



STAFF REPORT

SAUSALITO CITY COUNCIL

AGENDA TITLE:

Martin Luther King Park Landslide Correction Improvements – Change Order.

RECOMMENDED ACTIONS:

Adopt Resolution 1) Authorizing the City Engineer to Execute Change Order No. 1 with Northwest Demolition, Inc., and 2) Authorizing City Manager to Execute Agreement Amendment No. 1 to the Professional Services Agreement with Michelucci & Associates for Additional Services

SUMMARY

In 1996 storm events caused landslides along the embankment at the westerly boundary of MLK Park next to the Terraces Townhomes subdivision. The Terrace filed a Claim. A settlement was reached with the Terraces in December of 2008 to make repairs to two landslides based on a total project cost of \$182,000. Shortly, thereafter an agreement was executed with Northwest Demolition of San Francisco to make the repairs. Construction commenced February 26, 2009.

On April 9th Michellucci and the Contractor encountered unexpected soil conditions. The geotechnical engineer, Michellucci & Associates, recommended a change to install a "wing wall" at the southerly slide area known as Slide Area "C." A change order was requested from Northwest Demolition. A Change Order proposal for the wing wall was submitted for a cost of \$33,200. The change order request from Northwest Demolition is within the contingency amount of \$33,975 authorized for the project when construction was awarded September 2, 2008.

The City also hired Michelucci and Associates to provide inspection services. Originally services were estimated to equal \$15,000 so the services were authorized under the City Manager's purchase authority. Michellucci informed staff that they reached and exceeded their authorized amount of \$15,000 and are proposing additional services for a cost of \$7,660.

Accounting for the geotechnical construction services, construction change order and anticipated Structural Engineering Analysis of the wing wall takes the cost of the project over the settlement agreement budget. Staff estimates that the total cost will be \$192,000. The changes also require formal Council authorization for the Geotechnical Services.

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The OMIT Committee reviewed the request and directed staff to work with the Contractor and Consultant to lower costs and to forward the changes to the Terraces HOA for 50% support. The Terraces HOA has agreed to provide additional funding at a rate of 50% up to \$5,000.

Staff recommends that the Council adopt the attached resolution 1) Authorizing the City Engineer to Execute Change Order No. 1 with Northwest Demolition, Inc., and 2) Authorizing City Manager to Execute Agreement Amendment No. 1 to the Professional Services Agreement with Michelucci & Associates for Additional Services.

Alternatively, if the Council cannot support full funding of the additional construction work, Staff recommends that the Council adopt the attached resolution 1) Authorizing City Manager to Execute Agreement Amendment No. 1 to the Professional Services Agreement with Michelucci & Associates for Additional Services.

BACKGROUND

In 1996, two dormant slides became active resulting in earth debris flows into the MLK Park Site. Geotechnical investigation determined that structures should be installed to support the embankment to prevent further earth movement and to shore lands underlying adjacent residential private property, known as the Terraces Condominiums.

The City and the Terraces HOA have been involved in on-going discussion about the repair of the landslides which occurred on the hillside located "above" the MLK buildings on property owned by both parties. In April, 2007 the parties agreed to have plans prepared for the potential repair and to split the costs of preparation of Phase I Geotechnical analysis and Structural Engineering plans and specifications. The Terraces HOA paid the City \$9000 for this purpose. A detailed construction plan was prepared by Alan Hories based on recommendations of Joseph Michelucci and Associates, geotechnical engineers, to install soil anchors and to modify existing retaining walls. The project was advertised for bids on July 24, 2008. Bids were opened on August 21, 2008. Three bids were submitted.

In December of 2008 the City and the Terrace HOA executed a settlement agreement. The agreement stipulates that the City pay an amount not to exceed \$117,000 and the Terraces HOA pay an amount not to exceed \$65,000. This totals \$182,000. Any remaining funds were to be used for re-vegetation. Terraces HOA paid the City their portion in December of 2008.

The City Council awarded a contract to Northwest Demolition, Inc. of San Francisco for \$135,900 for repairs utilizing 12 inch diameter earth anchors. A contingency amount was also authorized and the total contractor construction cost with contingency was authorized for \$169,875.

On April 9th Michellucci and the Contractor encountered unexpected soil conditions. along the southerly end of Slide Area "C" (the southern slide area). Softer soil was encountered than expected. This soil is more likely to liquefy and erode during wet seasons and could undermine the Southerly retaining wall. The hillside is in a geologic formation called "Franciscan." It is very variable and includes firm rock and weak soil. Michellucci recommended a design change to install a wing wall at the southerly slide area known as Slide Area "C" to support this weaker soil. A change order was requested from Northwest Demolition. A change order was prepared to install a wing-wall at a cost of \$33,197.49.

This kind of construction work is specialized. Consultant inspection services are required. The settlement agreement with the Terraces anticipated the need for such services and estimated inspection costs to be \$12,000. Michellucci & Associates, submitted an services proposal with an estimate of \$15,000 for geotechnical inspection, without tie back testing. An agreement was executed as the work was within the City Manager's Purchasing Authority limit. Michelucci has reached and surpassed those costs and have submitted a proposal for additional services on a time and material basis with an estimate \$7,660. This will allow the firm to be compensated for additional services (testing and inspection) and for costs incurred to date above the original authorization.

The agreement with the Terraces is silent on the matter of differing conditions.

Staff discussed the matter with the OMIT Committee on April 20 and on May 18. Direction was given to staff to work with the geotech and the consultant to update the costs and then forward the revised amounts to Terraces HOA with a request to fund amounts exceeding original terms at a rate of 50%. City Staff, the Geotechnical Engineer, and the Contractor met with Terraces HOA staff during the week of May 11th to discuss the work including the change order and a request to install vegetation to screen the new work. Staff forwarded change order costs of \$192,000 to the HOA on May 19, 2009. The Terraces have preliminarily responded to the request and have preliminarily agreed to fund the additional construction work at a rate of 50% for an amount not to exceed \$5,000.

On April 21, 2009 a representative from the Terraces HOA requested the City to consider funding a slide re-vegetation plan. The settlement agreement binds the City to use any remaining funds for such work. If the proposed change orders are authorized there will be no remaining funds. Staff has informed Terrace HOA of this matter. The Terraces HOA has not included landscaping funds in their change order approval.

From an engineering standpoint approving the construction change order would reduce landslide risk, significantly. Approving additional funds for Michelucci to compensate them for testing and for inspection of the authorized work would create rigorous data

should additional soil movement occur in the future. Staff believes that approving all of the requested additional work will result in a more durable repair. If another failure would occur at this location, the claim administration and future settlement costs are expected to far exceed the amounts currently under consideration.

FISCAL IMPACT

An appropriation of \$117,000 from the MLK Fund was previously authorized as the City's portion of the project cost. The total project cost was estimated to be \$182,000. Terraces HOA provided the remaining \$65,000. With the Change Order and Engineering authorizations the total cost is now estimated to be \$192,000. Given that the Terraces HOA has tentatively approved up to \$5,000 of additional funds, additional City funds are estimated to be up to \$5,000. Project costs in excess of \$182,000 require an additional appropriation from MLK fund reserves.

If the additional work is not approved approved and the contractor expends to the current authorized amount, the City's legal obligation is expected to be approximately \$151,000 and there could be a \$31,000 left for vegetation. If Michellucci's request is honored, except for the change order inspection services, total costs will be approximately \$159,000 and there could be approximately \$23,000 left for vegetation.

A purchase order requisition is not attached to this report as the Council needs to approve the appropriation before a requisition can be prepared.

STAFF RECOMMENDATIONS

Adopt a resolution:

1. Authorizing the City Engineer to approve a change order with Northwest Demolition, Inc. for additional tie-back and retaining wall installation for the MLK Park Landslide Correction Improvements, Project for an amount not to exceed \$33, 200.
2. Authorizing the City Manager to execute Amendment No. 1 with Michelucci and Associates to fund Geotechnical Engineering Service (Construction Inspection) and Tie Back testing services in an amount not to exceed \$7,660.

Alternatively:

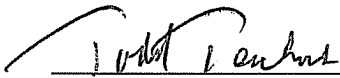
Adopt a resolution:

1. Authorizing the City Manager to execute Amendment No. 1 with Michelucci and Associates to fund Geotechnical Engineering Service (Construction Inspection) and Tie Back testing services in an amount not to exceed \$7,660

ATTACHMENTS

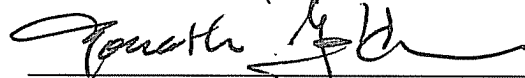
- Vicinity Map
- Resolution (Contractor and Consultant)
- Draft Change Order No. 1
- Resolution (Consultant Only)
- Amendment No. 1 to Professional Services Agreement
- Professional Services Agreement

PREPARED BY:



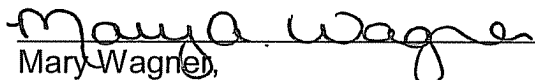
Todd Teachout,
City Engineer

REVIEWED BY (Department Head):



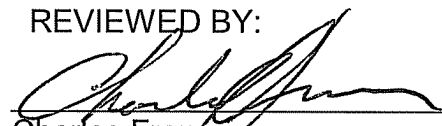
Jonathon Goldman,
Director of Public Works

REVIEWED BY (City Attorney):



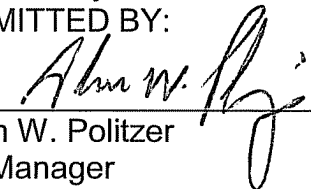
Mary Wagner,
City Attorney

REVIEWED BY:



Charles Francis,
Acting Director of Finance

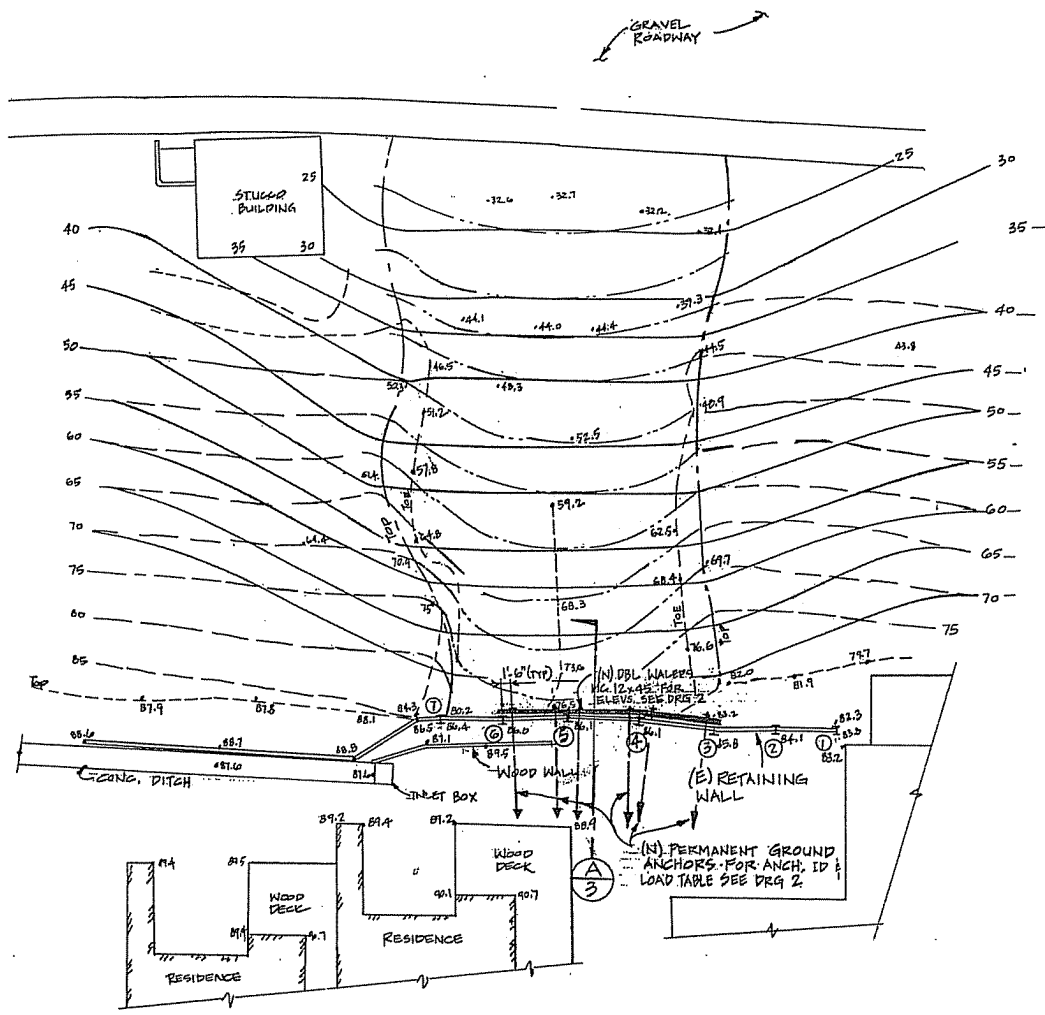
SUBMITTED BY:



Adam W. Politzer
City Manager



486
6



PLAN - SLIDE - C
 SCALE: 1" = 10'-0"

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RESOLUTION ___-09
(Contractor and Consultant)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO
APPROVING AND AUTHORIZING THE CITY ENGINEER TO EXECUTE A
CHANGE ORDER WITH NORTHWEST DEMOLITION INC, FOR ADDITIONAL
WORK AND AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT
No. 1 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF
SAUSALITO AND MICHELUCCI & ASSOCIATES, INC.**

WHEREAS, the City of Sausalito entered into an Agreement with Northwest Demolition, Inc. to implement the construction project called MLK Park Landslide Correction Improvements, and

WHEREAS, differing soil conditions were found and require the installation of additional retaining wall, and

WHEREAS, the estimate to install the additional retaining wall is \$33,200.00, and

WHEREAS, the City of Sausalito also entered into a Professional Services Agreement with Michelucci & Associates to provide geotechnical inspection services related to the MLK Park Landslide Corrections Improvement Project, and

WHEREAS, costs for those services have reached current authorized amounts, and

WHEREAS, the construction work is not complete and additional inspection and testing services are required to assure compliance with project plans and specifications as well as geotechnical recommendations, and

WHEREAS, Michelucci & Associates has submitted a new proposal for additional services for an estimated cost of \$7,660 to be incurred on a time and materials basis, and

WHEREAS, these requested amounts requires authorization from the City Council.

NOW, THEREFORE, the City Council of the City of Sausalito hereby resolves as follows:

1. Approves and Authorizes the City Engineer to Execute Change Order No. 1 with Northwest Demolition, Inc. an amount not to exceed \$33,200.
2. Approves and Authorizes the City Manager to Execute Amendment No. 1 to the Professional Services Agreement between the City of Sausalito and Michellucci and Associates, Inc in an amount not to exceed \$7,600.
3. Appropriates an additional \$5,000 from MLK Fund Reserves.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Sausalito on the 26th day of May, 2009, by the following vote:

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AYES: Councilmembers:
NOES: Councilmembers:
ABSTAIN: Councilmembers:

Mayor, City of Sausalito

ATTEST:

City Clerk

**RESOLUTION ___-09
(Consultant Only)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO
APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE
AMENDMENT No. 1 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN
THE CITY OF SAUSALITO AND MICHELUCCI & ASSOCIATES, INC.**

WHEREAS, the City of Sausalito also entered into a Professional Services Agreement with Michelucci & Associates to provide geotechnical inspection services related to the MLK Park Landslide Corrections Improvement Project in an amount not to exceed \$15,000 without additional authorization, and

WHEREAS, costs for those services have reached current authorized amounts, and

WHEREAS, the construction work is not complete and additional inspection and testing services are required to assure compliance with project plans and specifications as well as geotechnical recommendations, and

WHEREAS, Michelucci & Associates has submitted a new proposal for additional services for an estimated cost of \$7,660 to be incurred on a time and materials basis, and

WHEREAS, these requested amounts requires authorization from the City Council.

NOW, THEREFORE, the City Council of the City of Sausalito hereby resolves as follows:

1. Approves and Authorizes the City Manager to Execute Amendment No. 1 to the Professional Services Agreement between the City of Sausalito and Michellucci and Associates, Inc in an amount not to exceed \$7,660.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of Sausalito on the 26th day of May, 2009, by the following vote:

AYES: Councilmembers:
NOES: Councilmembers:
ABSTAIN: Councilmembers:

Mayor, City of Sausalito

ATTEST:

City Clerk

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This **AMENDMENT No. 1 TO PROFESSIONAL SERVICES AGREEMENT**, (this "Amendment") is made and entered into this 5th day of May, 2009, by and between the **CITY OF SAUSALITO**, a municipal corporation (hereinafter "City") and **MICHELUCCI & ASSOCIATES, INC.** (hereinafter "Consultant").

RECITALS

The following Recitals are a substantive part of this Agreement:

A. City and Consultant entered into a Professional/Consulting Services Agreement dated as of February 24, 2009 (the "Agreement"). Pursuant to the Agreement, the Consultant provides the City with certain services related to Geotechnical Inspection Services for the MLK Park Landslide Correction Improvements.

B. As a result of unanticipated plan revision demands the Consultant has requested that the project budget be increased by \$7,660 to \$22,660 to provide additional inspection and tie-back testing services in addition to the services currently being provided.

C. City and Consultant desire to enter into this Amendment to include the provision of such services.

In consideration of the mutual promises contained herein, the parties hereto agree as follows:

Section 1. Scope of Work

Section 1 of the Agreement is hereby amended to provide that in addition to the services set forth in Exhibit A of the Agreement. That services set forth in Exhibit C are also performed.

Section 2. Compensation.

Section 4 of the Agreement is amended to provide that in consideration of the additional Work to be performed by the Consultant as set forth in Section 1 of this Amendment Consultant shall be compensated in an amount not to exceed \$6,000 (six thousand dollars).

Section 3. Effect on Agreement.

Except as expressly set forth herein, the terms and conditions of the Agreement shall remain in full force and effect. In the event of any inconsistency between the Agreement and this Amendment, the terms of this Amendment shall control.

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Section 4. Entire Agreement; Conflicts.

This Amendment and the Agreement contain the entire agreement between the parties with respect to the subject matter hereof. Except as otherwise specified herein, no prior oral or written understanding shall be of any force or effect with respect to those matters covered herein. This Amendment and the Agreement shall not be modified or altered except in writing signed by both parties.

In Witness Whereof, City and Consultant have executed this Amendment as of the date first written above.

City of Sausalito

Consultant

By: Adam W. Politzer
Its: City Manager

By: _____
Its: _____

approved as to form:

Mary Anne Wagner
City Attorney

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CITY OF SAUSALITO
PROFESSIONAL/CONSULTING SERVICES AGREEMENT

This **PROFESSIONAL/CONSULTING SERVICES AGREEMENT**, (this "Agreement") is made and entered into this 24th day of February, 2009, by and between the **CITY OF SAUSALITO**, a municipal corporation (hereinafter "City") and **Michelucci & Associates, Inc.** (hereinafter "Consultant").

In consideration of the mutual promises contained herein, the parties hereto agree as follows:

Section 1. Scope of Work

Consultant shall provide City with the services described in Exhibit A which is attached hereto and incorporated herein by this reference as though set forth in full.

The duties and services required of Consultant under this Agreement and pursuant to this Section 1 are referred to throughout the remainder of this Agreement as "the Work."

Section 2. Responsible Individual. The individual directly responsible for the performance of the duties of Consultant is **Joseph Michelucci**. Consultant represents and warrants that the execution of this Agreement has been approved by Consultant and that person executing this Agreement on behalf of Consultant has the full authority to do so.

Section 3. Work Schedule.

Consultant shall be available to work as many hours as required to complete the Work immediately upon receipt of the signed Agreement from the City and shall complete each task in a timely manner as specified. Consultant shall not be held responsible for delays caused beyond its reasonable control.

Section 4. Compensation.

In consideration of the performance of the Work described in Section 1 pursuant to the schedule set forth in Section 3, Consultant shall be compensated at the rate set forth in Exhibit B in an amount not to exceed \$15,000 (Fifteen thousand dollars) which is attached hereto and incorporated herein as though set forth in full. Consultant acknowledges and agrees that the compensation to be paid to Consultant under this Section 4 represents the an estimated full amount due and owing to Consultant in connection with performance of the Work. Consultant agrees that additional work over \$15,000 shall not be performed unless authorized staff in writing by City Council authorized staff.

Section 5. Amendments.

In the event City desires to retain Consultant for the performance of additional services, or wishes to delete any services in connection with this Agreement, specifications of such changes and adjustments to compensation due Consultant therefore shall be made only by written and signed amendment to this Agreement.

Section 6. Independent Contractor - Subcontractors.

It is specifically understood and agreed that in the making and performance of this Agreement, Consultant is an independent contractor and is not and shall not be construed to be an employee, common law employee, agent or servant of City. The consultant shall be solely liable and responsible to pay all required taxes and other obligations, including, but not limited to, withholding and Social Security. Consultant acknowledges and agrees that he/she is not entitled to the benefits of civil service status and/or the rights and privileges enjoyed by civil service employees and Consultant hereby waives any and all claims to such rights and/or privileges.

Section 7. Consultant's Responsibility.

It is understood and agreed that Consultant has the professional skills necessary to perform the Work, and that City relies upon the professional skills of the Consultant to do and perform the Work in a skillful and professional manner in accordance with the typical standards of the profession at the time the services are rendered. Consultant thus agrees to so perform the Work.

Acceptance by City of the Work, or any of it, does not operate as a release of the Consultant from such professional responsibility. It is further understood and agreed that Consultant has reviewed in detail the scope of the work to be performed under this Agreement and agrees that in his professional judgment, the Work can and shall be completed for a fee within the amounts set forth in Section 4 of this Agreement.

Section 8. Hold Harmless and Indemnification.

- (a) Without limitation by the provisions of Section 9 below relating to insurance, Consultant agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, officers, employees and volunteers from any and all claims, demands, suits, losses, damages, injuries, and liability, direct or indirect including any and all costs and expenses in connection therewith, to the extent caused by any negligent acts, errors, or omissions or willful misconduct of Consultant, under or in

connection with this Agreement. As respects claims other than professional liability, Consultant further agrees to defend the City, its elected and appointed officials, officers, agents, employees and volunteers at its own cost, expense, and risk, and to pay and satisfy any resulting judgments. The Consultant's obligations under this Section 8 apply regardless of whether or not a liability is caused or contributed to by any act or omission of the City, except that the Consultant shall not be obligated to indemnify for liability arising from the negligence or willful misconduct of the City. The provisions of this Section survive the completion of the Project and/or termination of the Agreement.

Section 9. Insurance.

Consultant shall take out and maintain during the life of the Contract: (a) Commercial General Liability and Automobile Liability insurance in an amount not less than \$ 2,000,000 combined single limit and in the aggregate applying to bodily injury, personal injury and property damage; (b) professional liability insurance in the amount of \$1,000,000 per claim and \$ 1,000,000 aggregate.

The general and automobile liability policy(ies) under Section 8 (a) are to contain, or be endorsed to contain, the following provisions:

The City, its officers, elected and appointed officials, employees, Consultants and agents must be named as an Additional Insured under the coverage afforded with respect to the work being performed under the Agreement.

Section 10. Nondiscrimination.

There shall be no discrimination against any employee who is employed in the Work, or against any applicant for such employment because of race, religion, color, sex or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer, recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

Section 11. City Personnel Conflict of Interest.

No officers, member, or employee of City and no member of the governing body of City who exercises any functions or responsibilities in the review, approval of the undertaking or carrying out of the project, shall participate in any decision relating to this Agreement which affects his personal interest or the interest of any corporation, partnership, or association in which she is, directly or indirectly interested; nor shall any such officer, member or employee of City have any interest, direct or indirect, in this Agreement or the proceeds thereof.

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Section 12. Consultant Conflict of Interest.

Consultant covenants that she presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of his services hereunder. Consultant further covenants that in the performance of this Agreement, no persons having any such interest shall be employed.

Section 13. Assignment.

Neither City nor Consultant shall assign any interest in this Agreement, and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the other.

Section 14. Ownership of Documents.

Consultant agrees that all documents produced in the performance of this Agreement shall be the sole property of the City including all rights therein of whatever kind and whether arising from common or civil law or equity. The Work shall be used solely for the project for which it was originally intended.

Notwithstanding anything to the contrary in this section 14, City hereby agrees to defend and indemnify Consultant from any claims to the extent arising out of City's or any third party's re-use, use or distribution of Consultant's work on other projects.

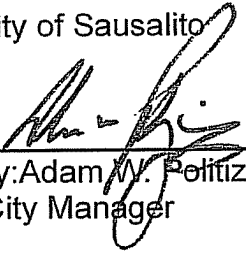
Section 15. Termination.

City may terminate this Agreement at any time without reason stated or required by giving written notice of the same and specifying the effective date thereof, at least seven calendar days before the effective date of such termination. If the Agreement is terminated by City as provided herein, Consultant shall be paid for all effort and material expended on behalf of the Work under the terms of this Agreement, less any charges against Consultant as otherwise provided herein, up to the effective date of termination, except that upon notification of such termination, Consultant shall immediately cease to undertake any duties under the Agreement not yet underway, and shall limit its further activities up to the effective date of termination to those duties necessary to wind up work then underway.


In Witness Whereof, City and Consultant have executed this Agreement as of the date first written above.

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City of Sausalito


By: Adam W. Pelitzer
City Manager

Consultant


By: Joseph Michelucci
Its: Principal Engineer
2-23-09

Approved as to form:

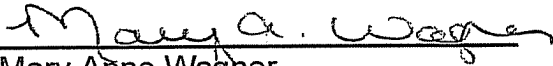
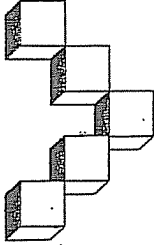

Mary Anne Wagner
City Attorney

EXHIBIT ~~B~~ A

~~FEE SCHEDULE~~

SCOPE OF WORK



Michelucci & Associates, Inc.
Geotechnical Consultants

Joseph Michelucci, G.E.

Daniel S. Caldwell, G.E.

Richard Quarry

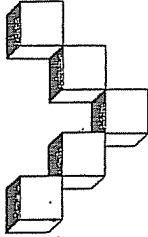
In order to provide appropriate services, the following observations are anticipated.

- * Observing the slide debris that are removed from the slope.
- * Verifying that when the debris is removed that bedrock is exposed at the design depths (we would provide supplemental recommendations, if needed).
- * Observing the placement of any drainrock or other backfill material behind the wall and new I-beams.
- * Observe many of the tieback excavations as they are drilled, log the material emerging from the excavations and record the depths.
- * Observe some of the tiebacks testing (if not otherwise performed by the structural engineer and/or special inspector).
- * Prepare daily field memorandums.
- * Photograph construction items.
- * Be available for meetings during construction.
- * Provide a report at the completion of the project documenting all aspects of geotechnical items completed.

EXHIBIT A B

~~SCOPE OF WORK~~

FEE SCHEDULE



Michelucci & Associates, Inc.
Geotechnical Consultants

Joseph Michelucci, G.E.

Daniel S. Caldwell, G.E.

Richard Quarry

STANDARD UNIT RATES

Effective July 2008

The following fee schedule and unit rates apply to standard projects. The fee estimate presented in the proposal is based upon the consultant's anticipated time required to perform a thorough study. The fee estimate is not meant to represent a guaranteed maximum as the true scope of services required usually is not defined until the project is underway. The standard unit rates apply to projects associated with new construction or standard consultation. Rates for forensic evaluations, preparation for expert witness consultation for future testimony, or possible testimony, will be at the standard rates plus 25%.

Principal Engineer	\$155 to \$200 per hour
Certified Engineering Geologist	\$165 per hour
Project Engineer/Project Geologist	\$110 to \$125 per hour
Senior Field Technician	\$115 per hour
Staff Engineer/Staff Geologist	\$105 per hour
Field Technician	\$100 per hour
Draftsperson	\$65 per hour
Engineering Assistant	\$65 per hour
Word Processor	\$60 per hour
Forensic Consultations	Std. Rate plus 25%
Outside Services/Reimbursables	Cost plus 15%
Drilling Permit Surcharge (San-Mateo County only)	\$60 per job
Lab Compaction - 4" Mold	\$185 per test
Lab Compaction - 6" Mold	\$220 per test
Plasticity Index	\$135 per test
Field Density Test	\$22 per test
Unconfined Compression	\$47 per test
Density/Moisture	\$32 per test
Sieve Analysis	\$110 per test
Hydrometer Analysis	\$135 per test
Manometer	\$50 each
Other tests available	(Cost upon request)
Travel	\$0.85 per mile
Extra Copies of Report	\$10 - \$50 per copy
Expert Witness/Testimony- Trial/ Deposition/Arbitration, etc.	\$400 per hour

Please note that the rates are subject to change and the client will be billed the Standard Unit Rates that are in effect at the time the work is performed. Invoices will be rendered monthly, as a final or progress billing, whichever applies, and are payable upon receipt, unless a mutually acceptable payment schedule has been established. Interest at a rate of 18% per annum, computed and charged monthly on the unpaid balances, shall be payable on accounts not paid within 30 days from invoice date. Attorney's fees and/or other costs incurred by Michelucci & Associates, Inc. in collecting any delinquent accounts shall be paid by the client.

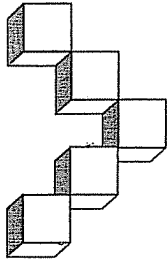
Rev.Dec.2008

1801 Murchison Drive, Suite #88
2455 Bennett Valley Rd., Suite B104

• Burlingame, California 94010
• Santa Rosa, California 95404

• (650) 692-0163 Fax: (650) 692-0169
• (707) 527-7434 Fax: (707) 527-5664

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Michelucci & Associates, Inc.
Geotechnical Consultants

Joseph Michelucci, G.E.

Daniel S. Caldwell, G.E.

Richard Quarry

January 29, 2009
Job No. 99-2920.1

RECEIVED
FEB - 3 2009
CITY OF SAUSALITO

via e-mail: tteachout@ci.sausalito.ca.us
(hard copy to follow by mail)

City of Sausalito
420 Litho Street
Sausalito, CA 94965

Attention: Todd Teachout, City Engineer

Re: Proposal for Geotechnical Observation Services
Landslide Stabilization Areas "A" and "C"
Below Terraces of Sausalito
Sausalito, California

Dear Mr. Teachout:

Based upon our phone conversation on January 29, 2009, we understand that work is about to commence on the above-referenced project. The purpose of this letter is to discuss the geotechnical services that would be appropriate for this point forward and to provide you a discussion of how our fees are generated.

In order to provide appropriate services, the following observations are anticipated.

- * Observing the slide debris that are removed from the slope.
- * Verifying that when the debris is removed that bedrock is exposed at the design depths (we would provide supplemental recommendations, if needed).
- * Observing the placement of any drainrock or other backfill material behind the wall and new I-beams.
- * Observe many of the tieback excavations as they are drilled, log the material emerging from the excavations and record the depths.

- * Observe some of the tiebacks testing (if not otherwise performed by the structural engineer and/or special inspector).
- * Prepare daily field memorandums.
- * Photograph construction items.
- * Be available for meetings during construction.
- * Provide a report at the completion of the project documenting all aspects of geotechnical items completed.

Our fee for the above-described scope of work would be based upon our standard unit rates, and a rate sheet is attached to this letter. *As indicated to you in an e-mail sent on August 29, 2008, if we assume that the project takes 5 weeks to complete and we have an engineering technician on-site 4 hours per day on average to provide observation services, fees on the order of \$12,000 would be generated. In addition, there would be time related to engineering, report writing, administrative costs, and travel which would probably generate approximately 25 percent more in fees. Our estimate would be \$16,000 in fees assuming that the project takes 5 weeks to complete. The cost would be time based, however it could be higher or lower than the above.*

Agreement

Our work will be performed with the understanding that the enclosed Geotechnical Service Agreement is acceptable to you. The Geotechnical Service Agreement is made part of this proposal agreement by reference.

If this proposal correctly summarizes your understanding of the services you require, and the attached Geotechnical Service Agreement and the basis of our fees are acceptable to you, please sign one copy of this letter and return it to our office for our files. Please also sign and return one copy of the Geotechnical Service Agreement. Enclosed please find a self-addressed envelope for your convenience. Receipt of these items will constitute your full authorization to proceed with the evaluation. This proposal is valid for a period of 90 days, and is subject to modification by our office thereafter.

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We would enjoy working with you on this project. Please contact us if you have any questions regarding this proposal.

Very truly yours,
MICHELUCCI & ASSOCIATES, INC.



Joseph Michelucci, G.E.
Principal Engineer

The scope of services, fee estimates, and Geotechnical Service Agreement are accepted.

By _____ Date _____

I have read the above and the attached Geotechnical Service Agreement and have no objection to the conditions.

4/8/09
[Signature]

Geotechnical Service Agreement

"We", "us" and "our" mean Michelucci & Associates, Inc. "You" and "your" mean City of Sausalito and their successors or assigns.

Services: We will provide the Geotechnical Engineering Services listed in the proposal/confirming agreement dated January 29, 2009 and in accordance with the standard of care of geotechnical engineers providing similar services under similar conditions at the same time the services are performed. We do not warrant or guarantee our Services.

Billing and Payment: You will pay our invoices within thirty (30) days from the invoice date. Invoices not paid within 30 days are subject to finance charge of 1.5% per month (18% per annum).

At our option, we may terminate this Agreement and suspend our Services if payments are not made when due. Unless otherwise agreed in writing, our Services are billed on a time-and-materials basis using our current schedule of fees and costs. Limitations on the amount to be billed are estimates only, and are not an agreement by us that our Services will be completed for the estimated amount. Any services requested by you that are not outlined in the proposal/confirming agreement will be billed in accordance with our unit rates. Please note that rates are subject to change and client will be billed Standard Unit Rate that is in effect at the time work is performed.

The following fee schedule and unit rates apply to standard projects. The fee estimate presented in the proposal is based upon the consultant's anticipated time required to perform a thorough study. The fee estimate is not meant to represent a guaranteed maximum as the true scope of services required usually is not defined until the project is underway. The standard unit rates apply to projects associated with new construction or standard consultation. Rates for forensic evaluations, preparation for expert witness consultation for future testimony, or possible testimony, will be at the standard rates plus 25%.

Principal Engineer	\$155 to \$200 per hour
Certified Engineering Geologist	\$165 per hour
Project Engineer/Project Geologist	\$110 to \$125 per hour
Senior Field Technician	\$115 per hour
Staff Engineer/Staff Geologist	\$105 per hour
Field Technician	\$100 per hour
Draftsperson	\$65 per hour
Engineering Assistant	\$65 per hour
Word Processor	\$60 per hour
Forensic Consultations	Std. Rate plus 25%
Outside Services/Reimbursables	Cost plus 15%
Drilling Permit Surcharge (San Mateo County only)	\$60 per job
Lab Compaction - 4" Mold	\$185 per test
Lab Compaction - 6" Mold	\$220 per test
Plasticity Index	\$135 per test
Field Density Test	\$22 per test
Unconfined Compression	\$47 per test
Density/Moisture	\$32 per test
Sieve Analysis	\$110 per test
Hydrometer Analysis	\$135 per test
Manometer	\$50 each
Other tests available	(Cost upon request)
Travel	\$0.85 per mile
Extra Copies of Report	\$10 - \$50 per copy
Expert Witness/Testimony- Trial/ Deposition/Arbitration, etc.	\$400 per hour

Geotechnical Service Agreement

Subsurface Conditions: You will provide us with all information you have, or can reasonably obtain, concerning the Project, including subsurface conditions and the location of subsurface or hidden pipes, utilities or structures. We will attempt to avoid damage to subsurface structures, but are not responsible for any damage to subsurface pipes, utilities or structures you have not accurately disclosed and located for us.

Hazardous Materials: We will not investigate, treat, transport or dispose or arrange for transport, treatment or disposal of hazardous materials. If hazardous materials are discovered at the Project site, we can terminate our observations under this Agreement.

Biological Pollutants: Consultant's scope of work does not include the investigation or detection of the presence of any Biological Pollutants in or around any structure. Client agrees that Consultant will have no liability for any claim regarding bodily injury or property damage alleged arise from or be caused by the presence of or exposure to any Biological Pollutants in or around any structure. In addition, Client will defend, indemnify, and hold harmless Consultant from any third party claim for damages alleged to arise from or be caused by the presence of or exposure to any Biological Pollutants in or around any structure, except for damages arising from or caused by Consultant's sole negligence. The term "Biological Pollutants" includes, but is not limited to, molds, fungi, spores, bacteria, and viruses, and the byproducts of any such biological organisms.

Limitations on Liability: Our liability, and the liability of our employees, subconsultants and subcontractors to you for damages arising from our Services, or from this Agreement, shall not exceed an aggregate limit of twenty thousand dollars (\$20,000), including attorney fees, or our fees received under this Agreement, whichever is greater, regardless of the legal theory under which such liability is imposed. If you wish to discuss a higher limit and the additional fee involved, you should speak directly with us. Neither you nor we will be liable for consequential damages incurred by the other.

Insurance: We will maintain "claims made" professional liability insurance, general liability, automobile liability, and workers compensation insurance. You have, or will purchase, property insurance sufficient to protect any property in which you have an insurable interest. You and we waive any claims against each other for damage to property covered, or that should have been covered by property insurance required by this paragraph, including subrogated claims.

Mutual Indemnity Provision: You and we mutually agree to indemnify and hold each other harmless from any and all damage, liability or cost, including reasonable attorneys' fees and costs of defense, arising from each party's own negligent acts, errors or omissions, or willful misconduct in connection with the performance of services under this Agreement. This indemnification obligation applies on a comparative basis of fault to the extent that each party, its employees, directors, agents, consultants or subconsultants, is responsible for such damages, liabilities and costs.

Mediation: Prior to any litigation, arbitration or other proceeding, you and we will attempt to mediate any dispute between you and us. The American Arbitration Association will conduct the mediation, unless you and we otherwise agree. You and we will equally share all fees and costs of the mediation.

Non-payment: In the case of non-payment, we reserve the right to take legal action to collect from you any unpaid balance due to us by you, plus compensation for the time and expense incurred relating to the collection, including attorney fees and court costs.

Termination: Either you or we may terminate this Agreement for convenience by giving fourteen (14) days written notice. Either you or we may terminate this Agreement for any cause by giving seven (7) days written notice. If you terminate this Agreement, you shall pay us, in addition to any other compensation due under this Agreement, any amount incurred by us in performing services, in preparing to perform services, and in orderly terminating services.

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Geotechnical Service Agreement

Full and Final Agreement: This Agreement is the full and final agreement between us, supersedes any prior agreements, and may not be modified except by a writing executed by both you and us.

Michelucci & Associates, Inc.

City of Sausalito

Name:  _____
Joseph Michelucci, G.E.

Title: Principal Engineer

Date: January 29, 2009

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