

AGREEMENT BETWEEN THE CITY OF RAPID CITY
AND NRG CONSULTING SERVICES, LLC FOR PROFESSIONAL WILDFIRE
HAZARDOUS FUEL REMOVAL SERVICES IN SKYLINE WILDERNESS PARK

This Agreement is entered into this ____ day of _____, 2014, by and between the City of Rapid City, a municipal corporation organized under the laws of the State of South Dakota, of 10 Main Street, Rapid City, SD 57701 (“City”), and NRG Consulting Services, LLC (“NRG, LLC” or “Contractor”). The parties agree to the following terms:

1. Statement of Work. Contractor agrees to perform the Work described in the Resource Work Plan, attached hereto as Exhibit A and incorporated herein by this reference, (hereinafter “Work”) generally described as designing, constructing and remediating trails and/or other features by furnishing the labor, materials, equipment, and/or services necessary to perform the Work. The parties agree that the Contractor’s proposal to the RFP will be part of the Work plan and incorporated into this Agreement.

All changes in the Work must be agreed to by the parties in a written memo, signed by both Contractor and City.

2. Contract Price for Work. Contractor agrees to perform the Work described above for an amount not to exceed One Hundred Eighty Two Thousand Five Hundred Forty Five dollars (\$182,545.00). Contractor will only be paid for work actually performed and accepted by City.

The City shall not compensate the Contractor for any work in excess of this amount unless the Contractor first obtains prior written permission from the City. If Contractor believes additional work is necessary which would cause the total cost to exceed the above amount of (\$182,545.00), it agrees to seek written approval from City prior to performing the Work.

3. Payment. The City will make payment upon satisfactory completion of services based upon a per acre rate of \$2,636.00 per acre for 69.25 acres. The City reserves the right to reduce the number of acres for actual work performed, and in such case the payment for that area will be reduced by an amount equal to the number of acres removed from the project multiplied by the total per acre cost for the thinning. The City reserves the right to add acres to the project at a cost to be agreed upon by the Contractor and the City.

Contractor agrees to bill City by invoice for work completed under this Agreement, but in no circumstance shall Contractor bill City by invoice more frequently than once a month. Contractor agrees to submit partial invoices seeking payment for actual Work once the following has been performed to the satisfaction of City staff acting as the contract officer:

- (1) Work has been completed on at least 10 acres; or
- (2) Work has been completed by sections outlined on the maps in the RFP.

Land area completed will be determined by GPS track and maps provided by Contractor, meeting specifications below.

The parties agree on the following benchmarks for the Work:

- December 31, 2014: twenty (20) acres will be completed.
- March 31, 2015: forty (40) acres will be completed.
- August 31, 2015: sixty (60) acres will be completed
- November 31, 2015: total project acres (69.25), as defined by the boundaries of the sections outlined in the maps of the RFP.

The parties agree that if Contractor fails to meet a benchmark as discussed above, no payment will issue for any Work that is completed thereafter until the entirety of the benchmark is performed to the satisfaction of City. City may consent to extend the benchmarks in the case of fire, adverse weather, unusual delay in equipment or materials availability, changes in the scope of Work, an act or omission by City, other causes beyond the Contractor's control, or for other good cause. Any such consent shall be in writing provided to the Contractor.

City shall remit payment to Contractor within forty-five (45) days of each invoice for Work that has been accepted by City. The City will not pay Contractor's expenses as a separate item.

4. Contractor's Obligations. Contractor shall perform, supervise and direct the Work, and shall have control over the construction means, sequences and procedures. Contractor shall not use City equipment, supplies or facilities to perform the Work and instead shall supply any and all equipment, supplies, and facilities needed to perform the Work.

5. City Obligations and Representations. City shall provide the Contractor with a description of the property where the Work will be located ("Site"). This description of the Site shall accurately depict and describe all relevant boundaries and property lines, easements, and access, as may be needed to construct the trails, trailheads and other features specified in the Work. This description may include a survey if Contractor requests a survey.

6. Subcontractors. The Contractor may not use subcontractors to perform the services described in the Agreement without the express prior written consent of the City. The Contractor will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of the Agreement, to indemnify the City, and to provide insurance coverage for the benefit of the City in a manner consistent with the Agreement. The Contractor will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

7. Authority. City represents that it has the right, capacity and authorization necessary to enter into this Agreement and is not subject to a conflict with any law or agreement that would prevent or delay any or all of the Work. This Agreement is made and entered into by the City pursuant to the authority granted by SDCL 5-18A and 5-18B. The parties agree that a

copy of the resolution of the Common Council or minutes of a regular meeting of the Common Council showing approval of the Agreement shall be adequate proof of authority.

If the contracting party is not a natural person, evidence of authority granted by the legal entity to the natural person who signs the Agreement on behalf of the legal entity must be attached hereto as a condition precedent to any obligation by the City of Rapid City under the Agreement.

8. **Insurance.** Contactor shall obtain and maintain at its expense the following minimum limits of occurrence-based insurance coverage for the duration of this Agreement.

<u>Type of Coverage</u>	<u>Minimum Limits of Coverage</u>
A. Workers' Compensation Employer's Liability	Statutory \$100,000
B. Comprehensive General Liability (Including Contractual Liability and Completed Operations) Bodily Injury and Property Damage General Aggregate	\$1,000,000 each occurrence \$2,000,000
C. Business Automobile Insurance	As required by S.D. law.

Such insurance policies shall name the City as an additional insured with respect to all activities arising out of the performance of the Work and/or services under this Agreement. Acceptable Certificates of Insurance and Endorsements confirming the above coverage shall be filed with the City before commencing any work and/or services. Such Certificates shall afford City thirty (30) days written notice of cancellation or of a material change in coverage. City's failure to obtain from the Contractor a Certificate of Insurance conforming to the foregoing requirements shall not be deemed a waiver of any of the foregoing requirements. This paragraph shall in no way limit the provisions of the indemnity section.

9. **Indemnity.** Contractor agrees to indemnify, defend and hold City, its officers, agents and employees harmless from and against any and all actions, suits, damages, liability, or other proceedings that may arise as the result of performing services under this Agreement. Contractor also agrees to indemnify and defend City, its officers, agents and employees against any and all liability, losses, claims, damages, costs, and expenses including, but not limited to, costs of defense and reasonable attorney's fees, which City may hereafter suffer itself or pay to another party by reason of any claim, action, or right of action, at law or in equity, arising out of willful misconduct, error, omission or negligent act of Contractor and resulting in injury (including death) to any person or damage to any property to the extent such are caused by or are alleged to be caused by Contractor or its employees, any subcontractor or its employees, or any person, firm, partnership, or corporation employed or engaged by Contractor.

Contractor shall not, by this provision, be required to indemnify the City for loss or damages, or costs incurred in defense, which arise solely from errors or omissions of the City, its officers, agents and employees.

10. Access to Worksite. The parties agree that Contractor's proposal discusses the Contractor seeking permission from a private property owner to use a private driveway in order to access the work area. Contractor agrees that it is wholly responsible for obtaining any necessary permission, consent, licenses, and/or easements to enable Contractor to utilize any private property in performing the Work. The parties agree that this use of private property is at Contractor's risk and that Contractor is responsible for any damage, liability, or costs associated with the use of private property. City is not responsible for any damage, liability, and/or costs associated with Contractor's decision to use private property.

11. Warranties. Contractor agrees to perform the Work in a professional and workmanlike manner in accordance with the requirements of the Statement of Work as discussed in Section 1. Contractor provides a two-year warranty. All work not conforming to the requirements of the Work within this warranty period may be considered defective and shall be repaired or replaced by the Contractor at City's request within the warranty period.

12. Time for Completion. The Contractor shall complete services on or before November 30th, 2015 based on the timeline given in the contractor's proposal. In the event the Contractor is delayed in completion of any part of the Work by fire, adverse weather, unusual delay in equipment or materials availability, changes in the scope of Work, an act or omission by City, or other causes beyond the Contractor's control, the completion time shall be extended a reasonable time.

13. Renewal. The City may elect to extend the term of this Agreement for one year if additional time is needed for Contractor to complete the Work. City shall provide notice of intent to extend the Agreement to Contractor at least sixty (60) days prior to expiration of this Agreement. If the notice of intent to extend is timely provided, the Agreement shall extend unless terminated by either party pursuant to paragraph 13. In no event will any extension of the Agreement alter the contract price provision located in Paragraph 2 of this Agreement.

14. Termination of Agreement. Either party may terminate this Agreement on the grounds that the other party has failed in performance or has otherwise breached this Agreement.

In the event Contractor has failed in performance or has otherwise breached this Agreement, City may terminate the Agreement at any time with or without notice. If termination for such a default is effected by the City, any payments due to Contractor at the time of termination may be adjusted to cover any additional costs to the City because of Contractor's default. Upon termination the City may take over the work and may award another party an agreement to complete the work under the Agreement. If after the City termination for a default by Contractor it is determined that Contractor was not at fault, then the Contractor shall be paid for eligible services rendered and expenses incurred up to the date of termination.

If Contractor wishes to terminate the Agreement, Contractor shall provide written notice to City of its intent to terminate, including the reasons for termination. City shall have ten calendar days after receipt of such notice in which to cure the alleged failure or breach. If City does not cure the failure or breach, Contractor may terminate the Agreement effective thirty days after notice of termination is received.

The Contractor or City may terminate this Agreement at any time upon thirty calendar days advance written notice to the other.

15. Contractor Records. The City, through any authorized representative, will have access to and the right to examine and copy all records, books, papers, or documents related to services rendered under the Agreement. The Contractor will retain all books and records related to the services performed for a period of not less than the greater of any applicable federal law retention requirement or three years following termination of the Agreement.

16. Relationship between the Parties. NRG, LLC is an independent contractor of the City. This Agreement does not create an employment relationship between the City of Rapid City and NRG, LLC, or its agents or employees. Nothing contained in this Agreement is intended to create a partnership or joint venture between NRG, LLC and the City of Rapid City. No agent of NRG, LLC shall be the agent of the City, and NRG, LLC covenants that it will not take any action in the name of, or by holding itself out as the agent of, the City of Rapid City.

17. Reporting Requirements. Contractor agrees to report to the City any event encountered in the course of performance of this Agreement which results in injury, or death, to the person or property of third parties, or which may otherwise subject Contractor or the City to liability. Contractor shall report any such event to the City immediately upon discovery.

Contractor's obligation under this section shall only be to report the occurrence of any event to the City and to make any other report provided for by their duties or applicable law. Contractor's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under law (e.g., attorney-client communications). Reporting to the City under this section shall not excuse or satisfy any obligation of Contractor to report any event to law enforcement or other entities under the requirement of any applicable law.

18. Non-Appropriation Clause. The Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Rapid City Common Council for the intended purpose. If for any reason the Rapid City Common Council fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, the Agreement will be terminated by the City. Termination for any of these reasons is not a default by the City nor does it give rise to a claim against the City.

19. Assignment. The Agreement may not be assigned without the express prior written consent of the City.

20. Waivers. The failure by one party to require performance of any provision herein shall not affect that party's right to require performance at any time thereafter, nor shall a waiver of any breach or default of this Agreement constitute a waiver of any subsequent breach or default or a waiver of the provision itself.

21. Amendments. The Agreement may not be amended except in writing, which writing shall be expressly identified as a part thereof, and be signed by an authorized representative of each of the parties thereto.

22. Compliance with Applicable Laws. The Contractor agrees to comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to the Agreement, and will be solely responsible for obtaining current information on such requirements.

23. Entire Agreement. This Agreement, along with attached Exhibits A & B, the Request for Proposals, and Contractor's Proposal, constitutes the entire agreement between the parties. All prior discussions, communications and representations concerning the subject matter of the Agreement are superseded by the terms of the Agreement, and except as specifically provided therein, the Agreement along with the incorporated documents constitute the entire agreement with respect to the subject matter thereof.

24. Notice. Any notice or other communication required under the Agreement shall be in writing and sent to the appropriate address and individuals indicated in the Agreement, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

25. Counterparts. This Agreement may be executed in counterparts; each such counterpart shall be deemed an original and when taken together with other signed counterparts, shall constitute one Agreement.

26. Severability. If any provision of this Agreement is held unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision thereof and the remaining provisions of this Agreement, which shall remain in full force and effect.

27. Headings. The headings and numbering of the different paragraphs of this Agreement are inserted for convenience only and are not to control or affect the meaning, construction or effect of each provision.

28. Construction and Venue. This Agreement shall be governed and construed in accordance with the laws of the State of South Dakota. Any litigation under this Agreement shall be venued in the circuit court of Pennington County, State of South Dakota.

EXHIBIT A - SCOPE OF WORK

Contractor agrees to perform hazardous fuels reduction work on approximately 69.25 acres located in the Skyline Wilderness Area in Rapid City (see attached maps). All work performed will complement work completed by City crews and private contractors on adjoining private property and will meet similar requirements. The goal of any completed project is to mitigate the threat of wildfire through thinning and fuel break creation. This project has a high density of homes in the area and will require mitigation adjacent to the private property. During the cutting phase of the project all insect infested trees within the project area will be removed from the project or chipped. Dead standing trees will be removed at the discretion of the contractor and City at no additional cost to the City. Damaged and dead hardwood trees will be treated within the project. Salvage rights will be granted to the contractor to offset project costs. Care will be taken by the contractor so leave trees are not damaged in the material removal process. Material removal will only be done between the months of September and March due to the high recreational activity by the public at other times of the year. Material removal will not be allowed in the spring, regardless of time frame, during spring thaw conditions when deep rutting and road damage can occur. All material to be removed for biomass utilization will be at no cost to the City. Trails created to facilitate material removal will be rehabbed by contractor to pre-existing topographical arrangement unless approved by the City to be left for future use. All material to be left on the project site must be justified in the submitted proposal. All slash not removed from the property will be treated by the contractor according to one of the following methods: chipping; mulching; or grinding; and piling. Bidder must specify thinning slash disposal method in the submitted proposal. It is required that all work must adhere to the City of Rapid City's best management practices (BMPs) to prevent pollution and minimize environmental impacts.

THINNING SPECIFICATIONS

- All ponderosa pine up to 12 inches in diameter at breast height (DBH) are considered in the cutting guidelines.
- Dominant ponderosa pine with good form and vigor will be left as leave trees.
- All ponderosa pine up to 12 inches DBH with stem canker (western gall rust), that have co dominant (dual top) stems, that are snow bent, or with deformed or broken tops are considered cut trees. Ponderosa pine 13 inches DBH and over are not considered cut trees unless otherwise specified by the Wildland Urban Interface Mitigation officer. Ponderosa pines over 13 inches DBH are considered in the overall spacing and stocking guidelines.
- The spacing between leave ponderosa pine tree crowns will be an average of 20 feet. Spacing will be maintained in areas where all trees are less than 12 inches DBH. Average spacing will be figured within the actual tree stand, open spaces are not included in average spacing specifications.
- Mature ponderosa pines greater than 16 DBH will be left regardless of spacing.

- Areas where spacing specifications are to be altered, or where all pines are to be removed will be flagged with a unique specified color at the boundaries and outlined before project starts. These areas will include:
 - Draws and drainages where all pines are to be removed within sections A, B, and C identified on the attached maps. Conifers to be left in place in these areas will be marked as leave trees by the city.
 - Specified areas in section A where all pines are to be removed. Conifers to be left in place in these areas will be marked as leave trees by the city.
 - Hardwood restoration areas identified on attached maps in sections B and C.
- Ponderosa pine will be limbed to minimum of 10 feet or higher if dictated by slope.
- Stumps will be level cut to within 6 inches of the ground on the uphill side.
- All ponderosa pine 14 inches and under in diameter will be removed from, and within 25 feet of, stands of hardwood trees. Live hardwood trees will not be cut unless they are a hazard.
- Dead standing snags greater than 14 inches DBH not posing a threat to the contract crews will be left.
- Equipment use and access to the project site will be at the discretion of the City.

HARDWOOD RESTORATION

- Areas designated as hardwood restoration will be marked with a unique specified color flagging and will have all conifers removed. Conifers to be left in place will be marked as leave trees by the city.

PILING

- Piles to be burned will be a minimum of 6 feet and a maximum of 8 feet in diameter; height will be between 5 and 7 feet.
- Piles will not be constructed under the crown of any tree or on stumps larger than 4 inches.
- Burning of piles will be conducted by the Rapid City Fire Department as conditions allow and under City burn permit guidelines.

CHIPPING/MULCHING/GRINDING

- Chips will be removed from the property or broadcast with a maximum chip depth not to exceed 3 inches.
- Forestry mulched (Fecon) material size will not exceed 2 inches when possible. Maximum material size allowed is 3 inches in diameter and 2 feet in length.
- Broadcast chipping/mulching activity will be restricted to between the months of September thru March. Material must be flat to ground after mulching.
- **Piles created for chipping and removal for utilization will be located in areas agreed upon by the City and contractor.**

NRG, LLC is pleased to submit this proposal to perform the Skyline Wilderness Area Hazardous Fuels Reduction project. NRG, LLC clearly understands the needs and desired outcomes for projects such as these and has the experience and background as well as an organization philosophy that supports and qualifies our company for consideration. Our approach to this project will be three pronged; reduce the fuel load in order to lessen the chance of a wildfire causing major damage and having stand kill intensity, conduct hardwood restoration to encourage the health and spread of the hardwood tree stands in the area and remove and reutilize as much biomass as possible using environmentally responsible and low impact methods all of which will result in overhaul forest health and resilience from invasive pests such as the Mountain Pine Beetle

Reducing the fuel load in order to lessen the chance of wildfire causing major damage or having stand kill intensity. NRG, LLC will accomplish this task using our 10 man, locally hired, South Dakota Crew. The crew will use chainsaws to cut the specified trees and then remove them, as whole as possible, including branch's, to a staging area. NRG, LLC propose to use the flat open field in the middle of the "bowl" as the primary staging area. The staging area will be used for bucking logs, cutting logs to length, stacking logs, staging slash to be burned in the Air Curtain Burner, and for Air Curtain Burning itself. NRG, LLC may use alternative staging areas approved by the contracting officer. All removal will be performed using hand work, ATV/UTV, wheeled log arch, and a proposed winch cable system when steep terrain mandates. These techniques are used to lower the environmental impact on the project. NRG will not masticate, mulch, chip, or use heavy equipment other than what is required to load and remove reusable timber.

Conduct hardwood restoration to encourage the health and spread of the hardwood tree stands in the area. NRG, LLC will perform hardwood restoration using our 10 man crew to remove all non-hardwoods inside the designated areas. NRG, LLC will also remove all non-- hardwood trees under a 14 inch DBH within the hardwood tree stands and within 25 feet of the hardwood tree stands. NRG, LLC will take special care not to harm the remaining hardwoods or damage the surrounding area when falling trees and performing removal.

Remove and reutilize as much biomass as possible using environmentally responsible and low impact methods. NRG, LLC will use an Air Curtain Burner as the primary method of fuel reduction due to its ability to achieve complete and true fuel reduction in the most environmentally responsible and low impact method available. NRG, LLC will also Air Curtain Burn all beetle infested trees in order to kill live beetles and larva. NRG, LLC will perform hand piling in approved locations when slash relocation to the Air Curtain Burner is not practical. All wood with a diameter of four inches or thicker will be reutilized as firewood, post and pole, or sold as saw logs, when possible. NRG, LLC may utilize the services of sub-contractors to load and remove salvage logs from the project and/or to cable salvage logs off steep units. NRG, LLC will use the least damaging methods for slash and wood removal. All damaged terrain will be rehabilitated to prevent erosion. Fallen, dead and decomposing trees will be left undisturbed.

Although there is a two year timeline to complete this project NRG's goal is to have this project complete in approximately 15 months. NRG has a strong history and reputation of completing our projects early. If the contracting officer agrees we would like to start the project with a one acre demonstration area that the contracting officer and city council members can easily view and evaluate to ensure the scope of work and visions are being met. Within 30 days of starting the project NRG will bring the Air Curtain Burner and begin burning slash to ensure the staged slash piles do not get too large and to try and complete as much of the project as possible in the fall of 2014. NRG will conduct all removal from the project between September and March.

NRG, LLC is set apart by its ability to perform detailed hand crew work in a timely manner while avoiding the use of heavy machinery and environmentally damaging techniques. NRG's crews and equipment were specifically brought together for a low impact-high efficiency performance. These specialties mixed with NRG's background and experience in Fire Services make for a strong solution to the Skyline Wilderness Area Hazardous Fuels Reduction question.

Detailed Response

Thinning - There are several sub-scopes of work on this project with well described and different outcomes. In all cases we propose to perform all work by hand using commercial grade chainsaws, UTV/ATV equipment and trailers. In most cases trees would be cut and drug whole or in half to the pre identified staging area. At that time branches would be removed from marketable timber or post and pole and would be segregated for future pick up, slash would then be piled for curtain burning at a future date. In the case of the steep slope on the west side of the project, trees would be cut and placed in slash piles. There will be a number of piles simply due to the density of the vegetation within those units. NRG, LLC proposes using a cable winch system to remove an estimated 20%-30% of larger logs for reutilization, further reducing fuel loading on the steep slopes. In evaluating the property we feel we can accomplish this with minimum impact, some rehabilitation may be required however only in limited areas. We also propose to seek owner permission and access on Valentine, which is a private driveway. By doing so we can potentially remove large marketable logs as well as some slash, further meeting the stated objective of hazardous fuel reduction. Thinning in general will remove trees 12" and under. In the case of the hardwood areas all conifer will be removed with the exception of several large healthy dominant trees that will be identified by City staff.

Along the access road on the east side, all vegetation and trees will be removed between the drainage and the cut bank to improve access and provide some level of fire break between homes and the wilderness park. This area has also been identified as a potential staging area for log removal and slash.

The sequence of units cut would be determined and agreed upon by NRG,LLC and the contact officer.

Hardwood Restoration - The city has a desire to encourage growth and restoration of several hardwood species, primarily oak in several areas of the project. The thinning process and procedures would essentially be the same as those on the rest of the project, trees cut then removed whole to designated staging areas for processing, slash stacked for Air Curtain burning

and marketable logs segregated for hauling. It will be important to limit damage to healthy hardwoods so care will be taken to prevent damage when falling trees and removing material from the area. Our low impact methods minimize the chance of damage and with skilled faller's chance of damage are significantly reduced. Several areas within the restoration drainage system have storm damaged trees that will have to be removed by hand. This may include some winching or cabling to assist in getting the material up the hill and to a staging area. The City will mark some of the larger Ponderosa Pine as leave trees within the restoration areas. Storm damaged and dead standing hardwoods would be removed as part of this project

Piles - Piles for burning will be primarily in two places on the project; on the western steep slopes and in the bowl area in the center of the project area. Piles on the western units will be constructed outside tree drip lines to minimize scorching and piled tight in a teepee style which will promote complete burning and consumption of the material. The pile(s) in the bowl area will be staged for Air Curtain burning. These piles are typically constructed in a windrow keeping them manageable for hand loading. Once the project starts, burning will be done on a regular basis to keep the pile(s) from getting to large. Pile burning on the steep slopes is to be burned by the city. NRG, LLC is prepared to include the burning of the piles into the proposal. That option will be included in the price section of this response.

Beetle Kill - It was noted during the walk through that there are some mountain pine beetle infested trees on the unit. NRG, LLC crews will identify those trees, segregate them from other material scheduled for pick up and transport and destroy those trees in the curtain burner which will result in 100% mortality of adult beetles and larva.

Air Curtain Burning - We propose to burn all slash created on the project in a mobile air curtain burner. Use of the burner is very efficient and consumes 95%+ of the material leaving a fine ash to sawdust with some briquette size pieces. The unit, once at temperature, consumes smoke and particulate matter and typically burns 90% or more of emissions. The mobile air curtain burner is exempt from permits under EPA Title 5. When burning, we always have fire suppression equipment and tools on site. Operations are not done during periods of high fire danger or high winds.

Salvage Log Removal - It is our intent to remove and reutilize any marketable timber products cut from the site. Alternatives for this are saw logs, post and pole as well as material that can be used in the manufacture of pellets for home heating. We have had varied success in resale of these products. Post and pole yields roughly \$600 per load. We have contacts with several sources for reutilization however for us and small volumes the market for the material varies.

We propose within this contract to remove 20% - 30% of the marketable timber from the steep western slope units. This would reduce the amount of residual material left on that part of the project for future burning. We propose to insert an ATV with a wheeled log arch where we can do so safely, stage logs for removal and use a cable winch system in one or two areas to remove logs. This will require dragging them up slope, or possibly downslope to the lower road and down the cut bank. As this would only be feasible in a couple of areas we would easily be able to rehab those areas with standard best practice methods which would include but not be limited

to covering the drag area with needles and placing several logs perpendicular to the slope to act as natural water diversion bars. We feel consideration of this method will further reduce residual materials for future burning, will provide a slightly higher yield of marketable material and can be done with minimal soil impact.

Project Timeline

NRG, LLC proposes to begin the project within 10 days of notice to proceed. NRG staff will work with the contract officer to establish priority units within the project and focus on those units until such time weather conditions do not allow work on the project. With the assumption we would begin the project mid-September 2014 we would anticipate completing the project in its entirety no later than November 2015.

Cost Per Acre and Billing Plan

NRG LLC proposes a billing schedule that recognizes units within the project as completed to the satisfaction of the contract officer with a minimum billing of 10 acre benchmarks. Billing would be 90% of the cost per acre with 10% retained until all curtain burning and salvage logs are removed from the project. NRG, LLC would request payments be made on a net 15 day basis. NRG LLC respectfully submits the following cost per acre proposal

- Projected cost per acre, \$2766 for a fixed price of \$191,545.00
- Projected return for salvage logs, \$9,000. Calculated at 15 loads at \$600 per load

NRG respectfully submits a final cost per acre of \$2636.00 for a fixed price of \$182,545.00 for the entire project.