



# STAFF REPORT

CITY COUNCIL OF THE CITY OF SAUSALITO

## AGENDA TITLE

ADOPTING GENERAL CONDITIONS FOR PUBLIC CONSTRUCTION WORK AND AMENDING CITY COUNCIL POLICY REGARDING CONTRACT CHANGE ORDERS

## RECOMMENDED ACTIONS

ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO ADOPTING GENERAL CONDITIONS FOR PUBLIC CONSTRUCTION WORK AND AMENDING COUNCIL POLICY REGARDING CONTRACT CHANGE ORDERS

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## SUMMARY

In anticipation of the award of a number of construction contracts for Public Works projects, Staff has evaluated the City's standard forms of agreement for such work and identified the need for updates for cleanup, compliance with State laws and regulations, and to improve the efficiency of project delivery when compared with customized contracts for each project. Similarly, changes to the current Council Policy regarding Contract Change Orders are warranted for consistency with the contemplated General Conditions as well as the efficient delivery of such project. The City Engineer, City Attorney and Director of Public Works of the City of Sausalito recommend that the General Conditions and the revised Council Policy be adopted by the City of Sausalito.

The substance of the recommended revisions to the Change Order Policy is to allow for timely approval of contractually binding change orders within the adopted budget for significant capital projects without exposing the City to delay costs while Council approval is acquired. The Department Head and City Manager retain the responsibility for reporting such approvals monthly, and for acquiring express Council approval to appropriate funds not budgeted before they can be expended.

## ISSUES

None identified.

## FISCAL IMPACT

Intended to reduce Staff time and improve City's risk management status with respect to orderly, efficient, equitable, environmentally-responsible management of Public Works

Contracts in compliance with applicable laws and regulations. Expected to decrease City's costs on significant capital projects by reducing delays.


**STAFF RECOMMENDATION**

ADOPT GENERAL CONDITIONS FOR PUBLIC CONSTRUCTION WORK AND AMEND COUNCIL POLICY REGARDING CONTRACT CHANGE ORDERS

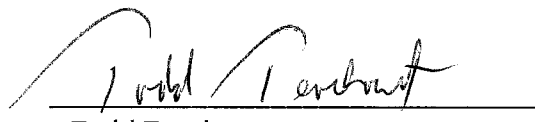
**ATTACHMENTS**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO ADOPTING GENERAL CONDITIONS FOR PUBLIC CONSTRUCTION WORK AND AMENDING COUNCIL POLICY REGARDING CONTRACT CHANGE ORDERS

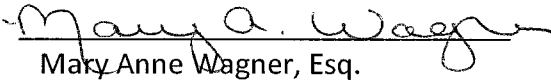
PREPARED BY:

  
\_\_\_\_\_  
Jonathon Goldman  
Director of Public Works

REVIEWED BY:

  
\_\_\_\_\_  
Todd Teachout  
City Engineer

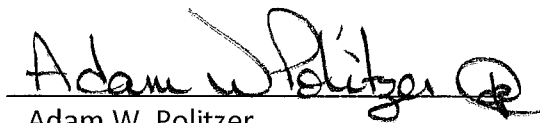
REVIEWED BY:

  
\_\_\_\_\_  
Mary Anne Wagner, Esq.  
City Attorney

REVIEWED BY:

  
\_\_\_\_\_  
Charlie Francis  
Administrative Services Director/Treasurer

SUBMITTED BY:

  
\_\_\_\_\_  
Adam W. Politzer  
City Manager

RESOLUTION No. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAUSALITO  
ADOPTING GENERAL CONDITIONS FOR PUBLIC CONSTRUCTION WORK AND  
AMENDING COUNCIL POLICY REGARDING CONTRACT CHANGE ORDERS**

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**WHEREAS**, the City of Sausalito adopted a Contract Change Order Policy with Resolution No. 4657 of July 15, 2003; and

**WHEREAS**, the City of Sausalito amended said Contract Change Order Policy with Resolution No. 4979 of October 21, 2008; and

**WHEREAS**, in the handling of normal course of business, experience with delivery of Public Safety Facilities Project construction, and consideration of General Conditions for Public Works contracts, the City has become aware of the need to further amend said Contract Change Order Policy; and

**WHEREAS**, in order to construct public works and capital improvement projects and to accomplish normal maintenance work, the City from time to time awards contracts to companies for construction, services, supplies and/or equipment for which funds were allocated by the City Council, in a total amount based on written job specifications; and

**WHEREAS**, such written job specifications warrant the adoption of certain General Conditions for Public Construction Work that remain consistent from project to project and ensure the City's continued compliance with State laws and regulations in such matters; and

**WHEREAS**, in the normal course of business, unforeseen circumstances arise which require a change in the original scope of the project; and

**WHEREAS**, the City Council desires to provide both consistent General Conditions as well as guidelines that allow flexibility in administering Contract Change Orders and provide efficiency in the completion of projects within reasonable timelines; and

**WHEREAS**, the City Council desires to adopt General Conditions for Public Construction Work; and

**WHEREAS**, the City Council desires to amend its Contract Change Order policy that provides for City Council approval of change orders consistent with said General Conditions.

**NOW, THEREFORE,** the City of Sausalito does hereby resolve as follows:

1. General Conditions for Public Construction Work dated April 2010 attached hereto and incorporated by reference herein are adopted.
2. Amended Contract Change Order Policy CD-2 dated April 20, 2010 attached hereto and incorporated by reference herein is adopted.
3. City Staff is directed to implement said amended policy immediately and retroactively.
4. City Staff is further directed that a copy of this Resolution and its attachments shall be made available on file in the Office of the City Clerk of the City of Sausalito.

**PASSED AND ADOPTED** by the City Council of the City of Sausalito at a regular meeting held on the 20<sup>th</sup> day of April, 2010 by the following vote:

**AYES:** Councilmembers:  
**NOES:** Councilmembers:  
**ABSTAIN:** Councilmembers:  
**ABSENT:** Councilmembers:

\_\_\_\_\_  
MAYOR OF THE CITY OF SAUSALITO

ATTEST:

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CITY CLERK

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**GENERAL CONDITIONS**

**ARTICLE 1 - GENERAL**

**1.01 CONTRACT AGREEMENT**

A Bidder to whom award is made shall execute a written Agreement and required supplementary documents and submit them to the City within ten (10) days after the Notice of Award has been received by the Bidder at the address given in Section 00300, **BID FORM**. The Agreement shall be made in the form adopted by the City and incorporated in Section 00500, **AGREEMENT**.

If the lowest responsive, responsible Bidder to whom award is made fails to enter into the Contract, as herein provided, the Bidder's Security will become the property of the City, and an award may be made to the next lowest responsive, responsible Bidder, and such Bidder shall fulfill every stipulation embraced herein as if it were the party to whom the first award was made. A corporation, partnership, or joint venture to which an award is made will be required, before the Agreement is finally executed, to furnish evidence of its corporate existence and evidence that the officer signing the Agreement and bonds for the corporation is duly authorized to do so in the form as stated in Section 00100-Article 3, **BIDDER'S SIGNATURE AND AUTHORITY**.

In the event the Contractor is a joint venture of two or more contractors, the grants, covenants, provisos and claims, rights, power, privileges and liabilities of the Contract shall be construed and held to be several as well as joint. Any notice, order, direct request or any communication required to be or that may be given by the City or the Construction Manager to the Contractor under this Contract, shall be well and sufficiently given to all persons being the Contractor if given to any one or more of such persons. Any notice, request or other communication given by any one of such persons to the City or the Construction Manager under this Contract shall be deemed to have been given by and shall bind all persons being the Contractor.

If any part of the Work to be done under this Contract is subcontracted, the subcontract shall be in writing and shall provide that all work to be performed thereunder shall be performed in accordance with the terms of the Agreement. The subcontracting of any or all of the work to be done will in no way relieve the Contractor of any part of its responsibility under the Contract. Certified copies of subcontract agreements will be provided by the Contractor to the City upon request.

Equipment supplied under this Contract shall be furnished in accordance with a written agreement, and such agreement shall provide that any equipment supply shall be performed in accordance with the terms of the Contract Documents. Certified copies of agreements for equipment supply will be provided by the Contractor to the City upon request.

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The Contractor shall not assign, transfer, convey, or otherwise dispose of the Contract, or its right, title, or interest therein, or its power to execute such Contract, to any other person, firm, or corporation without previous consent in writing of the City.

## **1.02 WRITTEN NOTICE AND SERVICE THEREOF**

Any notice to any party relative to any part of this Contract shall be in writing and considered delivered and the service thereof completed as follows:

when said notice is posted deposited in the U.S. Mail, postage prepaid, to said party at its last given address, notice will be effective two business days after mailing;

or if delivered in person to the said party or its authorized representative of the Work, notice will be effective upon delivery;

or if sent by facsimile to the said party or its authorized representative at a fax number provided in connection with the Project, notice will be effective upon receipt.

## **1.03 RIGHTS OF ACTION**

No right of action shall accrue upon or by reason of this Agreement to or for the use or benefit of anyone other than the parties to this Agreement. The parties to this Agreement are the Contractor and the City.

## **1.04 PLANS AND SPECIFICATIONS**

The Contract Documents are complementary; what is called for by one is as binding as if called for by all. It is the intent of the Drawings and Specifications to describe a functionally complete and operable Project (and all parts thereof) to be constructed in accordance with the requirements of the Contract Documents. Any work, materials or equipment that may reasonably be inferred from the requirements of the Contract Documents or from prevailing custom or trade usage as being required to produce this intended result will be furnished and performed whether or not specifically called for. When words or phrases that have a well-known technical or construction industry or trade meaning are used to describe Work, materials or equipment, such words or phrases shall be interpreted in accordance with that meaning. The intent of the Drawings specifically includes the intent to depict construction that complies with all applicable laws, codes and standards. Subject to applicable law, including but not limited to California Public Contract Code Section 4100 *et seq.*, and the terms of this Contract governing subcontracting, the Divisions and Sections of the Specifications and identifications of any Drawings shall not control Contractor in dividing the Work among subcontractors or suppliers or delineating the work to be performed by any specific trade.

Reasonably implied parts of the Work shall be performed as "incidental work" even though absent from the Drawings and Specifications. "Incidental" work shall be performed by Contractor without extra cost to the City. Incidental work includes any

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work not shown on Drawings nor described in the Specifications, which is necessary or required to make each installation satisfactory, legally operable, functional, consistent with the intent of the Drawings and Specifications or the requirements of the Contract Documents. Incidental work shall be treated as if fully described in Specifications and shown on Drawings, and expense thereof shall be included in the Bid Price. Incidental work includes, but is not limited to, tasks required to be performed under Division 1 **GENERAL REQUIREMENTS** of the Specifications.

Upon Notice to Proceed, the Contractor may obtain from the City, free of charge, two (2) copies of the conformed Plans (half-size) and Specifications. The Contractor may also obtain from the City, free of charge, two (2) sets of full-size prints of the Plans. Additional sets of the Plans and Specifications may be procured at the cost of printing and binding. The Owner will also provide one electronic copy of the conformed Plans and Specifications upon receipt of an executed release from the Contractor. The Owner will furnish the release form at the Contractor's request.

Both the Plans and Specifications will be conformed by incorporating all addenda which may have been issued during the bid period to the original bid documents. These "Issued for Construction" documents will be provided no later than the date of the Notice to Proceed. The "Issued for Construction" documents will be produced for the convenience and efficiency of all parties involved with construction. In the event of a discrepancy or failure to include a specific item of any addendum, the addendum as issued during the bid period shall take precedence over the "Issued for Construction" documents.

The Contractor shall keep on the work site a copy of the Plans and Specifications and shall at all times give the Construction Manager access thereto. Any Drawings included in the Specifications shall be regarded as part thereof and of the Contract. Anything mentioned in these Specifications and not shown on the Drawings, or shown on the Drawings and not mentioned in these Specifications, shall be of like effect as though shown or mentioned in both. The Construction Manager will furnish from time to time such drawings, plans, profiles, and information, as it may consider appropriate for the Contractor's guidance. Unless otherwise provided in the Contract Documents, it shall be the duty of the Contractor to see that all provisions are complied with in detail irrespective of the inspections given the work during its progress by the authorized official or its representatives. Any failure on the part of the Contractor to observe the Contract Documents will be sufficient cause for the rejection of the work at any time before its acceptance.

Wherever reference specifications are referred to in these Specifications without designation of year, the reference is to the current or revised specification effective at the time of the City receiving bids, unless otherwise referenced in Section 01060, **REGULATORY REQUIREMENTS AND PERMITS**.

#### **1.05 APPLICABILITY OF ALL PARAGRAPHS OF SPECIFICATIONS**

The Technical Specifications are presented in paragraphs for convenience. However, this presentation does not necessarily delineate trades or limits of responsibility. All

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paragraphs of the Plans and Specifications are interdependent and applicable to the Project as a whole.

The Specifications and all notes on the Drawings are directed to the Contractor and all Work shall be performed by the Contractor even though phrases such as "the Contractor shall" or "shall be done by the Contractor" are omitted. Where terms such as "approved," "acceptable," "favorably reviewed," "review," "selected," "directed," "equivalent," "equal," or "satisfactory" are used, it shall mean by or to the Construction Manager and/or Design Consultant.

## **1.06 CONTRACT INTERPRETATION BY THE CONSTRUCTION MANAGER**

Any discrepancies found between the Contract Documents and site conditions or any inconsistencies or ambiguities in the Contract Documents shall be immediately reported, in writing, to the Construction Manager. Questions regarding the meaning and intent of the Contract Documents shall be referred in writing by the Contractor to the Construction Manager with a Request for Information. The Construction Manager shall respond to the Contractor in writing with a decision within fifteen (15) days of receipt of the request, or if it is necessary to extend this period, the Construction Manager shall notify the Contractor in writing as to when a decision will be provided.

Work done by the Contractor after its discovery of such discrepancies, inconsistencies or ambiguities without such notice and prior to response from the Construction Manager shall be done at the Contractor's risk.

## **1.07 ORDER OF PRECEDENCE**

In resolving inconsistencies among two or more sections of the Contract Documents, precedence shall be given in the following order:

1. Addenda, Supplemental Agreements and Change Orders, the one dated more recently having precedence over another dated earlier.
2. Agreement (Section 00500)
3. Permits
4. General Requirements (Sections 01000-01999)
5. Supplementary General Conditions (Section 00800)
6. Instructions to Bidders (Section 00100)
7. General Conditions (Section 00700)
8. Project Plans
9. Technical Specifications (Section 02000 and all others following)
10. Typical Details
11. Reference/Standard Specifications
12. Reference/Standard Plans

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Figure dimensions on Drawings shall govern over scaled dimensions, and detailed Drawings shall govern over general or standard Drawings.

## **1.08 BONDS**

The successful Bidder shall, at the time of signing the Agreement, furnish the Bond of Faithful Performance (Section 00610) and the Payment Bond (Section 00620) executed by an admitted surety authorized to conduct business in California and be made payable to the "City of Sausalito."

The Payment Bond shall be in amount equal to one hundred percent (100%) of the Contract Price and shall be for payment of just claims for materials, equipment, labor and subcontractors employed by the Contractor thereon.

The Bond of Faithful Performance shall be in an amount equal to one hundred (100) percent of the Contract Price and shall be for the faithful performance of the Contract, and for the fulfillment of such other requirements as may be provided by Law. The performance bond shall remain in effect to guarantee the repair and replacement of defective equipment, materials, and workmanship, and payment of damages sustained by the City on account of such defects, discovered within one (1) year after final acceptance by the City, for the Work performed under the Contract which, shall remain in effect for a period of one (1) year, to guarantee the repair and replacement, and payments for damages.

Attorneys-in-fact, who sign bid bonds or contract bonds, must file with each bond a notarized and effectively dated copy of their power of attorney as required on bond forms supplied by the City for Contractor use in Sections 00610 and 00620.

The surety company shall familiarize itself with all of the conditions and provisions of this Contract, and it waives the right of special notification of any change or modification of this Contract or of extension of time, or of decreased or increased work, or of the cancellation of the Contract, or of any other act or acts by the City or its authorized agents under the terms of this Contract; and failure to so notify the aforesaid surety companies of changes shall not relieve the surety companies of their obligations under this Contract.

## **1.09 PENALTY FOR COLLUSION**

If, at any time, it is found that the person, firm, or corporation to whom the Contract has been awarded has, in presenting any Bid or Bids, colluded with any other party or parties, then the Contract may at the City's sole election be declared null and void, and the Contractor and its sureties shall be liable for loss or damage which the City may suffer thereby, and the City may advertise for new Bids.

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**1.10 RIGHTS AND REMEDIES**

The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be in addition to, and not a limitation of, any duties, obligations, rights, and remedies otherwise imposed or available by law.

No action or failure to act by the City, the Design Consultant, or the Construction Manager shall constitute a waiver of any right or duty afforded any of them under the Contract, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed in writing.

**ARTICLE 2 - CONTRACT ADMINISTRATION**

**2.01 ADMINISTRATION OF THE CONTRACT**

The City's Representative, the Construction Manager, and the Design Consultant will provide administration of the Contract as hereinafter described. These parties are designated in Section 00800-1.05, **CONTRACT ADMINISTRATION**. If the status of any of the above parties should change, the City will provide written notice to the Contractor of such change.

In case of the termination of the employment of the Design Consultant or the Construction Manager, the City shall appoint a Design Consultant or a Construction Manager whose status under the Contract Documents shall be that of the former Design Consultant or Construction Manager, respectively.

**2.02 CITY'S REPRESENTATIVE**

- A. General -The City's Representative has the authority to act on behalf of the City on change orders, progress payments, Contract decisions, acceptability of the Contractor's work, and early possession.
- B. Change Orders - The City's Representative has the authority to accept or reject Change Orders and cost proposals submitted by the Contractor or as recommended by the Construction Manager to the extent that budget for such costs has been approved by the City Council. Any Change Order or cost proposal that, taking into account the total of the Contract Price and the cost of all approved Change Orders and other costs, will exceed the budget approved by the City Council, shall require subsequent City Council approval before it can be authorized.
- C. Progress Payments - The City's Representative has the authority to accept or reject requests for progress payments which have been submitted by the Contractor and recommended by the Construction Manager.
- D. Contract Decisions - Should the Contractor disagree with the Construction Manager's decision with respect to the Contract, the Contractor may appeal to the City's Representative in accordance with the provisions of the Contract.

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- E. Acceptability of Work - The City's Representative has the authority to make the final determination of the acceptability of the Work. The City's Representative also has the authority to accept or reject the Design Consultant's recommendations regarding retention of defective work as provided.

### 2.03 CONSTRUCTION MANAGER

- A. General - The Construction Manager is a representative of the City employed to act as advisor and consultant to the City in construction matters related to the Contract. The term Construction Manager may include more than one individual to perform Contract administration and construction observation. Hereinafter, the term Construction Manager includes any and all designated representatives working under the direction of the Construction Manager.

All instructions to the Contractor and all communications from the Contractor to the City or the Design Consultant shall be forwarded through the Construction Manager. The Construction Manager will have authority to act on behalf of the City only to the extent provided in the Contract Documents. The City has delegated its authority to the Construction Manager to make initial decisions regarding questions which may arise as to the quality or acceptability of materials furnished and work performed, and as to the manner of performance and rate of progress of the work under the Contract. The Construction Manager shall interpret the intent and meaning of the Contract and shall make initial decisions with respect to the Contractor's fulfillment of the Contract and the Contractor's entitlement to compensation. The Contractor shall look initially to the Construction Manager in matters relating to the Contract.

The Construction Manager's authority to act under Section 00700-2.01, **ADMINISTRATION OF THE CONTRACT**, and any decision made by it in good faith either to exercise or not to exercise such authority, shall not be interpreted or construed as control or responsibility of any of the work performed under this Contract.

- B. Representative - The Construction Manager will observe the progress, quality, and quantity of the Work to determine, in general, if the Work is proceeding in accordance with the provisions of the Contract Documents. The Construction Manager shall not be responsible for construction means, methods, techniques, sequences, or procedures, or for safety precautions and programs in connection with the Work.

In accordance with the provisions detailed elsewhere in these General Conditions, the Construction Manager will make decisions relative to all matters of interpretation or execution of the Contract Documents.

- C. Observation and Inspections of Construction - The Construction Manager shall observe the construction and shall have the authority to reject work and materials which do not conform to the Contract Documents, and to require special inspection or testing.

Observation and inspection by an inspector is not an authorization to revoke, alter, or waive any requirements of the Specifications. Observation and inspection is the authorization to call the attention of the Contractor to any failure of the Work, materials or workmanship to conform to the Contract Documents. The inspector shall have this authority including the ability to reject materials or, in any emergency, suspend the Work. The Contractor may appeal any such issue which it disagrees with to the Construction Manager for decision. If the decision of the Construction Manager is not satisfactory to the Contractor, the Contractor may appeal such decision to the City's Representative.

- D. Acceptability of the Work - The Construction Manager has the authority to make a recommendation as to the acceptability of the Work.
- E. Change Orders - The Construction Manager has the authority to initiate Change Orders; to reject Change Orders proposed by the Contractor or Design Consultant; to negotiate and recommend acceptance of Change Orders; or to order minor changes in the Work at no cost to the City that do not affect the schedule or quality of the Work..
- F. Construction Schedule - The Construction Manager has the authority to review and recommend acceptance of the Progress Schedule submitted by the Contractor at the start of the Work and subsequent significant revisions for conformance to the specified sequence of work and logic.
- G. Progress Payments - The Construction Manager has the authority to recommend acceptance or rejection of requests for progress payments which have been submitted by the Contractor.
- H. Final Payment - The Construction Manager, with the assistance of the Design Consultant, will conduct inspections to determine the dates of Substantial Completion of the Work and final completion of the Work, and will receive and forward to the City, for the City's review, written warranties, and related documents required by the Contract and assembled by the Contractor.

## **2.04 DESIGN CONSULTANT**

- A. General - The Design Consultant will have the authority to act on behalf of the City only to the extent provided in the Contract Documents.
- B. Interpretations - The Design Consultant has the authority to be the initial interpreter of the technical requirements of the Contract Documents. Either party to the Contract may make written request to the Construction Manager for interpretations necessary for the proper execution or progress of the Work. The Construction Manager shall refer such written requests to the Design Consultant, who will render such interpretations. Where the Contractor has requested an interpretation from the Construction Manager, or been notified by the Construction Manager that such interpretation has been requested by the City, any work done before receipt of such interpretations, if not in accordance with same, shall be removed and replaced or adjusted as directed by the Construction Manager without additional expense to the City.

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- C. Acceptability of the Work - The Design Consultant has the authority to make a recommendation as to the acceptability of the Work. The Design Consultant has the authority to recommend acceptance of defective work.
- D. Submittal - The Design Consultant shall receive, through the Construction Manager, shop drawings, product data and samples for review in accordance with Section 01300, **SUBMITTALS**.

The Design Consultant has the authority to review and take other appropriate action upon the Contractor's submittal such as shop drawings, product data and samples, but only for conformance with the design concept of the Work and the information given in the Contract Documents.

## **ARTICLE 3 - CITY**

### **3.01 GENERAL**

The City, acting through the City's Representative or the Construction Manager, shall have the authority to act as the sole judge of the Work and materials with respect to both quantity and quality as set forth in the Contract.

### **3.02 ATTENTION TO WORK**

The City's, Construction Manager's and Design Consultant's representatives are designated in Section 00800-1.05, **CONTRACT ADMINISTRATION**. The Construction Manager's designated representative will normally be available at the site of the Work. An alternate representative will be designated when the designated Construction Manager's representative is not available at the site of the Work.

### **3.03 OBSERVATION AND INSPECTION**

In addition to the Construction Manager's designated representative, the City may provide one or more inspectors to the Construction Manager to observe the work and with the same authority as provided for in Section 00700-2.03C, **Observation and Inspections of Construction**.

Separate and independent from the observations and inspections above, the project may be inspected by Building Officials for code compliance. Such inspectors shall have the authority provided to them by local jurisdiction.

### **3.04 CITY'S RIGHT TO USE OR OCCUPY**

The City reserves the right, prior to Substantial Completion, to occupy, or use, any completed part or parts of the Work, providing these areas have been approved for occupancy by the City. The exercise of this right shall in no way constitute an acceptance of such parts, or any part of the Work, nor shall it in anyway affect the dates and times when progress payments shall become due from the City to the Contractor or in any way prejudice the City's rights in the Contract, or any bonds guaranteeing the same. The

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Contract shall be deemed completed only when all the Work contracted has been duly and properly performed and accepted by the City.

Prior to such occupancy or use, the City and Contractor shall agree in writing regarding the responsibilities assigned to each of them for payments, security, maintenance, heat, utilities, damage to the Work, insurance, the period for correction of the Work, and the commencement of warranties required by the Contract Documents.

In exercising the right to occupy or use completed parts of the Work prior to the Substantial Completion thereof, the City shall not make any use which will materially increase the cost to the Contractor, without increasing the Contract Price, nor materially delay the completion of the Contract, without extending the time for completion.

The part or parts of the Work, if any, which the City anticipates the use or occupancy of prior to Substantial Completion are listed below:

- None

Failure to include a part of the Work in the above referenced section, shall not limit the City's right to use or occupy parts of the Work not listed.

### **3.05 CITY'S RIGHT TO CARRY OUT THE WORK**

If the Contractor should neglect to prosecute the Work properly or fail to perform any provision of the Contract, and fails within five days after receipt of written notice from the City to commence and continue correction of such neglect or deficiency with diligence and promptness, the City may, and without prejudice to any other remedy, make good such default, neglect or failure.

The City also reserves the right to perform any portion of the Work due to an emergency threatening the safety of the Work, public, City, and any property or equipment.

In either case, a Change Order shall be issued unilaterally deducting from the payments then or thereafter due the Contractor the cost of correcting such deficiencies and/or for performing such work, including compensation for the Design Consultant's, the Construction Manager's, and the City's additional services made necessary by such default, neglect, failure, or emergency.

### **3.06 CITY'S RIGHT TO PERFORM WORK AND TO AWARD SEPARATE CONTRACTS**

The City reserves the right to perform work related to the Project with the City's own forces, and to award separate Contracts in connection with the Project or other work on the Site. If the Contractor claims that delay, damage, or additional cost is involved because of such action by the City, the Contractor shall make such claim as provided elsewhere in the Contract Documents.

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When separate Contracts are awarded for different portions of the Project or other work on the Site, the term "Contractor" in the Contract Documents in each case shall mean the Contractor who executes each separate Agreement.

The City will provide for the coordination of the work of the City's own forces and of each separate contractor with the Work of the Contractor, who shall cooperate therewith as provided in Section 00700-4.10, **COOPERATION WITH OTHER CONTRACTORS.**

### **3.07 RESPONSIBILITY OF THE CITY**

The City shall not be held responsible for the care or protection of any material or parts of the Work prior to the final Acceptance, except as expressly provided in these Specifications.

## **ARTICLE 4 - CONTRACTOR**

### **4.01 STATUS OF CONTRACTOR AND SUBCONTRACTORS**

- A. It is stipulated and agreed that the Contractor shall be an independent contractor in the performance of this Contract and shall have complete charge of all persons engaged in performance of the Work. The Contractor shall perform the Work in accordance with its own methods, subject to compliance with the requirements of the Contract.
- B. Subcontractors will not be recognized as having a direct relationship with the City. The persons engaged in the Work, including employees of subcontractors and suppliers, will be considered employees of the Contractor and their work shall be subject to the provisions of the Contract. References in these Contract Documents to actions required of subcontractors, manufacturers, suppliers, or any person other than the Contractor, the City or the Construction Manager shall be interpreted as requiring that the Contractor shall require such subcontractor, manufacturer, supplier or person to perform the specified action.

The Contractor shall not employ any subcontractors that are not properly licensed in accordance with State law. Prior to commencement of any work by a subcontractor, the Contractor shall submit verification to the Construction Manager that the subcontractor is properly licensed for the work it will perform.

Contractor shall be fully responsible to City for the performance, acts and omissions of its subcontractors, and of persons directly or indirectly employed by them. Each subcontract shall expressly incorporate by reference the terms of this Contract, including the following provisions:

- Each subcontractor shall carry insurance as required by this Contract, and provide evidence of such insurance, as provided in Section 00800-2.01, **INSURANCE.**

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- Each subcontractor shall be obligated to defend, indemnify, and hold the City harmless from all claims arising from the subcontractor's portion of the Work in the same manner as Contractor.
- Each subcontractor shall grant the City a license to use its drawings and design materials as provided in the Agreement.
- Each subcontract shall acknowledge the City's right to suspend or terminate the Contract, and waive any right to anticipated profits in the event of such termination.

The removal and/or substitution of any subcontractor listed in Section 00430, **DESIGNATION OF SUBCONTRACTORS**, shall be made by the Contractor and the City only as provided for in Public Contract Code Section 4100 *et seq.*

#### 4.02 CONTRACTOR'S REPRESENTATIVE

The Contractor shall designate in writing, before starting work, an authorized representative who shall have complete authority to represent and to act for the Contractor. Said authorized representative, or designated alternate, that has the authority to act in matters relating to the Contract, shall be personally present at the work site at all times while work is actually in progress on the Contract. During periods when work is suspended, arrangements acceptable to the Construction Manager shall be made for any emergency work that may be required. The Contractor's authorized representative, or designated alternate(s) shall be fluent and proficient in the English language in order to understand, receive, and carry out oral and written communications or instructions relating to all job functions and responsibilities.

When the Contractor consists of two or more persons, firms, partnerships, or corporations functioning on a joint venture basis, said Contractor shall designate in writing to the Construction Manager, the name of their authorized representative who shall have supreme authority to direct the Work and to whom orders will be given by the Construction Manager, to be received and obeyed by the Contractor.

Information shall include the representative's name, street address, town, and telephone number, and the mailing address if different from the street address.

The Contractor shall give its personal attention to and shall supervise the Work to the end that it shall at all reasonable times be prosecuted faithfully; and when the authorized representative or designated alternate is not personally present on the Work, the representative shall at all reasonable times be represented by a competent superintendent or foreman who shall receive and obey all instructions or orders given under this Contract, and who shall have full authority to supply materials, tools, and labor without delay, and who shall be the legally appointed representative of the Contractor. The Contractor shall be liable for the faithful observation of any instructions delivered to the Contractor or to its authorized representative.

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#### 4.03 LANDS AND RIGHTS OF WAY

With the approval of the Construction Manager, the Contractor may use portions of the City's site for storage of construction equipment, materials and field offices. The City will not accept any responsibility for damage or loss of the Contractor's equipment or materials stored on any project related site caused by vandalism, nature, or otherwise, suffered by the Contractor. Protection of all construction equipment, stores, and supplies shall be the sole responsibility of the Contractor. Where additional work space is desired by the Contractor, it shall be the Contractor's sole responsibility and expense to obtain such a space for its use.

#### 4.04 FEES AND PERMITS

The requirements for fees and permits are specified in Section 01060-1.02, **FEES AND PERMITS**.

#### 4.05 COMPLIANCE WITH LAWS

The Contractor shall keep itself and its subcontractors fully informed of all existing and future legislated State and Federal Laws and City and County ordinances and regulations which in any manner affect those engaged or employed in the Work, or the materials and equipment used in the Work, or which in any way affect the conduct of the Work, and all such orders and decrees of bodies or tribunals having any jurisdiction or authority over the same. If any discrepancy or inconsistency is discovered in the Drawings, Specifications, or in any other part of this Contract, in relation to any such law, ordinance, regulation, order or decree, the Contractor shall forthwith report of the same to the Construction Manager in writing. The Contractor shall at all times observe and comply with all such existing and future laws, ordinances, regulations, orders and decrees; and shall protect and indemnify the City, the Construction Manager, the Design Consultant, and all of their officers, agents, employees and servants against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order, or decree, whether by the Contractor itself or by its employees.

A. Particular attention is called to the following:

1. The Contractor shall abide by and shall include in its contracts and agreements with subcontractor(s) for the performance of Work on the City's Project a copy of the provisions the California Labor Code Sections 1771, 1775, 1776, 1777.5, 1813, and 1815.
2. Eight Hour Day Limitation – In accordance with the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code, State of California, and in particular Sections 1810 to 1815 inclusive, thereof, eight (8) hours labor shall constitute a day's work and no laborer, worker, or mechanic in the employ of said Contractor, or any subcontractor doing or contracting to do any part of the Work contemplated by this Contract, shall be required or permitted to work more than eight (8) hours in any one calendar day, and forty (40) hours in any one calendar week unless

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compensated at not less than time and a half as set forth in California Labor Code Section 1815. However, if the prevailing wage determination requires a higher rate of pay for overtime than is required under said Section 1815, then the overtime rate must be paid, as specified in California Code of Regulations Title 8, Group 3, Section 16200(a)(3)(F). The Contractor and each subcontractor shall also keep an accurate record showing the names and actual hours worked of all workers employed by them in connection with the work contemplated by this Contract, which record shall be open at all reasonable hours for the inspection of the City or its officers or agents and by the Division of Labor Standards Enforcement of the Department of Industrial Relations, their deputies or agents; and it is hereby further agreed that said Contractor shall forfeit as a penalty to the Authority, the sum of twenty-five and No/100 Dollars (\$25.00) for each laborer, worker or mechanic employed in the execution of this Contract by the Contractor or by any subcontractor for each calendar day during which such laborer, worker or mechanic is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in one calendar week in violation of this stipulation.

- B. Prior to commencing the Work, Contractor shall comply with the provisions of Labor Code 1777.5, including but not limited to the submission of contract award information to an applicable apprenticeship program that can supply apprentices to the site of the Work. Such information shall include an estimate of journeyman hours to be performed under this Contract, the number of apprentices proposed to be employed, and the approximate dates the apprentices would be employed. A copy of this information shall be submitted to the City if requested by the City.

A determination by the Chief of the Division of Apprenticeship Standard's that Contractor or its subcontractors have knowingly violated Labor Code 1777.5 shall forfeit as a civil penalty an amount not exceeding one hundred dollars (\$100) for each full calendar day of noncompliance. Contractor or its subcontractor, who knowingly commits a second or subsequent violation of Labor Code 1777.5 within a three-year period, where the noncompliance results in apprenticeship training not being provided as required, shall forfeit as a civil penalty the sum of not more than three hundred dollars (\$300) for each full calendar day of noncompliance. Upon the receipt of a determination that a civil penalty has been imposed by the Chief of the Division of Apprenticeship Standards, the City shall withhold the amount of the civil penalty from the next progress payment then due or to become due Contractor.

- C. Receipt of Workers' Wages, Fee for Registering or Placing Persons In Public Works - Attention is directed to the provisions of Sections 1778 and 1779 of the California Labor Code, which read as follows:

Section 1778. "Every person, who individually or as a representative of an awarding or public body or officer, or as a contractor or subcontractor doing public work, or agent or officer thereof, who takes, receives or conspires with another to take or receive, for its own use or the use of any other person any

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portion of the wages of any workman or working subcontractor, in connection with services rendered upon any public work is guilty of a felony."

Section 1779. "Any person or agent or officer thereof who charges, collects, or attempts to charge or collect, directly or indirectly, a fee or valuable consideration for registering any person for public work, or for giving information as to where such employment may be procured, or for placing, assisting in placing, or attempting to place, any person in public work, whether the person is to work directly for the state, or any political subdivision or for a contractor or subcontractor doing public work is guilty of a misdemeanor."

- D. Labor Discrimination. Attention is directed to Section 1735 of the Labor Code, which reads as follows:  
"No discrimination shall be made in the employment of persons upon public works because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons, except as provided in Section 12940 of the Government Code, and every contractor for public works violating this section is subject to all the penalties imposed for violation of this chapter."
- E. Worker's Compensation Insurance - The provisions of Section 00800-2.01B, Worker's Compensation Insurance, shall be considered as repeated herein.
- F. Lateral and Subjacent Supports - Attention is directed to Section 832 of the Civil Code of the State of California relating to lateral and subjacent supports, and wherever structures or improvements adjacent to the excavation may be damaged by such excavation, the Contractor shall comply with this law. As provided in Labor Code Section 6707, a separate bid item is provided for costs of shoring and bracing of excavations five feet or more in depth.
- G. Safety Standards - The Contractor shall comply with all applicable provisions of the Safety and Health Regulations of Construction, promulgated by the Secretary of Labor under Section 107 of the Contract Work Hours and Safety Standards Act (40 USC 327 et. seq.) as set forth in Title 29, C.F.R., CAL/OSHA, and the regulations issued thereunder. Compliance shall be the Contractor's sole responsibility, and neither the City, the Construction Manager nor the Design Consultant shall have any liability for non-compliance. See Section 00700-4.07, **SAFETY**, for additional safety requirements.

#### 4.06 COMPLIANCE WITH ENVIRONMENTAL LAWS

During construction, including any suspension of the Work, the Contractor shall comply with all pertinent requirements of Federal, State, and local environmental laws and regulations, including, but not limited to, the Federal Clean Air Act, State and local air pollution and noise ordinances, construction site erosion control regulations. Specific requirements are further specified in Section 01060, **REGULATORY REQUIREMENTS AND PERMITS**, and Section 01560, **TEMPORARY CONTROLS**.

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#### 4.07 SAFETY

- A. Contractor's Safety Responsibility - The Contractor shall be solely and completely responsible for conditions of the job site, including safety of all persons and property during performance of the Work. This requirement shall apply continuously and not be limited to normal working hours. Safety provisions shall conform to U.S. Department of Labor (OSHA), the California Occupational Safety and Health Act, and all other applicable Federal, State, County, and local laws, ordinances, codes, the requirements set forth below, and any regulations that may be detailed in other parts of these Contract Documents. In the event of conflicting requirements, the most stringent requirement as it pertains to the Contractor's safety responsibility, shall apply and shall be followed by the Contractor.

No provision of the Contract Documents shall act to make the City, the Construction Manager, Design Consultant or any other party than the Contractor responsible for safety. The Contractor agrees that for purposes of California Labor Code Section 6400 and related provisions of law the Contractor, the Contractor's privities and any other entities acting pursuant to this Contract will be "employers" responsible for furnishing employment and a place of employment that is safe and healthful for the employees, if any, of such entities acting pursuant to this Contract and that neither the City nor the Construction Manager, Design Consultant or their respective officers, officials, employees, agents or volunteers or other authorized representatives will be responsible for having hazards corrected and /or removed at the location(s) where the Work is to be performed. The Contractor agrees that neither the City nor the Construction Manager, Design Consultant or their respective officers, officials, employees, agents or volunteers or other authorized representatives will be responsible for taking steps to protect the Contractor's employees from such hazards, or for instructing the Contractor's employees to recognize such hazards or to avoid the associated dangers. The Contractor agrees that with respect to the Work to be performed under this Contract and the location(s) where such Work is to be performed, the Contractor will be responsible for not creating hazards, and for having hazards corrected and/or removed. The Contractor agrees that through the safety obligations contained in this Contract and the Contractor's own inspection of the site(s) where the Contract Work is to be performed, the Contractor is aware and has been notified of the hazards to which the Contractor's employees may be exposed in the performance of Contract Work. The Contractor has taken and/or will take appropriate, feasible steps to protect the Contractor's employees from such hazards, and has instructed and/or will instruct its employees to recognize such hazards and how to avoid the associated dangers. The Contractor agrees that neither the City nor the Construction Manager, Design Consultant or their respective officers, officials, employees, agents or volunteers or other authorized representatives will be "employers" pursuant to California Labor Code Section 6400 and related provisions of law with respect to the Contractor, the Contractor's privities or other entities acting pursuant to this Contract.

The Contractor shall indemnify, defend and hold Owner and Construction Manager, Design Consultant and their respective officers, officials, employees, agents and volunteers or other authorized representatives harmless to the full extent permitted by law concerning liability related to the Contractor's safety obligations in accordance with Section 00800-2.01E, **Indemnification**.

If death or serious injuries or serious damages occur, the accident shall be reported immediately by telephone or messenger to both the Construction Manager and the City. In addition, the Contractor shall furnish the Construction Manager with a copy of the Employer's Report of Injury immediately following any incident requiring the filing of said report during the prosecution of the Work under this Contract. The Contractor shall also furnish the Construction Manager with a copy of the Employer's Report of Injury involving any subcontractors on this project. The Contractor shall make all reports as are, or may be, required by any authority having jurisdiction, and permit all safety inspections of the Work being performed under this Contract.

If a claim is made by anyone against the Contractor or any subcontractor on account of any accident, the Contractor shall promptly report the facts in writing to the Construction Manager, giving full details of the claim.

- B. Safety Program - The Contractor shall establish, implement, and maintain a written injury prevention program as required by Labor Code Section 6401.7. Before beginning the Work the Contractor shall prepare and submit to the Construction Manager a Contractor Safety Program that provides for the implementation of all of the Contractor's safety responsibilities in connection with the Work at the site and the coordination of that program and its associated procedures and precautions with safety programs, precautions and procedures of each of its subcontractors and other prime Contractors performing work at the site. The Contractor shall be solely responsible for initiating, maintaining, monitoring, coordinating, and supervising all safety programs, precautions, and procedures in connection with the Work and for coordinating its programs, precautions, and procedures of the other prime contractors and subcontractors performing the Work at the site. The Safety Program should contain all the necessary elements for the Contractor to administer its program on site. At a minimum, this written Safety Program shall address the elements required by Labor Code Section 6401.7.

The Contractor's compliance with requirements for safety and/or the Construction Manager's review of the Contractor's Safety Program shall not relieve or decrease the liability of the Contractor for safety. The Construction Manager's review of the Contractor's Safety Program is only to determine if the above listed elements are included in the program.

- C. Safety Supervisor - The Contractor shall appoint an employee as safety supervisor who is qualified and authorized to supervise and enforce compliance with the Safety Program. The Contractor shall notify the Construction Manager in writing prior to the commencement of work of the name of the person who will act as the

Contractor's safety supervisor and furnish the safety supervisor's resume to the Construction Manager.

The Contractor will, through and with its Safety Supervisor, ensure that all of its employees and its subcontractors of any tier fully comply with the Project Safety Policies. The Safety Supervisor shall be a full-time employee of the Contractor whose responsibility shall be for supervising compliance with applicable safety requirements on the work site and for developing and implementing safety training classes for all job personnel. The City shall have the authority to require removal of the Contractor's Safety Supervisor if the representative is judged to be improperly or inadequately performing the duties; however, this authority shall not in any way affect the Contractor's sole responsibility for performing this work safely, nor shall it impose any obligation upon the City to ensure the Contractor performs its work safely.

D. Safety and Protection - The Contractor shall take all necessary protection to prevent damage, injury, and loss to:

- All employees on the Project, employees of all subcontractors, and other persons and organizations who may be affected thereby;
- All the Work and materials and equipment to be incorporated therein, whether in storage on or off the Site; and
- Other property at the Site or adjacent thereto, including trees, shrubs, lawns, walks, pavements, roadways, structures, utilities, and underground facilities not designated for removal, relocation, or replacement in the course of construction.

The Contractor shall comply with all applicable laws and regulations of any public body having jurisdiction for the safety of persons or property or to protect them from damage, injury or loss and shall erect and maintain all necessary safeguards for such safety and protection. The Contractor shall notify owners of adjacent property and of underground facilities and utility agencies when prosecution of the Work may affect them and shall cooperate with them in the protection, removal, relocation, and replacement of their property. All injury or loss to any property caused, directly or indirectly, in whole or in part, by the Contractor, any subcontractor, supplier or any other person or organization directly or indirectly employed by any of them to perform or furnish any of the Work or anyone for whose acts any of them may be liable, shall be remedied by the Contractor.

E. Excavation Safety - In accordance with the provisions of Section 6705 of the Labor Code, the Contractor shall submit, in advance of excavation of any trench or trenches five feet or more in depth, a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plans vary from the shoring system standards set forth in the Construction Safety

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Orders of the Division of Industrial Safety in Title 8, Subchapter 4, Article 6, California Code of Regulations, the plans shall be prepared and signed by a registered civil or structural engineer employed by the Contractor, and all costs therefore shall be included in the price named in the Contract for completion of the Work as set forth in the Contract Documents. Nothing in this section shall be deemed to allow the use of a shoring, bracing, sloping, or other protective system less effective than that required by the Construction Safety Orders. Nothing in this section shall be construed to impose a tort liability on the City, the Design Consultant, the Construction Manager, nor any of their agents, consultants, or employees. The City's review of the Contractor's excavation plan is only for general conformance to the Construction Safety Orders.

Prior to commencing any excavation, the Contractor shall designate in writing to the Construction Manager the "competent person(s)" with the authority and responsibilities designated in the Construction Safety Orders.

- F. Safety Emergencies - In emergencies affecting the safety or protection of persons or the Work or property at the Site or adjacent thereto, the Contractor, without special instruction or authorization from the Construction Manager, is obligated to act to prevent threatened damage, injury or loss. The Contractor shall give the Construction Manager prompt written notice if the Contractor believes that any significant changes in the Work or variations from the Contract Documents have been caused thereby.
- G. Safety Violations - Should the Contractor fail to correct a condition, the City shall have the right to notify the Contractor through the Construction Manager that an unsafe condition may exist and must be corrected or the work in question can be stopped in accordance with Section 00700-6.06, **SUSPENSION OF WORK**, until the condition is corrected to the satisfaction of the City. No extension of time or additional compensation will be granted as a result of any stop order so issued. The notification and suspension of such work or the failure to provide such notification and suspension by the City shall not relieve the Contractor of its sole responsibility and liability for safety.

The City shall have the authority to require the removal from the project of the foreman and/or superintendent in responsible charge of the work where safety violations occur.
- H. Equipment Safety Provisions - The completed Work shall include all necessary permanent safety devices, such as machinery guards and similar ordinary safety items, required by the State and Federal (OSHA) industrial authorities and applicable local and national codes. Further, any features of the Work, including City-selected equipment, subject to such safety regulations shall be fabricated, furnished, and installed in compliance with these requirements. All equipment furnished shall be electrically grounded and provided guards and protection as required by safety codes. Where vapor-tight or explosion-proof electrical installation is required by safety codes, this shall be provided. Contractors and manufacturers of equipment shall be held responsible for compliance with the

requirements included herein. The Contractor shall notify all equipment suppliers and subcontractors of the provisions of this paragraph.

- I. Confined Spaces – The Work requires work in confined spaces and requires compliance with CAL/OSHA and Federal OSHA requirements. Confined spaces for the purposes of this section shall be as defined by the Division of Industrial Safety. Notwithstanding any classifications relative to the Tunnel Safety Orders, work within confined spaces of this project is subject to the definitions and applicable provisions of Section 5156 et. seq., Title 8, Division 1, Chapter 4, Subchapter 7, Group 16, Article 108 of California Code of Regulations. Including exposure to hydrogen sulfide, methane, carbon dioxide and other gases and vapors commonly found in municipal sewers which could have, or has the potential of having Immediate Danger to Life or Health Conditions (IDLH).
- J. Public Safety and Convenience - The Contractor shall conduct his work so as to ensure the least possible obstruction to traffic and inconvenience to the general public and the residents in the vicinity of the work and to ensure the protection of persons and property. No road or street shall be closed to the public except with the permission of the Construction Manager and the proper governmental authority. Fire hydrants on or adjacent to the work shall be accessible to fire fighting equipment. Temporary provisions shall be made by the Contractor to ensure the use of sidewalks, private and public driveways and proper functioning of gutters, sewer inlets, drainage ditches and culverts, irrigation ditches and natural water courses.

#### 4.08 PROVISIONS FOR HANDLING EMERGENCIES

It is possible that emergencies may arise during the progress of the Work that may require special treatment or make advisable extra shifts of labor forces to continue the Work for twenty-four (24) hours per day. These emergencies may be caused by damage or possible damage to nearby existing structures or property by reason of the Work under construction, or by storm, accidents, or leakage. The Contractor shall be prepared in case of such emergencies to make all necessary repairs and shall promptly execute such work when required by the Construction Manager. The determinations made by the Construction Manager for handling emergencies shall be final and conclusive upon the parties.

Upon start of the Work, Contractor shall provide means for immediate emergency notification of Contractor's designated representative and designated emergency alternates.

#### 4.09 NONSTANDARD WORKING HOURS

The Contractor may be required to prosecute the Work at night or outside of the normal working hours defined in Section 01560-1.07, **WORKING HOURS**. Such work may be required due to project and/or operational constraints as defined in Section 01010, **SUMMARY OF WORK**, or if emergencies arise as provided for in Section 00700-4.08, **PROVISIONS FOR HANDLING EMERGENCIES**. When required, ordered, or permitted to work at night, the Contractor shall provide sufficient and satisfactory

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lighting and other facilities therefore. For work outside of the normal working hours, the Contractor shall receive no extra payment, but compensation shall be considered as having been included in the price stipulated for the Work, except for authorized work performed outside of the Contract requirements.

#### **4.10 COOPERATION WITH OTHER CONTRACTORS**

This Paragraph shall serve as notice to the Contractor that the City may let other contracts for other work at or near the site of this Work. The Contractor shall afford other contractors reasonable opportunity for the delivery and storage of their materials and the execution of their work, and shall properly connect and coordinate its work with theirs.

Should construction be under way by other forces or by other contractors within or adjacent to the limits of the work or in the vicinity of the Work to be done under this Contract, the Contractor shall so conduct its operations as to interfere to the least possible extent with the Work of such other forces or contractors.

Any difference or conflicts which may arise between the Contractor and any other forces or contractors, creating delays or hindrance to each other, shall be adjusted as determined by the Construction Manager.

Section 01010, **SUMMARY OF WORK**, indicates anticipated other potential construction activities within or adjacent to Work to performed in this Contract.

### **ARTICLE 5 - CONTROL OF WORK AND MATERIAL**

#### **5.01 MEANS, METHODS AND APPLIANCES**

The means, methods and appliances adopted by the Contractor shall be planned and executed to, in the opinion of the Construction Manager, produce the highest grade quality of work and will enable the Contractor to complete the Work in the time agreed upon. The City and Construction Manager shall not supervise, direct, or have control over, or be responsible for, Contractor's means, methods and appliances of construction or for the safety precautions and programs incident thereto, or for any failure of Contractor to comply with laws and regulations applicable to the furnishing or performance of Work. However, if at any time the means, methods and appliances appear inadequate or of inferior quality, the Construction Manager may order the Contractor to improve their character or efficiency, and the Contractor shall conform to such order; failure of the Construction Manager to order such improvement of methods of efficiency will not relieve the Contractor from its obligation to perform satisfactory work and to finish it in the time agreed upon.

#### **5.02 CHARACTER OF WORKERS**

None but competent forepersons and workers shall be employed on work requiring special qualifications; and, when required by the Construction Manager, the Contractor shall remove from the work any person who commits trespass, or is, in the opinion of the Construction Manager, disorderly, dangerous, insubordinate, incompetent, or otherwise

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objectionable. Such discharge shall not be the basis of any claim for compensation or damages against the Construction Manager, the City, or any of its officers or representatives.

### **5.03 MATERIALS AND WORKMANSHIP**

Unless otherwise indicated in these Specifications, materials and equipment for the construction work shall be the best grade in quality of a manufacturer regularly engaged in the production of such materials and equipment or materials and equipment of comparable character. All materials must be of the specified quality and equal to approved samples, if samples have been submitted. All work shall be done and completed in the best workmanlike manner, obtainable in the local market. All permanent materials and equipment shall be new unless otherwise specified.

Notwithstanding any omission from these Specification or the Drawings it shall be the duty of the Contractor to call the Construction Manager's attention to apparent errors or omissions and request instructions before proceeding with the Work. The Construction Manager may, by appropriate instructions correct errors and supply omitted information. Such instructions shall be as binding upon the Contractor as though contained in the original Specifications or Drawings.

All defective work or materials shall be promptly removed from the premises by the Contractor, whether in place or not, and shall be replaced or renewed in such manner as the Construction Manager may direct. All materials and workmanship of whatever description shall be subjected to the inspection of, and rejection by, the Construction Manager if not in conformance with the Contract Documents.

Any defective material or workmanship, or any unsatisfactory or imperfect work which may be discovered before the final Acceptance of the Work or within one (1) year thereafter, shall be corrected immediately on the requirement of the Construction Manager, without extra charge, notwithstanding that it may have been overlooked in previous inspections and estimates. Failure to inspect work shall not relieve the Contractor from any obligation to perform sound and reliable work as herein described.

### **5.04 EXISTING UTILITIES**

- A. General - The location of known existing utilities and pipelines are shown on the Plans in their approximate locations. However, nothing herein shall be deemed to require the City to indicate the presence of existing service laterals or appurtenances whenever the presence of such utilities on the site of the Project can be inferred from the presence of other visible facilities, such as buildings, cleanouts, meter and junction boxes, on or adjacent to the site of the construction.

The City will assume the responsibility for the timely removal, relocation, or protection of existing main or trunkline utility facilities located on the construction site if such utilities are not identified by the City in the Contract Documents or which can reasonably be inferred from the presence of other visible facilities.

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- B. Utility Location - It shall be the Contractor's responsibility to determine the exact location and depth of all utilities, including service connections, which have been marked by the respective utility owners and which the Contractor believes may affect or be affected by the Contractor's operations. The Contractor shall not be entitled to additional compensation nor time extensions for work necessary to avoid interferences nor for repair to damaged utilities if the Contractor does not expose all such existing utilities as required by this section.

Pursuant to Government Code Section 4216.2 the Contractor shall contact the appropriate regional notification center at least two (2) working days before, but not more than 14 calendar days prior to commencing any excavation. The Contractor shall request that the utility owners conduct a utility survey and mark or otherwise indicate the location of their service.

After the utility survey is completed, the Contractor shall commence "potholing" or hand digging to determine the actual location of the pipe, duct, or conduit. The Construction Manager shall be given notice prior to commencing potholing operations. The Contractor shall uncover all piping and conduits, to a point one (1) foot below the pipe, where crossings, interferences, or connections are shown in the Contract Documents, prior to trenching or excavating for any pipe or structures, to determine actual elevations. New pipelines shall be laid to such grade as to clear all existing facilities which are to remain in service for any period subsequent to the construction of the run of pipe involved.

- C. Utility Relocation and Repair - If interferences occur at locations other than those indicated in the Contract Documents with reasonable accuracy, the Contractor shall notify the Construction Manager in writing. The Construction Manager will supply a method for correcting said interferences in accordance with the responsibilities of this section and Government Code Section 4215.

The City shall compensate the Contractor for the costs of locating and repairing damage not due to the failure of the Contractor to exercise reasonable care, and for removing or relocating such main or trunk-line utility facilities not indicated in the Contract Documents with reasonable accuracy, and for the cost of equipment on the Project necessarily idled during such work. The payment for such costs will be made as provided in Section 00700-7.01, **CHANGE ORDERS**. The Contractor shall not be assessed liquidated damages for delay in completion of the Project, when such delay is caused by the failure of the City or utility company to provide for removal or relocation of such utility facilities. Requests for extensions of time arising out of utility relocation or repair delays shall be filed in accordance with Section 01310-1.06, **TIME IMPACT ANALYSES**.

The public utility, where they are the owner of the affected utility, shall have the sole discretion to perform repairs or relocation work or permit the Contractor to do such repairs or relocation work at a reasonable price. The right is reserved to the City and the owners of utilities or their authorized agents to enter upon the Work area for the purpose of making such changes as are necessary for the rearrangement of their facilities or for making necessary connections or repairs to

their properties. The Contractor shall cooperate with forces engaged in such work and shall conduct its operations in such a manner as to avoid any unnecessary delay or hindrance to the work being performed by such forces and shall allow the respective utilities time to relocate their facility.

When the Contract indicates that a utility is to be relocated, altered or constructed by others, the City will conduct all negotiations with the utility company and the work will be done at no cost to the Contractor, unless otherwise stipulated in the Contract.

Temporary or permanent relocation or alteration of utilities desired by the Contractor for its own convenience shall be the Contractor's responsibility and it shall make arrangements and bear all costs for such work.

## **ARTICLE 6 - PROGRESS OF THE WORK**

### **6.01 COMMENCEMENT OF WORK**

Within thirty (30) calendar days after receipt of the required bonds and evidences of insurance and the executed Agreement from the Contractor, written Notice to Proceed will be given by the City to Contractor. Notwithstanding other provisions of the Contract, the Contractor shall not be obligated to perform work, and the City shall not be obligated to accept or pay for work performed by the Contractor, prior to Notice to Proceed. The Contractor shall provide the required Contract bonds and evidences of insurance prior to Notice to Proceed and commencing work at the Site.

The Contractor shall commence the Work covered by this Contract within ten (10) days after the date established in the Notice to Proceed for the commencement of Contract Time.

The Contractor shall give the Construction Manager written notice not less than two (2) working days in advance of the actual date on which the work will be started. The Contractor shall be entirely responsible for any delay in the Work which may be caused by its failure to give such notice.

### **6.02 CONTRACT TIME**

Time shall be of the essence of the Contract. The Contractor shall prosecute the Work so that the various portions of the project shall be Substantially Complete and ready for use within the time specified in Section 00800-1.01, **TIME ALLOWED FOR COMPLETION**. It is expressly understood and agreed by and between the Contractor and the City that the Contract time for completion of the Work described herein is a reasonable time taking into consideration the average climatic and economic conditions and other factors prevailing in the locality and the nature of the Work. The Contractor is hereby advised that the Contractor's Bid is to be based on the entire Contract Time and the Contractor shall include its field and home office overhead costs in the Bid for the entire Contract Time.

## 6.03 DELAYS

- A. Notice of Delays - When the Contractor foresees a delay in the prosecution of the Work and, in any event, immediately upon the occurrence of a delay, and in any event no later than five days from the event giving rise to the delay, the Contractor shall notify the Construction Manager in writing of the probability of the occurrence and the estimated extent of the delay, and its cause. The Contractor shall take immediate steps to prevent, if possible the occurrence or continuance of the delay. The Contractor agrees that no claim shall be made for delays, which are not called, to the attention of the Construction Manager at the time of their occurrence.
- B. Non-Excusable Delays - Non-excusable delays in the prosecution of the Work shall include delays which could have been avoided by the exercise of care, prudence, foresight, and diligence on the part of the Contractor or its subcontractors at any tier level, or suppliers. The Contractor shall receive no compensation for such delay.
- C. Excusable Delays - Excusable delays in the prosecution or completion of the Work shall include delays which result from causes beyond the control of the Contractor and City and which could not have been avoided by the exercise of care, prudence, foresight, and diligence on the part of the Contractor or its subcontractors, at any tier level, or suppliers. The Contractor shall receive no compensation for such delay, but the Contract Time may be extended as provided in Section 6.04. Excusable delays are as further defined below.
1. Abnormal Delays - Delays caused by acts of god, fire, unusual storms, floods, tidal waves, earthquakes, strikes, labor disputes, freight embargoes, and shortages of materials shall be considered as excusable delays insofar as they prevent the Contractor from proceeding with at least seventy-five (75) percent of the normal labor and equipment force for at least five (5) hours per day toward completion of the current critical activity item(s) on the latest Favorably Reviewed Progress Schedule.
  2. Weather Delays - Should unusual inclement weather conditions or the conditions resulting from weather prevent the Contractor from proceeding with seventy-five (75) percent of the normal labor and equipment force engaged in the current critical activity item on the latest Favorably Reviewed Progress Schedule for a period of at least five (5) hours per day toward completion of such operation or operations, and the crew is dismissed as a result thereof, it shall be a weather delay day.
  3. Material Shortages - Upon the submission of satisfactory proof to the Construction Manager by the Contractor, shortages of material may be acceptable as grounds for granting a time extension. In order that such proof may be satisfactory and acceptable to the Construction Manager, it must be demonstrated by the Contractor that the Contractor has made every effort to obtain such materials from all known sources within reasonable reach of the proposed Work. Only the physical shortage of material, caused by unusual circumstances, will be considered under these provisions as a cause for extension of time, and no consideration will be given to any claim that material could not be obtained at a reasonable,

practical, or economical cost or price, unless it is shown to the satisfaction of the Construction Manager that such material could have been obtained only at exorbitant prices entirely out of line with current rates, taking into account the quantities involved and usual practices in obtaining such quantities. A time extension for shortage of material will not be considered for material ordered or delivered late or whose availability is affected by virtue of the mishandling of procurement. The above provisions apply equally to equipment to be installed in the Work.

- D. **Compensable Delays** - Compensable delays in the prosecution or completion of the Work shall include delays that occur through no fault of the Contractor and prevent the Contractor from proceeding with at least seventy-five (75) percent of the normal labor and equipment force for at least five (5) hours per day toward completion of the current critical activity item(s) on the latest Favorably Reviewed Progress Schedule due to the following cause(s):
1. Delays due solely to the actions and/or inactions of the City.
  2. Delays due to differing site conditions as defined in Section 00700-7.02, **DIFFERING SITE CONDITIONS**.
  3. Delays due to other contractors employed by the City who interfere with the Contractor's prosecution of the Work as defined above.
- E. **Concurrent Delays** - Concurrent delays are those delay periods when the prosecution of the Work is delayed during the same period of time due to causes from a combination of the delays defined in Sections 00700-6.03B, **Non-Excusable Delays**, 00700-6.03C, **Excusable Delays**, or 00700-6.03D, **Compensable Delays**. During such concurrent delay periods, time extensions will be granted in accordance with Section 00700-6.04, **TIME EXTENSIONS**; however, the Contractor shall not be compensated for its overhead costs as defined in Section 00700-6.04C, **Indirect Overhead**, and the City shall not assess its actual costs as defined in Section 00700-6.04A, **Non-Excusable Delays**.

#### 6.04 TIME EXTENSIONS

- A. **Non-Excusable Delays** - The City, at its sole option, may grant an extension to milestone or completion dates for non-excusable delays. If the City grants an extension of time for non-excusable delays, the Contractor agrees to pay the City's actual costs, including charges for engineering, inspection and administration incurred during the extension.
- B. **Excusable or Compensable Delays** - If the Contractor is delayed in the performance of its Work as defined in Sections 00700-6.03C, **Excusable Delays**, or 00700-6.03D, **Compensable Delays**, then milestone and Contract completion dates may be extended by the City for such time that, in the City's and Construction Manager's determination, the Contractor's completion dates will be delayed, provided that the Contractor strictly fulfills the following:
1. The Contractor shall provide notification, in accordance with Section 00700-6.03A, **Notice of Delays**, and submit in writing a request for an

extension of time to the Construction Manager stating at a minimum the probable cause of the delay and the number of days being requested. The time extension request shall be submitted in accordance with the requirements of Section 01310-1.06, **TIME IMPACT ANALYSES**.

2. If requested by the Construction Manager, the Contractor shall promptly provide sufficient information to the Construction Manager to assess the cause or effect of the alleged delay, or to determine if other concurrent delays affected the Work.
3. Weather Delays - The Contractor will be granted a non-compensable time extension for weather caused delays, pursuant to Section 00700-6.03 C2, **Weather Delays**, over and above an allowance as provided for in Section 00800-1.03, **WEATHER DAYS**. No compensable time extensions for weather delays will be granted until the total number of weather days exceeds this allowance.

Should the Contractor fail to fulfill any of the foregoing, which are conditions precedent to the right to receive a time extension, the Contractor waives the right to receive a time extension.

During such extension of time, neither extra compensation for engineering, inspection, and administration nor damages for delay will be charged to the Contractor. It is understood and agreed by the Contractor and City that time extensions due to excusable or compensable delays will be granted only if such delays involve the current critical activity item(s) on the latest Favorably Reviewed Progress Schedule.

Should the Contractor fail to complete the Work within the time specified in the Contract, as extended in accordance with this clause if appropriate, the Contractor shall pay to the City liquidated damages in accordance with Section 00700-6.05, **LIQUIDATED DAMAGES**.

- C. Indirect Overhead - The Contractor may be entitled to reimbursement of indirect overhead expenses for periods of time when the Work is delayed as defined in Section 00700-6.03D, **Compensable Delays**. Reimbursement for indirect overhead shall not be made for concurrent delays as defined in Section 00700-6.03E, **Concurrent Delays**.

The compensation described in Section 01035-1.05, **MARK-UP ALLOWANCES**, includes provisions for reimbursement of indirect overhead expenses for Change Order work. Compensation as described in this section shall reasonably consider the indirect overhead included in the Mark-Up Allowance, as follows:

1. If City and Contractor agree that the Mark-Up Allowance does not provide sufficient compensation for a compensable delay associated with changed work, this section shall apply.
2. Upon application of this section, an amount equal to the entire Mark-Up Allowance for all Change Order work shall be deducted from the indirect

overhead compensation as calculated based on Sections 00700 6.04 C3 (Indirect Field Overhead) and 6.04 C4 (Indirect Home Office Overhead) below.

As a condition precedent to any reimbursement of indirect overhead expense, the Contractor must fulfill all conditions as provided in Section 00700-6.04B, **Excusable or Compensable Delays**. No additional markup for overhead or profit shall be provided for such reimbursable indirect overhead expenses.

Payment to the Contractor for indirect overhead expenses will be made only for the extended Contract Time granted for Compensable Delay(s) that run following the expiration of the original Contract Time plus any time extensions granted for delays other than Compensable Time extensions.

3. Indirect Field Overhead - For those allowable delay periods as defined in Section 00700-6.04C, **Indirect Overhead**, the Contractor shall be reimbursed for its indirect field overhead based on:
  - a. Actual invoice costs for on-site field offices and temporary utilities as described in Section 01560, **TEMPORARY CONTROLS**, and Section 01510, **TEMPORARY UTILITIES**.
  - b. Actual indirect labor costs, as determined consistent with Section 01035-1.03, **FORCE ACCOUNT PAYMENT**, for field office staff.
  - c. Fair rental values acceptable to the Construction Manager as described in Section 01035-1.03, **FORCE ACCOUNT PAYMENT**, for construction equipment idled due to the delay.
4. Indirect Home Office Overhead - For those allowable delay periods as defined in Section 00700-6.04C, **Indirect Overhead**, the Contractor shall be reimbursed for its unabsorbed home office overhead based on the following formula:

$$\frac{\text{ContractAwardAmount}(\$)}{\text{OriginalContractTime}(\text{Days})} * 0.03 = \text{DailyHomeOfficeOverhead}(\$ / \text{day})$$

The Contract Award Amount is the total amount in the executed Agreement (Section 00500). The Contract Time is as provided in Section 00800-1.01, **TIME ALLOWED FOR COMPLETION**.

As it is impractical to determine the actual home office overhead, such reimbursement shall constitute full payment for any and all home office overhead expenses for such periods of time for the Contractor and all subcontractors, whether greater or less than actual. Distribution of the markup amount among the Contractor and all subcontractors and suppliers is the responsibility of the Contractor.



## 6.05 LIQUIDATED DAMAGES

- A. Owner and the Contractor recognize that time is of the essence of this Agreement and that the Owner will suffer financial loss if the Work is not completed within the time specified in Section 00800-1.01, **TIME ALLOWED FOR COMPLETION**, and required milestone work in Section 00800-1.02 herein, plus any extensions thereof allowed in accordance with Section 00700-6.04 of the General Conditions. It is hereby understood and agreed that it is and will be difficult and/or impossible to ascertain and determine the actual damage which the Owner will sustain in the event of and by reason of the Contractor's failure to fully perform the Work or to fully perform all of its Contract obligations that have accrued by the time for completion as specified in Section 00800-1.01 herein and/or as specified for completion of any scheduled operations or works described in Section 00800-1.02. It is, therefore, agreed in accordance with California Government Code Section 53069.85 that the Contractor will forfeit and pay to the Owner liquidated damages in the amount set forth in Section 00800-1.02, **DAMAGES FOR DELAYS**, per day for each and every calendar day that expires after the time for completion specified in Section 00800-1.01 herein and/or as specified for completion of any scheduled operations or works described in Section 00800-1.02 except as otherwise provided by extension of time pursuant to Section 00700-6.04 of the General Conditions. It is further understood and agreed in accordance with California Government Code Section 53069.85 that the liquidated damages sum specified in this provision is not manifestly unreasonable under the circumstances existing at the time this Contract was made, and that the Owner may deduct liquidated damages sums in accordance with this provision from any payments due or that may become due the Contractor.
- B. Liquidated damages will continue to accrue at the stated rate until Substantial Completion of the Work. Accrued liquidated damages may be deducted by the Owner from amounts due or that become due to the Contractor for performance of the Work. Liquidated damages may not be waived or reduced by the Owner unless expressly waived or reduced in writing by the Construction Manager.

## 6.06 SUSPENSION OF WORK

- A. If the Contractor fails to correct defective work as required by Section 00700-5.03, **MATERIALS AND WORKMANSHIP**, or fails to carry out the Work in accordance with the Contract Documents or any other applicable rules and regulations, the City, by a written order of the City's representative or signed personally by an agent specifically so empowered by the City, in writing, may order the Contractor to stop the Work, or any portion thereof. The suspension of Work shall remain in effect until the cause for such order has been eliminated. This right of the City to stop the Work shall not give rise to any duty on the part of the City to exercise this right for the benefit of the Contractor or any other person or entity. All delays in the Work occasioned by such stoppage shall not relieve the Contractor of any duty to perform the Work or serve to extend the time for its completion. Any and all necessary corrective work done in order to comply with the Contract

Documents shall be performed at no cost to the City. The City's concurrence that the condition or cause has been eliminated will be provided in writing to the Contractor.

- B. In the event that a suspension of Work is ordered, as provided in this paragraph, the Contractor, at its expense, shall perform all work necessary to provide a safe, smooth, and unobstructed passageway through construction for use by public, pedestrian, and vehicular traffic, during the period of such use by suspension. Should the Contractor fail to perform the Work as specified, the City may perform such work and the cost thereof may be deducted from monies due the Contractor under the Contract.
- C. The City shall also have authority to suspend the Work wholly or in part, for such period as the City may deem necessary, due to unsuitable weather, or to such other conditions as are considered unfavorable for the suitable prosecution of the Work, or for the City's own convenience. Such temporary suspension of the Work will be considered justification for time extensions to the Contract in an amount equal to the period of such suspension if such suspended work includes the current critical activity on the latest Favorably Reviewed Progress Schedule. The Contractor as directed by the City shall provide the provisions as stipulated in Section 00700-6.06, **SUSPENSION OF WORK**, above. Such additional work shall be compensated as provided for in Section 00700-Article 7, **CHANGES IN THE WORK**.

## 6.07 RIGHT TO TERMINATE CONTRACT

- A. Termination for Default
  - 1. In the event of default by the Contractor, the City may give 10 Days written notice to the Contractor of City's intent to terminate the Agreement and provide the Contractor an opportunity to remedy the conditions constituting the default. It will be considered a default by the Contractor whenever Contractor shall:
    - a. Declare bankruptcy, become insolvent, or assign its assets for the benefit of its creditors;
    - b. Fail to provide materials or workmanship meeting the requirements of the Contract Documents;
    - c. Disregard or violate provisions of the Contract Documents or Construction Manager's instructions;
    - d. Fail to prosecute the Work according to the accepted progress schedule; or
    - e. Fail to provide a qualified superintendent, competent workmen, or materials or equipment meeting the requirements of the Contract Documents; or
    - f. Fail to provide a consistently safe work place and follow the Contractor's approved safety plan.
  - 2. If the Contractor fails to remedy the conditions constituting default within the time allowed, the CITY may then issue the Notice of Termination.

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3. In the event the Agreement is terminated in accordance with the above provisions of Paragraph 6.07, the City may take possession of the Work and may complete the Work by whatever method or means the City may select. The cost of completing the Work will be deducted from the balance which would have been due the Contractor had the Agreement not been terminated and the WORK completed in accordance with the Contract Documents. If such cost exceeds the balance which would have been due, the Contractor shall pay the excess amount to the City. If such cost is less than the balance which would have been due, the Contractor shall have no claim to the difference.

B. Termination of Agreement by City (For Convenience)

1. The City may, without cause and without prejudice to any other right or remedy of the City, terminate the Agreement at any time by providing Contractor a written Notice of Termination. In such a case, the Contractor shall have no Request for Change Orders or claims against the City except for (i) the value of Work performed up to the date the Agreement is terminated and (ii) the cost of materials and equipment on hand, in transit, or on definite commitment, as of the date the Agreement is terminated, which would be needed in the Work and which meet the requirements of the Contract Documents.
2. The value of Work performed and the cost of materials and equipment delivered to the site, as mentioned above, will be determined by the City in accordance with the procedure prescribed for the making of the final Application for Payment under Article 8 below.
3. If a Notice of Termination issued by City for default under the provision of Paragraph 15.2 is found by a court (or other tribunal having jurisdiction) to be in violation of said provisions, the termination shall be deemed to be a termination for the City's convenience under the provisions of this Paragraph 15.3, and all of the provisions of this Article relating to a Notice of Termination issued under Paragraph 15.3 shall apply.
4. After receipt of Notice of Termination, and except as directed by the City, the Contractor shall, regardless of any delay in determining or adjusting any amounts due under this termination for convenience clause, immediately proceed with the following obligations:
  - a. Stop Work as specified in the Notice of Termination.

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- b. Complete any Work specified in the Notice of Termination in a least cost/shortest time manner while still maintaining the quality and safety called for under the Contract Documents.
- c. Leave the property upon which the Contractor was working and upon which the facility (or facilities) forming the basis of the Contract Documents is situated in a safe and sanitary manner such that it does not pose any threat to the public health or safety of the public (including the occupants of any adjoining properties).
- d. Terminate all subcontracts to the extent that they relate the portions of the Work terminated.
- e. Place no further subcontracts or orders, except as necessary to complete any Work specified in the Notice of Termination.

**6.08 SUSPENSION, TERMINATION, OR CHANGES IN WORK DUE TO LITIGATION**

- 1. If all Work is suspended, delayed, or interrupted by an order of a court of competent jurisdiction, such suspension, delay or interruption will be considered to be for the convenience and benefit of the City under the provisions of Paragraph 15.1, except where the order is determined by the City to have resulted from a failure or refusal of the Contractor to comply with this Agreement or any statute, rule, regulation, or decision directly applicable to performance of the Work in effect at the time of contract award, in which case the suspension, delay or interruption will be considered to be a suspension for failure of the Contractor to carry orders under the provisions of Paragraph 15.1.
- 2. If pursuant to court order, the City is temporarily or permanently prohibited from requiring the Contractor to perform any portion of the Work, the City Representative or Construction Manager may eliminate the enjoined Work pursuant to Paragraph 10.1.

**ARTICLE 7 - CHANGES IN THE WORK**

**7.01 CHANGE ORDERS**

- A. Without invalidating the Contract and without notice to sureties or insurers, the City through the Construction Manager, may at any time or from time to time, order additions, deletions, or revisions in the Work; these will be authorized by Field Directive, Field Order, or Change Order. A Change Order will not be issued for a Field Directive unless the Construction Manager concurs with an appeal by the Contractor that such Field Directive is a change in the scope of the Contract. The

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Contractor shall comply promptly with the requirements for all Change Orders, Field Orders, or Field Directives. The work involved in Change Orders shall be executed under the applicable conditions and requirements of the Contract Documents. If any Field Order causes an increase or decrease in the Contract Price or an extension or shortening of the Contract Time, an equitable adjustment will be made by issuing a Change Order. By the acceptance of a Change Order, the Contractor waives any claim for additional time, not included in the Change Order, for the work covered by that Change Order. Additional or extra work performed by the Contractor without written authorization of a Field Order or Change Order will not entitle the Contractor to an increase in the Contract Price or an extension of the Contract Time.

- B. Compensable extra work shall be that work required for the completed project, but not shown or detailed on the Contract Drawings, and not called for in the Contract Documents, and not constituting "incidental work" as defined in Section 00700-1.04, **PLANS AND SPECIFICATIONS**. Such work shall be governed by all applicable provisions of the Contract Documents. In giving instructions, the Construction Manager shall have authority to make minor changes in the Work, not involving extra cost, and not inconsistent with the purposes of the Work; but otherwise, except in an emergency endangering life or property, no extra work or change shall be made unless in pursuance of a written order by the City through the Construction Manager, and no claim for an addition to the total amount of the Contract shall be valid unless so ordered.
- C. In case any change increases or decreases the work shown, the Contractor shall be paid for the work actually done at a mutually agreed upon adjustment to the Contract price, based upon the provisions of Section 01035, **MODIFICATION PROCEDURES**.
- D. If the Contractor refuses to accept a Change Order, the City may issue it unilaterally. The Contractor shall comply with the requirements of the Change Order. The City shall provide for an equitable adjustment to the Contract, and compensate the Contractor accordingly. If the Contractor does not agree that the adjustment is equitable, it may submit a claim in accordance with Section 00700-7.03, **RESOLUTION OF DISPUTES**.

## 7.02 DIFFERING SITE CONDITIONS

Pursuant to Public Contract Code Section 7104, the Contractor shall promptly, and before such conditions are disturbed, notify the Construction Manager in writing, of any:

- A. Material that the Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code, that is required to be removed to a Class I disposal site in accordance with provisions of existing law.
- B. Subsurface or latent physical conditions at the site differing from those indicated in the Contract documents.

- C. Unknown physical conditions at the site of any unusual nature, differing materially from those ordinarily encountered and generally recognized as inherent in Work of the character provided for in the Contract.

The City shall promptly investigate the conditions, and if it finds that the conditions do materially differ, or do involve hazardous waste, and cause a decrease or increase in the Contractor's cost of, or the time required for, performance of any part of the Work the City shall cause to be issued a Change Order under the procedures provided in Section 00700-7.01, **CHANGE ORDERS**.

In the event that a dispute arises between the City and the Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in the Contractor's cost of, or time required for, performance of any part of the Work the Contractor shall not be excused from any scheduled completion date provided for by the Contract, but shall proceed with all work to be performed under the Contract. The Contractor shall retain any and all rights provided either by Contract or by law which pertain to the resolution of disputes and protests between the contracting parties, Section 00700-7.03, **RESOLUTION OF DISPUTES**.

No claim of the Contractor under this clause shall be allowed unless the Contractor has promptly given the notice required.

### **7.03 RESOLUTION OF DISPUTES**

It is the intent of this Contract that disputes regarding the Contract be resolved promptly and fairly between the Construction Manager and Contractor. However, it is recognized that some disputes will require detailed investigation and review by one or both parties before a determination and resolution can be reached. For the protection of the rights of both the Contractor and the City the following provisions are provided for the resolution of disputes which cannot be resolved by the Contractor and Construction Manager within two days after either party should bring verbal notice of dispute or potential dispute to the other's attention and prior to the commencement of such work.

- A. Notice - If the Contractor disagrees with the Construction Manager's decision in Section 00700-1.06, **CONTRACT INTERPRETATION BY THE CONSTRUCTION MANAGER**, or in any case where the Contractor deems additional compensation or a time extension to the Contract Time is due the Contractor for work or materials not covered in the Contract or which the Construction Manager has not recognized as extra work, the Contractor shall notify the Construction Manager, in writing, of its intention to make claim. Notice pertaining to decisions provided in Section 00700-1.06, **CONTRACT INTERPRETATION BY THE CONSTRUCTION MANAGER**, or such other determinations by the Construction Manager shall be delivered in writing to the Construction Manager within no more than ten (10) days of receipt of such decision and prior to the commencement of such work. All other notices for extra work shall be filed in writing to the Construction Manager prior to the commencement of such work. Written notice shall include the words "Notice of Potential Claim" in the

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subject line. Such Notice of Potential Claim shall state the circumstances and the reasons for the claim, but need not state the amount.

Additionally, no claim for additional compensation or extension of time for a delay will be considered unless the provisions of Sections 00700-6.03, **DELAYS**, and 6.04, **TIME EXTENSIONS**, are complied with. No claim filed after the date of final payment will be considered.

Unless notice is properly given, the Contractor shall not recover costs incurred by it as a result of the alleged extra work, changed work or other situation which had proper notice been given would have given rise to a right for additional compensation. The Contractor should understand that timely notice of potential claim is of great importance to the Construction Manager and the City, and is not merely a formality. Such notice allows the City to consider preventative action, to monitor the Contractor's increased costs resulting from the situation, to marshal facts, and to plan its affairs. Such notice by the Contractor, and the fact that the Construction Manager has kept account of the work in question, shall not in any way be construed as proving the validity of the claim.

- B. Response by Construction Manager - The Construction Manager shall review the "Notice of Potential Claim" and within ten (10) days of receipt of the notice shall respond to the Contractor in writing with its determination, or if it is necessary to extend this period, the Construction Manager shall notify the Contractor in writing as to when a decision will be provided.
- C. Appeals to the City's Representative - In the event the Contractor disagrees with any determination of the Construction Manager provided in accordance with Section 00700-7.03B, **Response by Construction Manager**, the Contractor may, within ten (10) days of receipt of such determination, appeal the determination to the City's Representative for review. The City's Representative shall review the appeal and transmit the decision in writing to the Contractor within thirty (30) days from the date of receipt of the appeal. Failure of the Contractor to appeal the determination of the Construction Manager within said ten (10) day period shall constitute a waiver of the Contractor's right to thereafter assert claim resulting from such determination or decision.

In the event the Contractor disagrees with the determination of the City's Representative, the Contractor shall notify the Construction Manager, in writing within ten (10) days of receipt of such determination, of its intention to make claim in accordance with Section 00700-7.03G, **Resolution of Claims**.

- D. Records of Disputed Work - In proceeding with a disputed portion of the Work, the Contractor shall keep accurate records of its costs, separate from costs incurred performing contract work, and shall make available to the Construction Manager, a daily summary of the hours and classification of equipment and labor utilized on the disputed work, as well as a summary of any materials or any specialized services which are used. Such information shall be submitted to the Construction Manager on a monthly basis, receipt of which shall not be construed as an authorization for or acceptance of the disputed work.

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- E. Submission of Claim Costs - Within thirty (30) days after the last cost of work for which the Contractor contends it is due additional compensation is incurred, but if costs are incurred over a span of more than thirty (30) days, then within fifteen (15) days after the thirtieth (30<sup>th</sup>) day and every month thereafter, the Contractor shall submit to the Construction Manager its costs incurred for the claimed matter. Claims shall be made in itemized detail and should the Construction Manager be dissatisfied with the format or detail of presentation, upon request for more or different information, the Contractor will promptly comply, to the satisfaction of the Construction Manager. If the additional costs are in any respect not knowable with certainty, they shall be estimated as best can be done. The Construction Manager shall have the right as provided in Section 01035-1.07, **COST PRICING DATA AND ACCESS TO RECORDS**, to review the Contractor's records pertaining to a submitted claim. In case the claim is found to be just, it shall be allowed and paid for as provided in Section 01035, **MODIFICATION PROCEDURES**.
- F. Claim Meetings - From time to time the Contractor may request or the Construction Manager may call a special meeting to discuss outstanding claims should it deem this a means of possible help in the resolution of the claim. The Contractor shall cooperate and attend prepared to discuss its claims, making available the personnel, subcontractors and suppliers necessary for resolution, and all documents which may reasonably be requested by the Construction Manager.
- G. Resolution of Claims - Claims pertaining to this Agreement for three hundred and seventy-five thousand dollars (\$375,000) or less which cannot be resolved between the parties shall be resolved pursuant to the provisions of Public Contract Code commencing at Section 20104.
1. Claims Not Exceeding \$375,000 - Said Code sections provide in part that: Under the law (starting at Public Contract Code Section 20104.2) construction claims of \$375,000.00 or less on local public agency construction contracts must be in writing and include the documents necessary to substantiate the claim. Claims must be filed on or before the date of final payment.  
 The City must respond in writing to any written claim of three hundred seventy-five thousand dollars (\$375,000) or less within sixty (60) days [or, in the case of claims of less than fifty thousand dollars (\$50,000), within forty-five (45) days] of receipt of claim, or may request, in writing, within thirty (30) days of receipt of the claim, any additional documentation supporting the claim or relating to defenses to the claim the City may have against the claimant.  
 If additional information is thereafter required, it shall be requested and provided, pursuant to Public Contract Code Section 20104.2, upon mutual agreement of the City and the claimant.  
 The City's written response to the claim, as further documented, shall be submitted to the claimant within thirty (30) days [or, for claims of less

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than \$50,000, within fifteen (15) days] after receipt of the further documentation, or within a period of time no greater than that taken by the claimant in producing the additional information or requested documentation, whichever is greater.

If the claimant disputes the City's written response (or if the City fails to respond within the time periods prescribed above) the claimant may notify the City, in writing, within fifteen (15) days of receipt of the City's response or within fifteen (15) days of the City's failure to respond within the times prescribed, respectively, and demand an informal settlement conference. The City must then schedule a settlement conference within thirty (30) days.

Following the settlement conference, if the claim or any portion remains in dispute, the claimant may file a claim as required by the claims statute commencing at California Government Code Section 910. The time within which a Government Code claim must be filed is tolled from the time the claimant submits the Public Contract Code claim until the time when the claim is denied.

2. Claims Exceeding \$375,000 - Unless this Contract provides otherwise, all claims between the City and the Contractor that are not resolved between the parties and are not governed by Public Contract Code Section 20104 shall be resolved according to the procedures established in Public Contract Code Section 20104 with the following exceptions:
  - a. The City must respond in writing to any written claim greater than three hundred seventy-five thousand dollars (\$375,000) within sixty (60) days of receipt of the claim, or may request in writing, within thirty (30) days of receipt of the claim, any additional documentation supporting the claim or relating to defenses to the claim the City may have against the claimant, or may advise the Contractor in writing within thirty (30) days of receipt of the claim when the review and response to the claim will be furnished.
  - b. The arbitration proceedings established in Public Contract Code Section 20104.4(b) and specified in Section 00700-7.03 G3, **Civil Action Proceedings**, shall only apply if both the City and Contractor mutually agree to arbitration.
3. Civil Action Proceedings - If a civil action is filed to resolve the claim, then between thirty (30) and sixty (60) days after the filing of responsive pleadings, the court shall submit the matter to nonbinding mediation unless waived by the parties. The parties are given fifteen (15) days to select a disinterested third person as mediator. Mediation must commence within thirty (30) days of submittal and conclude within fifteen (15) days of commencement unless the time is extended for good cause by the court.

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4. Mediation of Disputes - All disputes among the parties arising under this Agreement shall be mediated before resorting to arbitration or Court action. Mediation is a process in which parties attempt to resolve a dispute by submitting it to an impartial neutral mediator who is authorized to facilitate the resolution of the dispute but who is not empowered to impose a settlement on the parties. The mediation fee, if any, shall be divided equally among the parties. Before the mediation begins, the parties agree to sign a document limiting the admissibility and arbitration or any civil action of anything said, any admission made, and any documents prepared in the course of the mediation, consistent with Evidence Code Section 1152.5 or any successor statute. The filing of a judicial action to enable the imposition of a receivership, injunction or other provisional remedy shall not constitute a waiver of the right to mediate under this provision. The mediation shall take place in Marin County, California. The mediator shall be experienced in construction law. At least 30 days before mediation, the parties will exchange those documents that are reasonably necessary to evaluate the issues and arrive at an informed resolution of the issues.
5. If the matter remains in dispute, the case must be submitted to judicial arbitration pursuant to procedures set forth in the Code of Civil Procedure commencing at Section 1141.10. Discovery is permitted consistent with the rules pertaining to judicial arbitration.
6. Should either party to this Contract bring legal action against the other, the case shall be handled by a court of competent jurisdiction in Marin County, California.

## **ARTICLE 8 - PAYMENT**

### **8.01 BASIS OF PAYMENT**

- A. General - The Contractor shall accept the compensation, as herein provided, as full payment for furnishing all labor, materials, tools, equipment, and incidentals necessary to the completed Work and for performing all work contemplated and embraced under the Contract; also for loss or damage arising from the nature of the Work, or from the action of the elements, or from any unforeseen difficulties which may be encountered during the prosecution of the Work, also for all expenses incurred in consequence of the suspension or discontinuance of the Work as herein specified; and for completing the Work according to the Contract Documents. Neither the payment of any estimate nor of any retained percentage shall relieve the Contractor of any obligation to make good any defective work or material.

No compensation will be made in any case of loss of anticipated profits. This includes the event of the termination of the Contract, and therefore no compensation will be made to the Contractor for the loss of anticipated profits associated with the terminated work. Increased or decreased work involving supplemental agreements will be paid for as provided in such agreements.

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Full compensation for conforming to all of the provisions of the Contract Documents shall be considered as included in the prices paid for the various Contract items of work and no additional compensation will be allowed therefore.

- B. Payment for Patents and Patent Infringement - All fees or claims for any patented invention, article, or arrangement that may be used upon, or in, any manner connected with the performance of the Work or any part thereof shall be included in the price bid for doing the work, and the Contractor and its sureties shall defend, protect, and hold the City, the Construction Manager, and Design Consultants, together with all their officers, agents, and employees harmless against liability of any nature or kind for any and all costs, legal expenses, and damages made for such fees or claims and against any and all suits and claims brought or made by the holder of any invention or patent, or on account of any patented or unpatented invention, process, article, or appliance manufactured for or used in the performance of the Contract, including its use by the City, unless otherwise specifically stipulated in the Contract. Before final payment is made on the Contract, the Contractor shall furnish an affidavit to the City regarding patent rights for the project. The affidavit shall state that all fees and payments due as a result of the work incorporated into the project or methods utilized during construction have been paid in full. The Contractor shall certify in the affidavit that no other fees or claims exist for work in this project.
- C. Payment of Taxes - The Contractor shall pay and shall assume exclusive liability for all taxes levied or assessed on or in connection with its performance of this Contract, whether before or after acceptance of the Work, including, but not limited to, State and local sales and use taxes, Federal and State payroll taxes or assessments, and excise taxes, including any taxes or assessments levied or increased during the performance period of the Work. No separate allowance will be made therefore, and all costs in connection therewith shall be included in the total amount of the Contract price.

## 8.02 PARTIAL PAYMENTS

- A. General - In consideration of the faithful performance of the Work prosecuted in accordance with the provisions of these Specifications and the Contract, the City will pay the Contractor for all such work installed on the basis of unit prices and/or percentage completion of lump sum Bid Items. Amounts earned for lump sum work will be based on accepted Cost Breakdown (Section 01025, **MEASUREMENT AND PAYMENT**).

Payments will be made by the City to the Contractor on estimates duly certified and approved by the Construction Manager, based on the Lump Sum or unit price value of equipment installed and tested, labor and materials incorporated into said permanent work by the Contractor during the preceding month. Payments will not be made for temporary construction unless specifically provided for in the Contract Documents.

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Partial payments will be made monthly based on work accomplished as of a day mutually agreed to by the City and the Contractor. Additionally, the Contractor shall submit a detailed statement of the Contractor's request for payment of acceptable materials and equipment on hand in compliance with Section 00700-8.02B, **Partial Payments: Inclusion of Materials on Hand**. Each payment request shall list each Change Order executed prior to date of submission, including the Change Order Number.

Upon receipt of Contractor's requests for payment, the City shall act in accordance with the following:

1. The Construction Manager shall review the submitted estimates, as soon as practicable after receipt for the purpose of determining that the estimates are a proper request for payment, and shall prepare a certified estimate of the total amount of work done.
2. Any request for payment determined not to be a proper payment request suitable for payment shall be returned to the Contractor as soon as practicable, but not later than seven (7) days after receipt. A request for payment returned pursuant to this paragraph shall be accompanied by a document setting forth in writing the reasons why the request for payment is not proper.
3. The number of days available to the City to make a payment without incurring interest pursuant to this section shall be reduced by the number of days by which the City exceeds the seven (7) day return requirement set forth in Section 00700-8.02 A2 above.

If requested, the Contractor shall provide such additional data as may be reasonably required to support the partial payment request. The Construction Manager will be available to meet to discuss the partial payment request prior to its resubmittal(s). When the Contractor's estimate of amount earned conforms to the Construction Manager's evaluation, the Contractor shall submit to the Construction Manager a properly completed and signed progress payment request. The Construction Manager will submit the recommended progress payment request for the City's approval and processing. Payment will be made by the City to the Contractor in accordance with the City's normal accounts payable procedures; the City shall retain amounts in accordance with Section 00700-8.03, **RIGHT TO WITHHOLD AMOUNTS**.

No such estimate or payment shall be required to be made, when in the judgment of the Construction Manager, the Work is not proceeding in accordance with the provisions of the Contract, or when in the Construction Manager's judgment the total value of the Work done since the last estimate amounts to less than one thousand dollars (\$1,000).

Subject to the provisions of this section, the City shall pay the Contractor within thirty (30) days after receipt of undisputed and properly submitted requests for payment from the Contractor. In accordance with Public Contract Code Section

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20104.50, if the City fails to pay an undisputed request for payment within the allotted thirty (30) days, the City shall pay interest to the Contractor equivalent to the legal rate set forth in subdivision (a) of Section 685.010 of the Code of Civil Procedure.

- B. Partial Payments: Inclusion of Materials on Hand - Materials, as used herein, shall be considered to be those items which are fabricated and manufactured material and equipment. Only those materials for which the Contractor can transfer clear title to the Owner will be qualified for partial payment. The Contractor may request payment of seventy-five (75) percent of the actual net cost of these materials. The request for partial payment will be subject to retention as provided elsewhere in the Contract Documents.

To receive partial payment for materials and equipment not incorporated in the Work, it shall be necessary for the Contractor to submit to the Construction Manager a list of such materials, at least seven (7) days prior to submitting the monthly estimate of amount earned for work completed. At the Construction Manager's sole discretion, it will approve items for which partial payment is to be made subject to the following:

1. Equipment and materials will only be eligible if given conditional or final acceptance by the Design Consultant and are in apparent compliance with Favorably Reviewed Shop Drawings.
2. Only materials which have received Favorable Review of shop drawings will qualify.
3. Eligible equipment or materials must be delivered and properly stored, protected, and maintained in a manner Favorably Reviewed by the Construction Manager, at the job site or an offsite location acceptable to the Construction Manager.
4. The Contractor's actual net cost for the materials must be supported by paid invoices of suppliers, or other documentation requested by the Construction Manager.
5. At the City's request, Contractor shall obtain an executed security agreement and all necessary UCC-1's as a condition of payment by City.
6. Materials or equipment delivered to the Site less than thirty (30) days prior to their scheduled incorporation in the Work shall not qualify.
7. Final payment shall be made only for materials actually incorporated in the Work and, upon acceptance of the Work, all materials remaining for which advance payments had been made shall revert to the Contractor, unless otherwise agreed, and partial payments made for these items shall be deducted from the final payment for the Work.
8. Partial payments for materials and equipment on hand shall not be deemed to be final payment for the material nor relieve the Contractor of its obligations under the Contract.

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- C. Effect of Payment – Payment will be made by Owner based on the Construction Manager’s observations at the Site and the data comprising the progress payment request. Payment will not be a representation that the City has:
1. Made exhaustive or continuous on-site inspections to check the quality or quantity of Work;
  2. Reviewed construction means, methods, techniques, sequences or procedures;
  3. Reviewed copies of requisitions received from subcontractors and material suppliers and other data requested by Owner to substantiate Contractor’s right to payment;
  4. Made examination to ascertain how or for what purpose Contractor has used money previously paid on account of the Contract Sum; or
  5. Accepted all or part of the Work.

### 8.03 RIGHT TO WITHHOLD AMOUNTS

- A. Retention - The City will withhold from each of the partial payments and retain as part security, ten (10) percent of the amount earned until the final payment.
- B. Other Withholds - In addition to the amount which the City may otherwise retain under the Contract, the City may withhold a sufficient amount or amounts of any payment or payments otherwise due the Contractor, as in its judgment may be necessary to cover:
1. For defective work not remedied.
  2. A reasonable doubt that the Contract can be completed for the balance then unpaid.
  3. Damage to another contractor or third party, or to property.
  4. Failure of the Contractor to maintain Record Documents current as required in Section 01720, **PROJECT RECORD DOCUMENTS**.
  5. Cost of insurance arranged by the City due to cancellation or reduction of the Contractor's insurance.
  6. Failure to submit, revise, resubmit or otherwise conform to the requirements herein for preparing and maintaining a construction schedule as required in Section 01310, **PROGRESS SCHEDULES**.
  7. Failure to make proper submissions, as specified herein.
  8. Amounts due the City from the Contractor.
  9. The Contractor's neglect or unsatisfactory prosecution of the Work including additional engineering and administrative costs related to construction and/or shop drawing errors and the failure to clean up.
  10. Provisions of law that enable or require the City to withhold such payments in whole or in part.

11. Stop Notice claims filed by Contractor's subcontractors, of any tier, or its material suppliers.

When the above reasons for withhold amounts are removed, payment will be made to the Contractor for amount withheld because of them.

#### **8.04 SECURITY SUBSTITUTION FOR WITHHOLDS**

For any retention of amount earned by the Contractor under Sections 00700-8.02, **PARTIAL PAYMENTS**, or 00700-8.07, **FINAL INSPECTION AND PAYMENT**, the Contractor may substitute securities as provided in Section 22300 of the Public Contract Code, as amended, which state in part as follows:

"Provisions shall be included in any invitation for bid and in any Contract Documents to permit the substitution of securities for any moneys withheld by a public agency to ensure performance under a Contract; however, substitution of securities provisions shall not be required where federal regulations or policies, or both, do not allow the substitution of securities. At the request and expense of the contractor, securities equivalent to the amount withheld shall be deposited with the public agency, or with a state or federally chartered bank in the State of California as the escrow agent, who shall then pay those monies to the contractor. Upon satisfactory completion of the Contract, the securities shall be returned to the contractor."

"Alternatively, the contractor may request and the City shall make payment of retentions earned directly to the escrow agent at the expense of the contractor. At the expense of the contractor, the contractor may direct the investment of the payments into securities and the contractor shall receive the interest earned on the investments upon the same terms provided for in this section for securities deposited by the contractor. Upon satisfactory completion of the Contract, the contractor shall receive from the escrow agent all securities, interest and payments received by the escrow agent from the City, pursuant to the terms of this section."

"The contractor shall be the beneficial owner of any securities substituted for moneys withheld and shall receive any interest thereon."

The escrow agreement used hereunder shall be substantially similar to the form in Section 00630, **ESCROW AGREEMENT FOR SECURITY DEPOSITS IN LIEU OF RETENTION**.

#### **8.05 WARRANTY OF TITLE**

No material, supplies, or equipment for the Work under this Contract shall be purchased subject to any chattel mortgage, security agreement, or under a conditional sale or other agreement by which an interest therein or any part thereof is retained by the seller or supplier. The Contractor warrants good title to all material, supplies, and equipment installed or incorporated in the Work and agrees upon completion of all Work to deliver the premises, together with all improvements and appurtenances constructed or placed thereon by the Contractor, to the City free from any claim, liens, security interest, or

charges. The Contractor further agrees that neither the Contractor nor any person, firm, or corporation furnishing any materials or labor for any work covered by this Contract shall have any right to a lien upon the premises or any improvement or appurtenances thereon, provided that this shall not preclude the Contractor from installing metering devices and other equipment of utility companies or of municipalities, the title of which is commonly retained by the utility company or the municipality. In the event of the installation of any such metering device or equipment, the Contractor shall advise the Owner as to the legal City thereof.

Nothing contained in this paragraph, however, shall defeat or impair the right of such persons furnishing materials or labor under any bond given by the Contractor for their protection or any rights under any law permitting such persons to look to funds due the Contractor in the hands of the City. The provisions of this Paragraph shall be inserted in all subcontracts and material contracts, and notice of its provisions shall be given to all persons furnishing materials for the Work when no formal Contract is entered into for such materials.

#### **8.06 SUBSTANTIAL COMPLETION**

When the Contractor considers that the Work is Substantially Complete, the Contractor shall notify the Construction Manager in writing. Upon receipt of the notification, the Construction Manager, the City and/or their authorized representatives will make inspection, to determine if the Work and administrative requirements are sufficiently complete in accordance with the Contract Documents so the City can occupy or utilize the Work for its intended use. If items are found which prevent such use or occupancy, the Construction Manager shall notify the Contractor in writing of such items by issuing a Corrective Work Item List.

Upon the completion of such corrective work, the Contractor shall so notify the Construction Manager in writing. The Construction Manager shall inspect the Work to determine its acceptability for Substantial Completion and for determination of the status of any other items which are required to meet the terms of Substantial Completion as listed in the Contract Documents. Upon verification that the project is Substantially Complete, the Construction Manager shall prepare a Certificate of Substantial Completion and the Punch List. The Certificate shall establish the date of Substantial Completion and the responsibilities of the City and Contractor for security, maintenance, heat, utilities, damage to the Work and insurance, commencement of warranties required by the Contract Documents, and shall fix the time, not to exceed sixty (60) days, within which the Contractor shall finish all items on the Punch List or remaining work or administrative requirements accompanying the Certificate. When the preceding provisions have been approved by both the City and the Contractor, they shall sign the Certificate to acknowledge their written acceptance of the responsibilities assigned to them in such Certificate. By such acknowledgment, the Contractor agrees to pay the City's actual costs including, but not limited to, charges for engineering, inspection and administration incurred due to the failure to complete the Punch List within the time period provided in the Certificate of Substantial Completion.

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## 8.07 FINAL INSPECTION AND PAYMENT

Upon completion of the Work, including all items on the Punch List, and upon completion of final cleaning, the Contractor shall so notify the Construction Manager in writing. Upon receipt of the notification, the Construction Manager, the City and/or their authorized representatives will make the final inspection, to determine the actual status of the Work in accordance with the terms of the Contract. If materials, equipment, workmanship or administrative requirements are found which do not meet the terms of the Contract, the Construction Manager shall prepare a Final Inspection List of such items and submit it to the Contractor. Following completion of the work to correct all items in the Final Inspection List the Contractor shall notify the Construction Manager. The Construction Manager shall, in turn, notify the City that the Work has been completed in accordance with the Contract. Final determination of the acceptability of the Work shall be made by the City. After completion of the Work, but prior to its Acceptance by the City, the last partial payment will be made to the Contractor in accordance with Section 00700-8.02, **PARTIAL PAYMENTS**.

After receipt of the last partial payment, but prior to Acceptance of the Work by the City, the Contractor shall send a letter to the Construction Manager. The letter, pursuant to California Public Contract Code Section 7100, shall state that acceptance of the final payment described below shall operate as and shall be, a release to the City, the Construction Manager, the Design Consultant, and their duly authorized agents, from all claim of and/or liability to the Contractor arising by virtue of the Contract related to those amounts. Disputed Contract claims in stated amounts previously filed as provided in Section 00700-7.03, **RESOLUTION OF DISPUTES**, may be specifically excluded by the Contractor from the operation of the release.

Following receipt of all required submittals and the Construction Manager's written statement that construction is complete and recommendation that the City accept the project, the City will take formal action on Acceptance.

Within ten (10) days of the Acceptance by the City of the completed Work embraced in the Contract, the City will cause to be recorded in the office of the County Recorder a Notice of Completion.

Thirty-five (35) days after recording the Notice of Completion of the work involved in the Contract, the City will pay the Contractor in lawful money such sums of money as may be due the Contractor including all sums retained but excluding such sums as have previously been paid the Contractor or as may be needed to cover outstanding stop notice claims or disputes. This payment will constitute the final payment to the Contractor under this Contract except for outstanding stop notice claims and disputed amounts.

In the event of a dispute between the City and the Contractor, the City may in accordance with Public Contract Code Section 7107 withhold from the final payment an amount of one hundred fifty (150) percent of the disputed amount.

**\*\*END OF SECTION\*\***

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**CITY OF SAUSALITO  
CITY COUNCIL POLICY**

**SUBJECT: AMENDED CONTRACT CHANGE  
ORDERS**

**NUMBER**  
CD- 2

**PAGE**  
1 of 1

**ISSUE DATE:**  
10/21/200804/20/10

**BACKGROUND:**

In order to construct public works and capital improvement projects and to support normal City operations, the City from time to time awards contracts to companies for construction, services, supplies and/or equipment, and for which funds were allocated by the City Council, in a total amount based on written job specifications. Also, in the normal course of business, unforeseen circumstances arise which require a change in the original scope of the project. This results in Change Orders which are subject to the following policy and approval process prior to the continuation of the project.

**PURPOSE:**

To provide guidelines and allow greater flexibility in administering Contract Change Orders and provide efficiency in the completion of projects within reasonable timelines.

**POLICY:**

In the event that circumstances arise during the construction or performance of a project which alters the scope of said project, a Change Order can be executed subject to the following conditions:

1. For original contracts awarded under \$100,000, Department Head ~~can~~ may request and City Manager can approve up to \$10,000 in change order(s) total per project. Change orders which exceed \$10,000 individually or cumulatively require approval by the City Council. Should the Department Head anticipate the need, these amounts may be increased at the time of award (or subsequently) with Council approval of additional budget over and above the award amount to be expended as necessary, subject to Department Head and City Manager approval, in the diligent completion of the project. No additional appropriation of budget may be made without Council approval by Resolution.
2. ~~For~~ original contract awarded from \$100,000 to \$500,000, Department Head ~~can~~ may request and City Manager can approve ~~up to \$15,000 in~~ change order(s) ~~of up to 10% of the award per project subject to adopted budget.~~ Change orders which exceed ~~\$15,000~~ 10% individually or cumulatively require approval by the City Council unless additional authority is requested and granted by Council. Should the Department Head anticipate the need, these amounts may be increased at the time of award (or subsequently) with Council approval of additional budget over and above the award amount to be expended as necessary, subject to Department Head and City Manager approval, in the diligent completion of the project. No additional appropriation of budget may be made without

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Council approval by Resolution. The City Manager, or his designee, shall present a monthly report to the City Council that includes accounting for all change orders requested, approved, denied and pending to date for the project.

2. \_\_\_\_\_

3. ~~For original contract awarded over \$500,000, the City Manager can may approve change orders which do not exceed \$25,000 of up to 10% of award, subject to adopted budget, with a total limit of \$100,000 per project. Change orders which exceed 10% individually or cumulatively require approval by the City Council unless additional authority is requested and granted by Council. Should the Department Head anticipate the need, these amounts may be increased at the time of award (or subsequently) with Council approval of additional budget over and above the award amount to be expended as necessary, subject to Department Head and City Manager approval, in the diligent completion of the project. No additional appropriation of budget may be made without Council approval by Resolution. The City Manager, or his designee, shall present a monthly report to the City Council that includes accounting for all change orders requested, approved, denied and pending to date for the project.~~ ~~The City Manager, or his designee, shall present a monthly report to the City Council that includes all change orders to date for the project. Change orders which exceed \$25,000 individually or \$100,000 cumulatively require approval by the City Council~~

4. \_\_\_\_\_

~~The City Council shall be informed of all change orders over \$15,000 that are approved by the City Manager at the next regular scheduled City Council meeting following the date the change order was signed. On original contracts over \$500,000 the City Manager shall present a monthly report to the City Council that includes all change orders to date for the project~~

5. \_\_\_\_\_

Approved by Resolution \_\_\_\_\_

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