OF THE TERMINATION.

3.0 SEVERABILITY:

- 3.1 If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices either party.

4.0 ENTIRE AGREEMENT:

- 4.1 This Agreement merges the prior negotiations and understandings of the Parties and embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (express or implied), or other terms of any kind exist between the Parties regarding this Agreement.

5.0 WRITTEN AMENDMENT:

- 5.1 Unless otherwise specified elsewhere in this Agreement, this Agreement may be amended only by written instrument executed on behalf of the City (by authority of an ordinance duly adopted by the City Council) and Contractor. The Director is only authorized to perform the functions specifically delegated to him or her in this Agreement.

6.0 APPLICABLE LAWS:

- 6.1 This Agreement is subject to the laws of the State of Texas, the City Charter and Ordinances, the laws of the federal government of the United States, and all rules and regulations of any regulatory body or officer having jurisdiction.
- 6.2 Venue for any litigation relating to this Agreement is Harris County, Texas.

7.0 NOTICES:

- 7.1 All notices to either party to the Agreement must be in writing and must be delivered by hand, facsimile, United States registered or certified mail, return receipt requested, United States Express Mail, Federal Express, Airborne Express, UPS or any other national overnight express delivery service. The notice must be addressed to the party to whom the notice is given at its address set out in Section I of this Agreement or other address the receiving party has designated previously by proper notice to the sending party. Postage or delivery charges must be paid by the party giving the notice.

8.0 NON-WAIVER:

- 8.1 If either party fails to require the other to perform a term of this Agreement, that failure does not prevent the party from later enforcing that term and all other terms. If either party waives the other's breach of a term, that waiver does not waive a later breach of this Agreement.

8.2 An approval by the Director, or by any other employee or agent of the City, of any part of Contractor's performance does not waive compliance with this Agreement or establish a standard of performance other than that required by this Agreement and by law. The Director is not authorized to vary the terms of this Agreement.

9.0 INSPECTIONS AND AUDITS:

9.1 City representatives may perform, or have performed, (1) audits of Contractor's books and records, and (2) inspections of all places where work is undertaken in connection with this Agreement. Contractor shall keep its books and records available for this purpose for at least 3 years after this Agreement terminates. This provision does not affect the applicable statute of limitations.

10.0 ENFORCEMENT:

10.1 The City Attorney or his or her designee may enforce all legal rights and obligations under this Agreement without further authorization. Contractor shall provide to the City Attorney all documents and records that the City Attorney requests to assist in determining Contractor's compliance with this Agreement, with the exception of those documents made confidential by federal or State law or regulation.

11.0 AMBIGUITIES:

11.1 If any term of this Agreement is ambiguous, it shall not be construed for or against any party on the basis that the party did or did not write it.

12.0 SURVIVAL:

12.1 Contractor shall remain obligated to the City under all clauses of this Agreement that expressly or by their nature extend beyond the expiration or termination of this Agreement, including but not limited to, the indemnity provisions.

13.0 PARTIES IN INTEREST:

13.1 This Agreement does not bestow any rights upon any third party, but binds and benefits the City and Contractor only.

14.0 SUCCESSORS AND ASSIGNS:

14.1 This Agreement binds and benefits the Parties and their legal successors and permitted assigns; however, this provision does not alter the restrictions on assignment and disposal of assets set out in the following paragraph. This Agreement does not create any personal liability on the part of any officer or agent of the City.

15.0 BUSINESS STRUCTURE AND ASSIGNMENTS:

15.1 Contractor shall not assign this Agreement at law or otherwise or dispose of all or substantially all of its assets without the City Purchasing Agent's or Director's prior written consent. Nothing in this clause, however, prevents the assignment of accounts receivable or the creation of a security interest under Section 9.406 (c) of the Texas Business & Commerce Code. In the case of such an assignment, Contractor shall immediately furnish the City with proof of the assignment and the name, telephone number, and address of the Assignee and a clear identification of the fees to be paid to the Assignee.

15.2 Contractor shall not delegate any portion of its performance under this Agreement without the

City Purchasing Agent's or Director's prior written consent.

16.0 REMEDIES CUMULATIVE:

16.1 Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive, but are cumulative of all rights and remedies which exist now or in the future. Neither party may terminate its duties under this Agreement except in accordance with its provisions.

17.0 CONTRACTOR DEBT:

17.1 If Contractor, at any time during the term of this agreement, incurs a debt, as the word is defined in Section 15-122 of the Houston City Code of Ordinances, it shall immediately notify the City Controller in writing. If the City Controller becomes aware that Contractor has incurred a debt, she shall immediately notify contractor in writing. If Contractor does not pay the debt within 30 days of either such notification, the City Controller may deduct funds in an amount equal to the debt from any payments owed to Contractor under this agreement, and Contractor waives any recourse therefor.

EXHIBIT "A" DEFINITIONS

As used in this Agreement, the following terms have the meanings set out below:

"Agreement" means this contract between the Parties, including all exhibits, change orders, and any written amendments authorized by City Council and Contractor.

"City" is defined in the preamble of this Agreement and includes its successors and assigns.

"City Purchasing Agent" is defined as the person or duly authorized successor, authorized in writing to act for the City. The term includes, except as otherwise provided in this Contract, the authorized representative of the City Purchasing Agent acting within the limits of delegated authority.

"Contractor Administrator" means the representative of the Department who is responsible for the administration for the Contract.

"Contract Award Notice" means the official notification substantiated by the Notice to Proceed issued by the City Purchasing Agent to the Contractor.

"Contract Charges" means charges that accrue during a given month as defined in Article III.

"Contract Term" is defined in Article IV.

"Contractor" is defined in the preamble of this Agreement and includes its successors and assigns.

"Countersignature Date" means the date this agreement is countersigned by the City Controller.

"Director" mean the Directors/Chiefs of each of the Departments or the City Purchasing Agent for the City, or the person he or she designates.

"Effective Date" is defined as date contract is countersigned by the City Controller.

"Governing Body" means the Mayor and City Council of the City of Houston.

"Hazardous Materials" is defined in Article II (Environmental Laws).

"Notice to Proceed" means a written communication from the City Purchasing Agent to Contractor instructing Contractor to begin performance.

"Parties" mean all the entities set out in the Preamble who are bound by this Agreement.

EXHIBIT "B"
SCOPE OF WORK

ONSITE WATER TREATMENT SLUDGE DEWATERING AND DISPOSAL SERVICES

1.0 GENERAL:

- 1.1 The Public Works and Engineering Department is seeking proposals from experienced and qualified Contractor to operate and maintain the on-site water treatment sludge dewatering system and to transport and dispose of the dewatered sludge at three (3) City's surface water treatment facilities. The Contractor must be capable of providing all services detailed in this request for proposal to be considered for award.
- 1.2 The services must meet or exceed all requirements of the Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality (TCEQ), as well as local regulations governing these activities.
- 1.3 All transportation and disposal operations shall be performed in compliance with all applicable statutes and regulations which shall include, but not be limited to, federal, state, county, and local regulations. Disposal site(s) shall be permitted or registered with certificates current. Waste haulers/transporters, where used, shall have current registrations and stickers on trucks.
- 1.4 Contractor shall perform Work in a manner which minimizes disruption of the normal operation of the water treatment plants and maintain continuous operation of existing facilities. The City will not tolerate inaction or action by the Contractor that could jeopardize the operation of the plant.
- 1.5 The amount of sludge the Contractor may be asked to handle may vary depending on various factors which include, but not limited, raw water turbidity, chemical dosages, treated water flow capacity, and equipment failure. There is no minimum/maximum quantities of sludge guaranteed under this contract.
- 1.6 The City reserves the right to select elements from different individual proposals and to combine and consolidate them in any way that best serves the City's interest. The City reserves the right to reduce the scope of the work and evaluate only the remaining elements from all proposals. The City reserves the right to reject specific elements contained in all proposals and to complete the evaluation process based only on the remaining items.
- 1.7 The City recommends that the Contractor to use the same sludge polymers that is being used at the plants (Polydyne Clarifloc A6320 at NEWPP and Praestol K110L at SEWPP). If new sludge polymers will be used, the Contractor must obtain approval from the Plant Operations Manager prior to utilizing the new chemical.
- 1.8 Contractor shall keep the sludge in the thickeners at an appropriate level to avoid overflow of solids into the existing overflow basins. If overflow occurred, the Contractor shall be responsible for the removal of the sediments from the basin at no additional cost to the City.

2.0 SITE DESCRIPTION:

- 2.1 The prospective Contractor shall provide operation, maintenance, transport, and disposal services to the following water treatment plants:
 - 2.1.1 Southeast Water Purification Plant
- 2.2 Southeast Water Purification Plant (SEWPP):
 - 2.2.1 The SEWPP is located at 3100 Genoa Red Bluff, Houston, Texas 77034 (Key

Map 577M),

- 2.2.2 The daily average treated water flow rate for the SEWPP is 77 MGD, and the annual water treatment sludge produced is approximately 4,200 dry tons per year. Daily treated water flow rate for the SEWPP may increase to an average flow rate of 200 MGD during the contract term.
- 2.2.3 Currently, the water treatment sludge is processed by gravity thickeners and dewatered through belt filter presses (provided by current Contractor) at the SEWPP,
- 2.2.4 The dewatered sludge is hauled off in form of a truckable dry cake and disposed of at an on-site landfill (monofill).
- 2.2.5 The SEWPP has a 25-acre landfill permitted by the TCEQ. The Contractor shall supply all labor and equipment necessary to haul and dispose of the dewatered sludge in the landfill area in accordance with the TCEQ permit requirements.
- 2.2.6 *The contractor shall provide labor, equipment and materials to maintain the road into and around the mono-fill. The contractor will return the roads in its original condition after the completion of the contract. The present condition of the road will be documented through contractor's submittal of the photographs and/or video.***

- 2.3.7 Southeast Plant :(items that are not provided by the City and the current contractor owns);

2 - Ashbrook Belt presses

2 - Green conveyors and yellow stands

Tote racks.

Portable office building and all contents

Shelter building that is over both presses

All piping, valves, and wiring beginning at the Centrifuge building

All telephone equipment, wiring and accessories.

All transportation equipment and equipment located at the monofill

3.0 SCOPE OF SERVICES:

- 3.1 The Plant Operations Manager will be the designated point of contact for the contract. All coordination for the project shall be made through the Plant Operations Manager or his designee.
- 3.2 The Contractor shall designate a Project Manager for this contract by submitting in writing a letter to the Plant Operations Manager. This letter shall be delivered within 10 days of notification of award by the City Council.
 - 3.2.1 The Project Manager must be LOCALLY available at all times during the contract term.
 - 3.2.2 The Project Manager shall have full authority to represent the Contractor in making decisions and in the execution of the services to be performed under the contract.
 - 3.2.3 The Project Manager must be knowledgeable in operation and maintenance of dewatering process and equipment.
- 3.3 The City's water purification plants are operated 24-hours a day, 7-day a week. It is anticipated

that operation hours for the dewatering services will be between the hours of 7:00 AM and 7:00 PM, Monday through Friday. However, the Contractor shall be available to provide service at designated site on a 24-hour per day/7-day per week basis upon request. The Plant Operations Manager, or his designee, will determine if service outside normal working hours is required at the site. The City shall not be charged an additional fee for the services outside of the normal working hours, including weekends or holidays. The Contractor shall make provisions to complete any and all scheduled work as quickly as possible after a delay caused by inclement weather, or other conditions.

- 3.4 The Contractor will be allowed to use the existing on-site dewatering systems at the NEWPP. The Contractor shall provide qualified personnel to operate the systems. The Contractor shall also provide all routine and preventive maintenance works on the City's dewatering system per manufacturer's recommendations specified in the Operations and Maintenance (O&M) manuals. The Contractor shall provide a monthly routine and preventative maintenance logs to the Plant Operations Manager or his designee no later than seven (7) calendar days before the last day of the month for the maintenances to be performed in the following month. All labor, supervision, consumables, equipment, tools, etc. required to perform this maintenance, will be paid for by the Contractor. Special part in excess of \$2,500 will be paid by the City unless it is damaged due to Contractor's actions or lack of actions.
- 3.5 Any repair or replacement in excess of \$2,500 per item shall require authorization from the Plant Operations Manager or his designee. The Contractor shall determine the extent and estimated cost of corrective repairs. A written recommendation for repair shall be submitted to the Plant Operations Manager or his designee for approval. City will reimburse for the repairing costs if the Contractor demonstrates the damage is not preventable. All repairs will require written authorization from the Plant Operations Manager or his designee before commencing. If repair cost is greater than \$5,000, three written quotes shall be obtained from independent third-party vendors.
- 3.6 The Contractor shall specify, supply and pay for the sludge polymer to be used for on-site dewatering service. If the dewatered material to be disposed of at the on-site monofill, the dewatered material shall have a solids content at least 18% solids or higher on a consistent basis. The City will NOT pay for any loads which solids content are less than 18%.
- 3.7 Contractor shall keep the sludge in the thickeners and torque readings at an appropriate level that minimizes disruption of the normal operation of the plants at all times, including weekends.
- 3.8 The Contractor shall provide a sufficient number of watertight containers and transporting vehicles at the plants to enable continuous operation of the described on-site water treatment sludge dewatering, hauling, and disposal service. This requirement shall also apply to the time period that on-site scales are not available for use. All containers shall be covered with tarpaulins prior to leaving plants and en route to disposal site(s).
- 3.9 The Contractor will require weighing filled and emptied containers at one of the City's scales located at the SEWPP or at a certified public scale. The Contractor will be responsible for any fee charged at a public scale.
- 3.10 The Contractor shall sample each container for percent solids to determine the dry tonnage of hauled sludge. The sample shall be analyzed in accordance with an approved standard (ASTM or equivalent). Prior to commencing the work, the Contractor shall provide a copy of that standard to the Plant Operations Manager or his designee for approval. The City reserves the rights to obtain a split sample for verification purposes. The sample results analyzed by the City will supersede the Contractor's.
- 3.11 The Contractor shall perform a dewatered sludge sample analysis at least once per year. All parameters as required by "TCEQ Instructions and Procedural Information for the Registration

of the Land Application of Water Treatment Sludge" shall be analyzed. During the contract term, the Contractor shall also perform additional sampling, if required, at no additional cost to the City to comply with any changes made by federal, state, and local regulatory agency.

- 3.12 The Contractor must be equipped to exchange information electronically with the City in a format that is compatible with Microsoft Office software. It shall be solely the Contractor's responsibility to facilitate this electronic exchange. The Contractor shall bear all costs for providing this interface with the City.
- 3.13 At a minimum, Contractor shall furnish a monthly progress report to the Plant Operation Manager, or his designee, by the 15th day of the following month. The report shall include, but not limited to:
 - 3.13.1 all data required for federal, state, and local reports,
 - 3.13.2 monthly usage and MSDS sheets of sludge polymers,
 - 3.13.3 number of trucks/bins hauled
 - 3.13.4 volume of dry solids hauled in tons,
 - 3.13.5 analytical testing reports, if any,
 - 3.13.6 disposal manifests, and
 - 3.13.7 documentation of maintenance records on dewatered system.
- 3.14 Contractor shall provide other reports as reasonably stipulated by the Plant Operations Manager, or his designee, on a routine or as needed basis. The City shall not be charged an additional fee for these services.
- 3.15 Contractor shall insure that copies of back-up documents and manifests are properly completed, fully and legibly executed with correct information and dates.
- 3.16 Contractor shall remove debris and rubbish from the work site as frequently as necessary to avoid safety hazards and unsightliness, and at the end of each workday.
- 3.17 Contractor shall be responsible for containing all spillage of product that includes dewatered solids, fuel and lubricants, and sludge polymers.
- 3.18 The Contractor shall be responsible to insure that all spills or damages caused by spills are corrected immediately at his own expense. Correction of spills or damages shall be executed in a manner approved by the Plant Operations Manager or his designee.
- 3.19 The Contractor shall ensure its employee and/or subcontractors comply with the regulations governing the issuance of a Storm Water Discharge Permit by the EPA/TCEQ. The permit, in general, requires the City to eliminate or remedy any erosion of soil into the waterways and prevent any contaminants from reaching the waterways. Contractor shall not disturb vegetated areas to the point where the soil may be exposed to erosion.
- 3.20 For the SEWPP and NEWPP, the Contractor may haul off the water treatment sludge in form of wet slurry using watertight containers as an alternative method. The wet slurry shall be transported and disposed off the TCEQ permitted landfill or land application site. Should the alternative method is selected; the Contractor is responsible to provide pumps, hoses, and other appurtenances for transferring slurry to watertight containers.

4.0 LICENSES, CERTIFICATIONS AND PERMITS:

- 4.1 The Contractor is required to comply with all federal, state, local, and municipal laws,

ordinances, rules and regulations pertaining to the hauling and disposal of water treatment sludge.

- 4.2 The Contractor shall be registered with the TCEQ for hauling of sludge within the State of Texas.
- 4.3 The Contractor shall be responsible for acquiring, at its own expense, all licenses, registrations, permits, and authorizations necessary for the hauling and disposal of water treatment sludge.
- 4.4 Contractor shall provide all maintenance on the trailers and/or roll-off containers and shall ensure that all required licenses and inspections are current.
- 4.5 Contractor shall provide current copies of all permits to the Plant Operations Manager, or his designee, within 10 days of notification of award by the City Council.
- 4.6 Contractor shall be responsible for securing overweight permit and associated costs, if necessary.

5.0 SAFETY AND SECURITY REQUIREMENTS:

- 5.1 The Contractor shall be completely familiar with, and shall comply with all local, City, State and Federal OSHA regulations and requirements as applicable for all services performed under this Contract.
- 5.2 The Contractor shall be responsible and liable for the safety, injury, and health of its employees while performing service work.
- 5.3 The Contractor shall strictly abide by all security and safety regulations issued by the City. The City shall provide the Contractor copies of all updates or changes to the City's security and safety regulations. The Contractor shall implement these updates or changes upon notification.
- 5.4 The Contractor shall develop a spill response plan and be available to respond in no more than eight (8) hours to all liquid sludge or sludge polymer spills and provide thorough cleanup and removal of spilled material.
- 5.5 The Contractor shall provide Material Safety Data Sheet (MSDS) of the sludge polymers and chemicals to be used at the facility.
- 5.6 Company-owned and/or leased vehicles entering City facilities must have company's logo displayed on both sides of the vehicle. The logo must not be smaller than 12" x 12" in size and must be easily read from a distance of not less than 100 feet.
- 5.7 The Contractor's employees and/or subcontractor(s) shall wear photo identification badges and possess a valid State identification card when entering the plant. Contractor must control the distribution of their company photo identification badges so only current active employees have an issued badge.
- 5.8 Contractor shall not block roads or streets without permission from the Plant Operation Manager or his designee. When Contractor obstructs a road or street, Contractor shall provide approved barricades and warning devices. The Contractor shall solely be responsible for furnishing, erecting and maintaining suitable barricades, warning signs, flares, barriers, cones, lights, flags, signals, flagmen, and other traffic control devices as are or may be necessary to adequately protect the Work and warn, advise and safeguard others over the entire length of the project, including, but not limited to, sections of the project which the Contractor closes to traffic. All barricades, signs and other types of devices necessary for traffic control and to protect the Work shall be in accordance with the "Texas Manual on Uniform Traffic Control Devices".

6.0 CONTRACTOR'S LIABILITIES:

- 6.1 In addition to any insurance which is required, the Contractor understands that it will be liable to the City for any damage caused to City property or any individual injury or accident caused by Contractor or its subcontractors, employees, or agents which may occur in the course of performing the onsite dewatering and disposal services at City facilities.
- 6.2 Contractor is responsible for any equipment damaging City property. Contractor must replace or repair any City property damaged by its or its subcontractor's, employee's or agent's negligence, at no additional cost to the City, to equal or better condition.

7.0 USE OF LOW SULFUR DIESEL FUEL:

- 7.1 Contractor, Subcontractors, and Suppliers shall use Low Sulfur Diesel Fuel (500 ppm or the applicable standard set by State or Federal Law and/or rules and regulations of the Texas Commission on Environmental Quality, or the Environmental Protection Agency, whichever is less in sulfur content) in all diesel operating vehicles and motorized equipment utilized in performing the Work. Contractor, Subcontractors, and Suppliers shall not use a high sulfur type diesel fuel in diesel operating vehicles or motorized equipment used in performing the Work. Off-road Low Sulfur Diesel Fuel may be used in lieu of the on-road Low Sulfur Diesel Fuel. Upon request, Contractor shall provide proof that Contractor, Subcontractors, and Suppliers are using Low Sulfur Diesel Fuel.

8.0 ADDITIONS AND DELETIONS:

- 8.1 The City, by written notice from the City Purchasing Agent to the Contractor, at any time during the term of this contract, may add or delete like or similar equipment, supplies, locations and/or services to the list of equipment, supplies, locations, and/or services to be provided. Any such written notice shall take effect on the date stated in the notice from the City. Similar equipment, supplies, services, or locations added to the contract shall be in accordance with the contract specification/scope of services, and the charges or rates for items added shall be the same as specified in the fee schedule. In the event that the additional equipment, supplies, locations and/or services are not identical to the item(s) already under contract, the charges therefore will then be the Contractor's normal and customary charges or rates for the equipment, supplies, locations and/or services classified in the fee schedule.

9.0 WARRANTY OF SERVICES:

- 9.1 Definitions: "Acceptance" as used in this clause, means the act of an authorized representative of the City by which the City assumes for itself, approval of specific services, as partial or complete performance of the Contract.

"Correction" as used in this clause, means the elimination of a defect.

- 9.2 Notwithstanding inspection and acceptance by the City or any provision concerning the conclusiveness thereof, the Contractor warrants that all services performed under this Contract will, at the time of acceptance, be free from defects in workmanship and conform to the requirements of this Contract. The City shall give written notice of any defect or nonconformance to the Contractor within a one-year period from the date of acceptance by the City. This notice shall state either (1) that the Contractor shall correct or re-perform any defective or non-conforming services at no additional cost to the City, or (2) that the City does not require correction or re-performance.
- 9.3 If the Contractor is required to correct or re-perform, it shall be at no cost to the City, and any services corrected or re-performed by the Contractor shall be subject to this clause to the same extent as work initially performed. If the Contractor fails or refuses to correct or re-perform, the City may, by contract or otherwise correct or replace with similar services and charge to the Contractor the cost occasioned to the City thereby, or make an equitable adjustment in the

Contract price.

11.0 ESTIMATED QUANTITIES NOT GUARANTEED:

- 9.1 The estimated quantities specified herein are not a guarantee of actual quantities, as the City does not guarantee any particular quantity of Onsite Water Treatment Sludge Dewatering and Disposal Services during the term of this contract. The quantities may vary depending upon the actual needs of the Public Works & Engineering Department. The quantities specified herein are good faith estimates of usage during the term of this contract. Therefore, the City shall not be liable for any contractual agreements/obligations the Contractor enters into with third parties based on the City purchasing/requiring all the quantities specified herein.

EXHIBIT "C"
EQUAL EMPLOYMENT OPPORTUNITY

1. The contractor, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.
2. The contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.
3. The contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246 and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contractor Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.
5. The contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the contractor, subcontractor, vendor, supplier, or lessee.
6. In the event of the contractor's, subcontractor's, vendor's, supplier's, or lessee's non-compliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.
7. The contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.
8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

EXHIBIT "D"
MWBE REQUIREMENTS

ATTACHMENT "C"
CITY OF HOUSTON CERTIFIED M/WBE SUBCONTRACT TERMS

Contractor shall insure that all subcontracts with M/WBE subcontractors and suppliers are clearly labeled "**THIS CONTRACT IS SUBJECT TO BINDING ARBITRATION ACCORDING TO THE TEXAS GENERAL ARBITRATION ACT**" and contain the following terms:

1. _____ (M/WBE subcontractor) shall not delegate or subcontract more than 50% of the work under this subcontract to any other subcontractor or supplier without the express written consent of the City of Houston's Affirmative Action Director ("the Director")
2. _____ (M/WBE subcontractor) shall permit representatives of the City of Houston, at all reasonable times, to perform 1) audits of the books and records of the subcontractor, and 2) inspections of all places where work is to be undertaken in connection with this subcontract. Subcontractor shall keep such books and records available for such purpose for at least four (4) years after the end of its performance under this subcontract. Nothing in this provision shall affect the time for bringing a cause of action nor the applicable statute of limitations.
3. Within five (5) business days of execution of this subcontract, Contractor (prime contractor) and Subcontractor shall designate in writing to the Director an agent for receiving any notice required or permitted to be given pursuant to Chapter 15 of the Houston City Code of Ordinances, along with the street and mailing address and phone number of such agent.
4. As conclude by the parties to this subcontract, and as evidenced by their signatures hereto, any controversy between the parties involving the construction or application of any of the terms, covenants or conditions of this subcontract shall, on the written request of one party served upon the other or upon notice by Director served on both parties, be submitted to binding arbitration, under the Texas General Arbitration Act (Tex. Civ. Prac. & Rem. Code Ann., Ch. 171 – "the Act"). Arbitration shall be conducted according to the following procedures:
 - a. Upon the decision of the Director or upon written notice to the Director from either party that a dispute has arisen, the Director shall notify all parties that they must resolve the dispute within thirty (30) days or the matter may be referred to arbitration.
 - b. If the dispute is not resolved within the time specified, any party or the Director may submit the matter to arbitration conducted by the American Arbitration Association under the rules of the American Arbitration Association, except as otherwise required by the City's contract with American Arbitration Association on file in the Office of the City's Affirmative Action Division.
 - c. Each party shall pay all fees required by the American Arbitration Association and sign a form releasing the American Arbitration Association and its arbitrators from liability for decisions reached in the arbitration.
 - d. In the event the American Arbitration Association no longer administers Affirmative Action arbitration for the City, the Director shall prescribe alternate procedures as necessary to provide arbitration by neutrals in accordance with the requirements of Chapter 15 of the Houston City Code of Ordinances.

These provisions apply to goal-oriented contracts. A goal oriented contract means any contract for the supply of goods or non-personal or non-professional services in excess of \$100,000.00 for which competitive bids are required by law; not within the scope of the MBE/WBE program of the United States Environmental Protection Agency on the United States Department of Transportation; and ;, which the City Purchasing Agent has determined to have significant M/WBE subcontracting potential in fields which there are an adequate number on known MBEs and/or WBE's to compete for City contract.

The M/WBE policy of the City of Houston will be discussed during the pre-bid. For information assistance, and/or to receive a copy of the City's Affirmative action policy and/or ordinance contact the Affirmative Action Division at (713) 837-9000, 611 Walker, 20th Floor, Houston, Texas.

EXHIBIT "E"
DRUG POLICY COMPLIANCE AGREEMENT

I, J. Paul Withrow, Vice President as an owner or officer of
(Name) (Print/Type) (Title)
Synagro of Texas - CDR, Inc. (Contractor)
(Name of Company)

have authority to bind Contractor with respect to its bid, offer or performance of any and all contracts it may enter into with the City of Houston; and that by making this Agreement, I affirm that the Contractor is aware of and by the time the contract is awarded will be bound by and agree to designate appropriate safety impact positions for company employee positions, and to comply with the following requirements before the City issues a notice to proceed:

1. Develop and implement a written Drug Free Workplace Policy and related drug testing procedures for the Contractor that meet the criteria and requirements established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Drug Policy) and the Mayor's Drug Detection and Deterrence Procedures for Contractors (Executive Order No. 1-31).
2. Obtain a facility to collect urine samples consistent with Health and Human Services (HHS) guidelines and a HHS certified drug testing laboratory to perform the drug tests.
3. Monitor and keep records of drug tests given and the results; and upon request from the City of Houston, provide confirmation of such testing and results.
4. Submit semi-annual Drug Policy Compliance Declarations.

I affirm on behalf of the Contractor that full compliance with the Mayor's Drug Policy and Executive Order No. 1-31 is a material condition of the contract with the City of Houston.

I further acknowledge that falsification, failure to comply with or failure to timely submit declarations and/or documentation in compliance with the Mayor's Drug Policy and/or Executive Order No. 1-31 will be considered a breach of the contract with the City and may result in non-award or termination of the contract by the City of Houston.

Date October 1, 2009

Contractor Name Synagro of Texas - CDR, Inc.

Signature 

Title Vice President

This form is not applicable.

**EXHIBIT "F"
CONTRACTOR'S CERTIFICATION OF NO SAFETY IMPACT POSITIONS
IN PERFORMANCE OF A CITY CONTRACT**

I, _____
(Name)(Print/Type) **(Title)**

as an owner or officer of _____ (Contractor) have authority to bind the Contractor with respect to its bid, and I hereby certify that Contractor has no employee safety impact positions as defined in §5.18 of Executive Order No. 1-31 that will be involved in performing this City Contract. Contractor agrees and covenants that it shall immediately notify the City's Director of Personnel if any safety impact positions are established to provide services in performing this City Contract.

Date

Contractor Name

Signature

Title

**CONTRACTOR'S CERTIFICATION OF NON-APPLICATION OF
CITY OF HOUSTON DRUG DETECTION AND DETERRENCE PROCEDURES
FOR CONTRACTORS**

I, _____
(NAME) **(PRINT/TYPE)**

as an owner or officer of _____ (Contractor) have authority to bind the Contractor with respect to its bid, and I hereby certify that Contractor has fewer than fifteen (15) employees during any 20-week period during a calendar year and also certify that Contractor has no employee safety impact positions as defined in 5.18 of Executive Order No. 1-31 that will be involved in performing this City Contract. Safety impact position means a Contractor's employment position involving job duties that if performed with inattentiveness, errors in judgment, or diminished coordination, dexterity, or composure may result in mistakes that could present a real and/or imminent threat to the personal health or safety of the employee, co-workers, and/or the public.

DATE

CONTRACTOR NAME

SIGNATURE

TITLE

EXHIBIT "G"
DRUG POLICY COMPLIANCE DECLARATION

I, J. Paul Withrow, Vice President as an owner or officer of
 (Name) (Print/Type) (Title)
Synagro of Texas - CDR, Inc. (Contractor or Vendor)
 (Name of Company)

have personal knowledge and full authority to make the following declarations:

This reporting period covers the preceding 6 months from _____ to _____, 20_____.

_____ A written Drug Free Workplace Policy has been implemented and employees notified.
 Initials The policy meets the criteria established by the Mayor's Amended Policy on Drug Detection and Deterrence (Mayor's Policy).

_____ Written drug testing procedures have been implemented in conformity with the Mayor's
 Initials Drug Detection and Deterrence Procedures for Contractors, Executive Order No. 1-31. Employees have been notified of such procedures.

_____ Collection/testing has been conducted in compliance with federal Health and Human
 Initials Services (HHS) guidelines.

_____ Appropriate safety impact positions have been designated for employee positions
 Initials performing on the City of Houston contract. The number of employees in safety impact positions during this reporting period is _____.

_____ From _____ to _____ the following test has occurred
 Initials (Start date) (End date)

	Random	Reasonable Suspicion	Post Accident	Total
Number Employees Tested				
Number Employees Positive				
Percent Employees Positive				

_____ Any employee who tested positive was immediately removed from the City worksite
 Initials consistent with the Mayor's Policy and Executive Order No. 1-31.

_____ I affirm that falsification or failure to submit this declaration timely in accordance with
 Initials established guidelines will be considered a breach of contract.

I declare under penalty of perjury that the affirmations made herein and all information contained in this declaration are within my personal knowledge and are true and correct.

October 1, 2009
 (Date)

J. Paul Withrow
 (Typed or Printed Name)
J. Paul Withrow
 (Signature)
Vice President
 (Title)

EXHIBIT "H"
FEES AND COSTS

ITEM	DESCRIPTION	UNIT	UNIT PRICE
Year One / Group One / Southeast Water Purification Plant			
1	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary to Rent, Operate and Maintain Dewatering Systems including chemical (polymer) costs. The unit pricing shall be bid by the DRY TON.	EA	\$83.00
2	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off as a truckable cake and disposed of at the on-site land application area. Costs for transport and disposal shall be in strict accordance with the scope of work (Reference Section B). The unit pricing shall be bid by the DRY TON.	EA	\$11.00
Year One / Group Two / Southeast Water Purification Plant / Alternate Method of Transporting and Disposal			
3	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off in form of wet slurry using watertight containers. The unit pricing shall be bid by the DRY TON.	EA	N/A
Year Two / Group One / Southeast Water Purification Plant			
4	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary to Rent, Operate and Maintain Dewatering Systems including chemical (polymer) costs. The unit pricing shall be bid by the DRY TON.	EA	\$83.00

5	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off as a truckable cake and disposed of at the on-site land application area. Costs for transport and disposal shall be in strict accordance with the scope of work (Reference Section B). The unit pricing shall be bid by the DRY TON.	EA	\$11.00
Year Two / Group Two / Southeast Water Purification Plant / Alternate Method of Transporting and Disposal			
6	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off in form of wet slurry using watertight containers. The unit pricing shall be bid by the DRY TON.	EA	N/A
Year Three / Group One / Southeast Water Purification Plant			
7	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary to Rent, Operate and Maintain Dewatering Systems including chemical (polymer) costs. The unit pricing shall be bid by the DRY TON.	EA	\$84.00
8	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off as a truckable cake and disposed of at the on-site land application area. Costs for transport and disposal shall be in strict accordance with the scope of work (Reference Section B). The unit pricing shall be bid by the DRY TON.	EA	\$11.50
Year Three / Group Two / Southeast Water Purification Plant / Alternate Method of Transporting and Disposal			

9	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off in form of wet slurry using watertight containers. The unit pricing shall be bid by the DRY TON.	EA	N/A
---	---	----	-----

Year Four (Option Year One) / Group One / Southeast Water Purification Plant

10	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary to Rent, Operate and Maintain Dewatering Systems including chemical (polymer) costs. The unit pricing shall be bid by the DRY TON.	EA	\$84.00
----	---	----	---------

11	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off as a truckable cake and disposed of at the on-site land application area. Costs for transport and disposal shall be in strict accordance with the scope of work (Reference Section B). The unit pricing shall be bid by the DRY TON.	EA	\$11.50
----	---	----	---------

Year Four (Option Year One) / Group Two / Southeast Water Purification Plant / Alternate Method of Transporting and Disposal

12	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off in form of wet slurry using watertight containers. The unit pricing shall be bid by the DRY TON.	EA	N/A
----	---	----	-----

Year Five (Option Year Two) / Group One / Southeast Water Purification Plant

13	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary to Rent, Operate and Maintain Dewatering Systems including chemical (polymer) costs. The unit pricing shall be bid by the DRY TON.	EA	\$87.00
14	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off as a truckable cake and disposed of at the on-site land application area. Costs for transport and disposal shall be in strict accordance with the scope of work (Reference Section B). The unit pricing shall be bid by the DRY TON.	EA	\$12.00

Year Five (Option Year Two) / Group Two / Southeast Water Purification Plant / Alternate Method of Transporting and Disposal

15	10020733; DETECTOR, SEWAGE TREATING SLUDGE 15FT; Contractor shall provide all supervision, labor, tools, equipment, permits, parts, expendable items, materials and supplies necessary for the dewatered sludge to be hauled off in form of wet slurry using watertight containers; The unit pricing, shall be bid by the DRY TON.	EA	N/A
----	---	----	-----

EXHIBIT "I"
PAY OR PLAY PROGRAM



FORM POP 2 (DOCUMENT 00630)

CERTIFICATION OF AGREEMENT TO COMPLY WITH PAY OR PLAY PROGRAM

Contractor Name: Synagro of Texas - CDR, Inc. \$ 2,007,600.00
(Contractor/Subcontractor) (Amount of Contract)

Contractor Address: 1002 Village Square, Suite C, Houston, TX 77041

Project No.: [GFS/CIP/AIP/File No.] S50-L23331

Project Name: [Legal Project Name] On-site Water Treatment Sludge Dewatering and Disposal Services

In accordance with the City of Houston Pay or Play Program authorized by Ordinance 2007-534, Contractor agrees to abide by the terms of this Program. This certification is required of all contractors for contracts subject to the program. You must agree EITHER to PAY or to PLAY for each covered employee, including those of subcontractors subject to the program.

[] Yes [X] No Contractor agrees to Pay \$1.00 per hour for work performed by covered employees, including compliance for covered subcontractors' employees and contract labor, under the contract with the City.

[] Yes [X] No Contractor agrees to offer health benefits to each covered employee, including compliance by the covered subcontractors that meet or exceed the following criteria:

- (1) the employer will contribute no less than \$150 per employee per month toward the total premium cost; and
(2) the employee contribution, if any amount, will be no greater than 50% of the total premium cost.

[X] Yes [] No Contractor agrees to pay on behalf of some covered employees and contract labor and play on behalf of other covered employees, in accordance with program requirements, including subcontractors' employees, if applicable.

[X] Yes [] No If contract labor is utilized the Contractor agrees to report hours worked by the contract laborer and Pay \$1.00 per hour for work performed.

[X] Yes [] No Contractor will comply with all provisions of the Pay or Play Program and will furnish all information and reports requested to determine compliance with program provisions.

[] Yes [] No For Prime Contractors Only: Contractor will file compliance reports with the City, which will include activity for subcontractors subject to the program, in the form and to the extent requested by the administering department or the Affirmative Action and Contract Compliance Office. Compliance reports shall contain information including, but not limited to, documentation showing employee health coverage and employee work records.

Table with 3 columns: Following Information is Mandatory, Prime Contractor, Sub-Contractor. Rows include Total No. Of Employees on City Job, No. Of Employees "Playing", No. Of Employees "Paying", and No. Of Employees "Exempt".

I hereby certify that the above information is true and correct.

J. Paul Withrow
CONTRACTOR (Signature)

October 1, 2009
DATE

J. Paul Withrow, Vice President

NAME AND TITLE (Print or type)

EXHIBIT "J"
PERFORMANCE BOND

PERFORMANCE BOND
Bond No. 1036971

THE STATE OF TEXAS :

COUNTY OF HARRIS :

Synagro of Texas - CDR, Inc., ("Principal") and Lexon Insurance Company, ("Surety"), shall pay to the City of Houston, Texas ("City"), the sum of \$ *400,000.00 in accordance with the terms and conditions stated below: *Four Hundred Thousand And NO/100 -----

On or about this date, the Principal executed a Contract Agreement in writing with the City for Onsite Water Treatment Sludge Dewatering and Disposal ("Agreement"), which is incorporated into this Bond. Services for Public Works and Engineering Department

The conditions of this obligation are that if the Principal performs its obligations under the terms of the Agreement and this Bond in all respects, then this obligation is void and has no further force and effect; otherwise this obligation remains in effect and the sum of \$ *400,000.00 is payable to the City on demand. Four Hundred Thousand And NO/100 -----

The Surety relieves the City and its representatives from the exercise of any diligence whatever in securing the Principal's compliance with the terms of the Agreement, and the Surety waives any notice to it of the Principal's default or delay in the performance of the Agreement. The Surety shall take notice of and is held to have knowledge of all acts or omissions of the Principal, its agents, and representatives in all matters pertaining to the Agreement.

The City and its representatives may, at any time, without notice to the Surety, make any changes in the terms and conditions of the Agreement, or extend it, and may add to or deduct from the Principal's obligations under the Agreement. Such changes, if made, do not in any way relieve, release, condition, or limit the obligation in this Bond and undertaking or release the Surety therefrom.

SURETY AND PRINCIPAL AGREE TO AND SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS THE CITY, ITS AGENTS, AND REPRESENTATIVES FROM ALL CLAIMS, CAUSES OF ACTION, LIABILITIES, DAMAGES, FINES, AND EXPENSES ARISING OUT OF OR RESULTING FROM ANY FAILURE ON THE PART OF THE PRINCIPAL, ITS AGENTS, AND REPRESENTATIVES, TO FULLY PERFORM UNDER THE AGREEMENT, INCLUDING ANY CHANGES OR EXTENSIONS TO IT.

If the City brings any suit or other proceeding at law on the Agreement or this Bond, or both, the Principal and the Surety shall pay to the City the additional sum of 10 percent of whatever amount the City recovers, which sum of 10 percent is agreed by all parties to be indemnity to the City for the expense of and time consumed by its City Attorney, his or her assistants, and office staff, and other costs and damages to the City. The amount of 10 percent is fixed and liquidated by the parties because the exact damage to the City would be difficult to ascertain.

This Bond and all obligations created under it shall be performable in Harris County, Texas, and all are non-cancelable. This Bond must be automatically renewed annually on the anniversary of the effective date of the Bond for the term of the Agreement and any extensions, unless the Surety gives the Principal and the City 30 days written notice before the renewal date that the Surety will not renew this Bond, in which case the Principal shall provide the City with a replacement bond (in the same form as this Bond) before the renewal date. The provisions of V.T.C.A., Government Code Section 2253, as amended, control even though the Statute may not be applicable.

All notices required or permitted by this Bond must be in writing and are deemed delivered on the earlier of the date actually received or the third day following: (1) deposit in a United States Postal Service post office or receptacle; (2) with proper postage (certified mail, return receipt requested); and (3) addressed to the other party at the address set out on the signature page of this Bond or at such other address as the receiving

party designates by proper notice to the sending party.

This Bond is effective on December 15, 2009 and is binding on the Principal and the Surety, their heirs, executors, administrators, successors and assigns, jointly and severally.

EXECUTED in multiple originals this 15th day of December, 2009.

**See Endorsement "A" attached hereto and made a part herof.

ATTEST/SEAL: (if a corporation)
WITNESS: (if not corporation)

Synagro of Texas - CDR, Inc.
(Name of Principal)
1800 Bering Drive, Suite 1000
Houston, TX 77057
(Address of Principal)

By: Sue A Gregory
Name: Sue A Gregory
Title: Legal Manager
Date: November 20, 2009

By: Joseph L. Page
Name: Joseph L. Page
Title: Vice President
Date: November 20, 2009

ATTEST/SEAL
SURETY WITNESS:

Lexon Insurance Company
(Name of Surety)
1919 South Highland Avenue
Bldg A, Suite 300
Lombard, IL 60148
(Address of Surety)

By: Glenda Bihm
Name: Glenda Bihm
Title: Asst. Account Manager
Date: December 15, 2009

By: Shona D. Holmes
Name: Shona D. Holmes
Title: Attorney-in-Fact
Date: December 15, 2009

REVIEWED:

This Bond has been reviewed as to form by the undersigned Paralegal and has been found to meet established Legal Department criteria.

Date

Paralegal

Lexon Insurance Company
1919 S. Highland Blvd., Bldg. A, Suite 300
Lombard, IL 60148

ENDORSEMENT "A"

Provided, however, that the Obligee accepts the bond subject to the following conditions and provisions:

1. This bond is for the term beginning December 15, 2009 and ending December 15, 2010.
2. This bond may be extended for additional term(s) of twelve (12) months at the option of the Surety, by continuation certificate executed by the Surety. At no time will the period of exposure under the bonds exceed twelve (12) months. Notification of Non-Renewal shall be given by Certified Mail to the Obligee no later than one hundred twenty (120) days prior to the expiration date of the bonds. Failure of the Surety to issue a Continuation Certificate or otherwise extend the term shall not constitute a default under the Bond.
3. In the event of default by the Principal in performance of the contract during the term of the bond, the Surety shall be liable only for the loss to the Obligee due to actual excess costs of performance of the contract up to the termination of the term of the bonds. Maximum aggregate liability of the Surety is limited to the penal sum of the bond.
4. Any suit under the Bond must be instituted before the expiration of two (2) years from the last day of the term of the Bond and any continuation thereof. If this limitation is made void by any law controlling the contract hereof, such limitation is made void by any law controlling the contract hereof, such limitation shall be deemed to be amended to equal the minimum period of limitation permitted by law.

The Bond is to secure the Principal's obligation as it relates to the S50-L23331 for On-Site Water Treatment Sludge Dewatering and Disposal Services for the Public Works and Engineering Department (Bond Number 1036971) for the City of Houston, TX.

POWER OF ATTORNEY

LX - 61609

Lexon Insurance Company

KNOW ALL MEN BY THESE PRESENTS, that LEXON INSURANCE COMPANY, a Texas Corporation, with its principal office in Louisville, Kentucky, does hereby constitute and appoint:

Allen Gelwick, Timothy F. Kelly, Angela P. Hyle, Robert F. Bobo, ****

Keicha Ann Smith, Jon Douglas Burnham, John A. Martinez, Florence McClellan, Shona D. Holmes *****

its true and lawful Attorney(s)-In-Fact to make, execute, seal and deliver for, and on its behalf as surety, any and all bonds, undertakings or other writings obligatory in nature of a bond.

This authority is made under and by the authority of a resolution which was passed by the Board of Directors of LEXON INSURANCE COMPANY on the 1st day of July, 2003 as follows:

Resolved, that the President of the Company is hereby authorized to appoint and empower any representative of the Company or other person or persons as Attorney-In-Fact to execute on behalf of the Company any bonds, undertakings, policies, contracts of indemnity or other writings obligatory in nature of a bond not to exceed \$2,500,000.00, Two-million five hundred thousand dollars, which the Company might execute through its duly elected officers, and affix the seal of the Company thereto. Any said execution of such documents by an Attorney-In-Fact shall be as binding upon the Company as if they had been duly executed and acknowledged by the regularly elected officers of the Company. Any Attorney-In-Fact, so appointed, may be removed for good cause and the authority so granted may be revoked as specified in the Power of Attorney.

Resolved, that the signature of the President and the seal of the Company may be affixed by facsimile on any power of attorney granted, and the signature of the Vice President, and the seal of the Company may be affixed by facsimile to any certificate of any such power and any such power or certificate bearing such facsimile signature and seal shall be valid and binding on the Company. Any such power so executed and sealed and certificate so executed and sealed shall, with respect to any bond of undertaking to which it is attached, continue to be valid and binding on the Company.

IN WITNESS THEREOF, LEXON INSURANCE COMPANY has caused this instrument to be signed by its President, and its Corporate Seal to be affixed this 2nd day of July, 2003.



LEXON INSURANCE COMPANY

BY [Signature] David E. Campbell President

ACKNOWLEDGEMENT

On this 2nd day of July, 2003, before me, personally came David E. Campbell to me known, who being duly sworn, did depose and say that he is the President of LEXON INSURANCE COMPANY, the corporation described in and which executed the above instrument; that he executed said instrument on behalf of the corporation by authority of his office under the By-laws of said corporation.

OFFICIAL SEAL MAUREEN K. AYE Notary Public, State of Illinois My Commission Expires 09/21/09

[Signature] Maureen K. Aye Notary Public

CERTIFICATE

I, the undersigned, Secretary of LEXON INSURANCE COMPANY, A Texas Insurance Company, DO HEREBY CERTIFY that the original Power of Attorney of which the foregoing is a true and correct copy, is in full force and effect and has not been revoked and the resolutions as set forth are now in force.

Signed and Sealed at Lombard, Illinois this 15th Day of December, 20 09



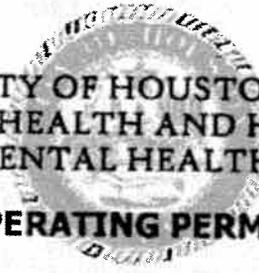
[Signature] Donald D. Buchanan Secretary

WARNING: Any person who knowingly and with intent to defraud any insurance company or other person, files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.

EXHIBIT "K"
WASTEWATER TREATMENT PERMIT

TNRCC No 20009

Permit No. 132


CITY OF HOUSTON
DEPARTMENT OF HEALTH AND HUMAN SERVICES
ENVIRONMENTAL HEALTH DIVISION
OPERATING PERMIT

For the Transportation and Biological Pretreatment of Special Waste Within the Territorial Jurisdiction of the City of Houston, Texas

This is to certify that a permit is hereby issued to :

SYNAGRO SOUTH, LLC

(832)467-1212

Name of form, Corporation or individual

Telephone No

1002 VILLAGE SQUARE SUITE C HOUSTON TX 77375

Address

for the transportation of industrial and/or special waste in accordance with, and subject to the provisions set forth in Ordinance No. 47-411-47-600, City of Houston, Texas.

MIKE WERTZ

Name and title of principal officer

7407 WRIGHT RD HOUSTON TX 77041

Address

Type of Waste to be Transported :

Class A - Septic Tank () _____

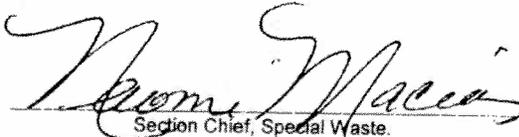
Class B - Grease Trap () ; Portable Toilet () ; Sewage Sludge ()

Class C - Industrial/Nonhazardou () List _____

- Biological Pretreatment () _____

Permit Valid until January 31, 2010

Financial Responsibility :


 Section Chief, Special Waste.

AMERICAN INTERNATIONAL SPECI

11/20/2009

Issued by

Date

5/1/2011

Expiration Date

Form 765-1