



AGREEMENT

THIS AGREEMENT made at the City of Kerman, California, by and between Arsenal Well Drilling, Inc., hereinafter called the Contractor, and the City of Kerman, hereinafter called the Owner.

WITNESSETH: That the Contractor and the Owner, for the consideration hereinafter named, agree as follows:

ARTICLE I. The Contractor agrees to furnish all labor and materials, including tools, implements and appliances required, and to perform all the work in a good and workmanlike manner, free from any and all liens and claims of mechanics, material men, subcontractors, artisans, machinists, teamsters, draymen and laborers required for the repair and rehabilitation of Well #15 described in Article II below.

ARTICLE II. The Contractor and the Owner agree that the Scope of Work hereto attached in **Exhibit 'A'** together with this agreement, form the contract, and they are as fully a part of the contract as if herein repeated.

ARTICLE III. The Owner agrees to pay the Contractor in current funds for the performance of the contract the amount not to Eighty-Nine Thousand Nine Hundred Dollars and Fort-Six Cents (\$89,900.46) **Exhibit 'B'**.

ARTICLE IV. If the Contractor should be adjudged a bankrupt, or if it makes a general assignment for the benefit of its creditors, or if a receiver should be appointed on the account of its insolvency, or if Contractor or any of its subcontractors should persistently violate any of the provisions of the contract, or if Contractor should persistently disregard laws, ordinances or the instructions of the Owner, then the Owner may, upon certificate of the City Engineer when sufficient cause exists to justify such action, serve written notice upon the Contractor and its surety of its intention to terminate the contract, such notice to contain the reasons for such intention to terminate the contract, and unless within five days after the serving of such notice, such violations shall cease and satisfactory arrangements for correction thereof be made, the contract shall, upon the expiration of said five days, cease and terminate. In the event of any such termination, the Owner shall immediately serve written notice thereof upon the surety and the Contractor, and the surety shall have the right to take over and perform the contract, provided, however, that if the surety within ten (10) days after the serving upon it of notice of termination does not give Owner written notice of its intention to take over and perform the contract or does not commence performance thereof within the ten (10) days stated above from the date of the serving of such notice, the Owner may take over the work and prosecute the same to completion by contract or by any other method it may deem advisable, for the account and at the expense of the Contractor, and the Contractor and its surety shall be liable to the Owner for any excess cost

occasioned the Owner thereby, and in such event the Owner may, without liability for so doing, take possession of and utilize in completing the work such materials, appliances, plans and other property belonging to the Contractor as may be on the site of the work and necessary therefore. In such case the Contractor shall not be entitled to receive any further payment until the work is finished. If the unpaid balance of the contract price shall exceed the expenses of finishing the work, including compensations for additional managerial and administration services, such excess shall be paid the Contractor. If such expense shall exceed such unpaid balance, the Contractor shall pay the difference to the Owner. The expense incurred by the Owner, as herein provided, and damage incurred through the Contractor's default, shall be certified by the City Engineer.

ARTICLE V. Contractor will defend, indemnify, and hold harmless, THE CITY OF KERMAN from all and any liability for damage on account of injury to persons or damage to property resulting from or arising out of or in any way connected with the performance by Contractor of this agreement and reimburse the Owner for all costs, expenses and loss incurred by it in consequence of any claims, demands and causes of action which may be brought against it arising out of the performance by Contractor of this agreement.

INSURANCE. Contractor at its sole cost and expense shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001).
2. Insurance Services Office form number CA 0001 (Ed 1/87) covering Automobile Liability, code 1 (any auto).
3. Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance.

Minimum Limits of Insurance

Contractor shall maintain limits no less than:

1. Commercial General Liability: \$2,000,000 per occurrence, \$4,000,000 general aggregate, and \$2,000,000 products and completed operations aggregate for bodily injury, personal injury and property damage. The general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be doubled.
2. Automobile Liability: \$1,000,000 each accident for bodily injury and property damage.
3. Employer's Liability: \$1,000,000 each accident for bodily injury or disease.
4. Pollution Liability: \$1,000,000 per claim for sudden, accidental and gradual pollution and remediation.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its officers, officials, employees and volunteers; or the Contractor

shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses

Other Insurance Provisions

The commercial general liability and automobile liability policies are to contain and be endorsed to contain, the following provisions:

1. The city, its officers, officials, employees, and volunteers are to be covered by policy endorsement as additional insureds with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the contractor; and with respect to liability arising out of work or operations performed by or on behalf of the Contractor under the commercial general liability and pollution liability policies, including materials, parts or equipment furnished in connection with such work or operations. General liability coverage shall be provided in the form of an endorsement at least as broad as Insurance Services Office CG 20 10 for ongoing operations and CG 20 37 for completed operations to the Contractor's insurance, or as a separate owner's policy.
2. The Pollution Liability shall cover all activities contemplated in this agreement shall be specifically scheduled on the policy as "covered operations." The policy shall provide coverage for the hauling of waste from the project site to the final disposal location, including non-owned disposal sites
3. For any claims related to this project, the Contractor's insurance coverage shall allow and be endorsed primary insurance as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
4. Each insurance policy required by this clause shall provide and be endorsed to include a waiver of subrogation in favor of the City, its officers, officials, employees, agents, and volunteers.
5. Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City. If a carrier will not provide the required notice of cancellation, the Contractor shall provide written notice to the City of a cancellation no later than five (5) business days before cancellation.

Acceptability

Insurance is to be placed with insurers approved to do business in California with a current A.M. Best's rating of no less than A:VII.

Verification of Coverage

Contractor shall furnish city with original certificates and amendatory endorsements effecting coverage required by this clause. The endorsements should be on separate forms that conform to the requirements. All certificates and endorsements are to be received and approved by the City

before work commences. The City reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by these specifications at any time.

Subcontractors

Contractor shall ensure all of its subcontractors furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

ARTICLE VI. Contractor represents that it has secured the payment of Workers' Compensation in compliance with the provision of the Labor Code of the State of California and during the performance of the contemplated herein will continue so to comply with said provisions of said Code. Contractor shall supply the Owner with certificates of insurance evidencing that Workers' Compensation Insurance is in effect and providing that the Owner will receive thirty (30) days notice of cancellation. If the Contractor self-insures Workers' Compensation, Certificate of Consent of self-insured should be provided the Owner.

ARTICLE VII. Contractor shall pay prevailing wages as required by the Labor Code of the State or California.

ARTICLE VIII. Beginning of work, time of completion.

A) Beginning of Work

The Contractor shall continue work within 5 working days after receiving notice to proceed and continue diligently prosecute the same to completion within the time limit provided in these specifications. The notice to proceed will be given to the contractor as soon as the, insurance certificates, and contract documents are approved by the City.

Should the Contractor begin work in advance of receiving notice that the contract has been approved, any work performed by Contractor in advance of said date shall be considered as having been done at Contractor's own risk and as a volunteer unless said contract is so approved.

The delivery to the Owner for execution and approval of the contract properly executed on behalf of the Contractor shall constitute the Contractor's authority to enter upon the site of work and begin operations subject to Contractor's assumption of the risk or the disapproval of the contract as above provided and subject also to the following:

- (1) The Contractor shall, upon commencing operations, take all precautions required for public safety and shall observe all provisions of the specifications.
- (2) In the event of disapproval, the Contractor shall at its expense do such work as is necessary to leave the site in a neat condition to the satisfaction of the owner. If the work done affects any adjacent property, the Contractor shall at

its expense restore it to its former conditions, or the equivalent thereof, to the satisfaction of the Owner.

- (3) All work done according to the contract prior to its approval will, when the contract is approved, be considered authorized work and will be paid for as provided in the contract.
- (4) The Contractor shall not be entitled to any additional compensation or extension of time for any delay, hindrance, or interference caused by or attributable to the commencement of work prior to the date on which the contract was approved by the Owner, except to the extent such delay, hindrance, or interference would have been compensable hereunder had work been commenced on the date of such approval and the progress thereof been the same as that actually made.

(B) Time of Completion

The Contractor shall complete the work under this contract in all parts and requirements within a minimum of 60 days.

ARTICLE IX. Should any of the materials or equipment prove defective or should the work as a whole prove defective, due to faulty workmanship, material furnished or methods of installation, or should the work or any part thereof fail to operate properly as originally intended and in accordance with the plans and specifications, due to any of the above causes, all within twelve (12) months after date on which this contract is accepted by the Owner, the undersigned agrees to reimburse the Owner, upon demand, for its expenses incurred in restoring said work to the condition contemplated in said project, including the cost of any such equipment or materials replaced and the cost of removing and replacing any other work necessary to make such replacement or repairs, or, upon demand-by the Owner, to replace any such materials and to repair said work completely without cost to the Owner so that said work will function successfully as originally contemplated.

The Owner shall have the unqualified option to make any needed replacement or repairs itself or to have such replacements or repairs done by the undersigned. In the event the Owner elects to have said work performed by the undersigned, the undersigned agrees that the repairs shall be made and such materials as are necessary shall be furnished and installed within a reasonable time after the receipt of demand from the Owner. If the undersigned Contractor shall fail or refuse to comply with its obligations under this guaranty, the Owner shall be entitled to all costs and expenses, including attorney's fees, reasonably incurred by reason of the said failure or refusal.

IN WITNESS WHEREOF, they have executed this Agreement the _____
day of _____, '2025.

CITY OF KERMAN

CONTRACTOR

OWNER

FEDERAL TAX I.D. NO.

CITY MANAGER

By _____
Sign Name

Print Name

Title

Approved as to Form:

City Attorney

Exhibit 'A'

Scope of Work

Repair work includes pulling Well No. 15, perform well video, replace 8" swing lever check valve with parts plus modification of discharge, the additional repair includes teardown of pump bowls, inspection of the turbine motor, bearings replacement, line shaft replacement, swage well – patch casing plus video, fish multiple pipes in the well, scrubbing and surging of the well with the addition of biocide, and well development, including airlifting the well to true bottom and performing a video of Well No. 15.