

*Rio Dell City Hall  
675 Wildwood Avenue  
Rio Dell, CA 95562  
(707) 764-3532  
cityofriodell.ca.gov*



April 15, 2025

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Authorize the City Manager to Execute Agreements for On Call Construction Contract Agreements with Wendt Construction and RH Construction in Coordination with the City Attorney

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Authorize the City Manager to Execute; or,

or take no action.

BACKGROUND AND DISCUSSION

On November 27, 2024 the City of Rio Dell issued a Request for Qualifications for an call construction contractor. The City received two responsible responses from Wendt Construction and RH Construction. It is recommended that the City Council authorize these agreements in order to facilitate future projects in a more expeditious manner. There is no cost to this item as each project will be on a case by case basis. By law, individual projects cannot exceed \$75,000 without going to a separate bidding process.

From time to time the City has various relatively minor needs to repair, modify or construct facilities on City property or rights of way. The current example is needed modifications to the Police Department for security and evidence storage purposes, which is within this year's budget.

Attachments:

Standard agreement drafted by the City Attorney.

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# CONSTRUCTION CONTRACT AGREEMENT

## (For Public Works Projects with a value at or less than \$75,000)

This Construction Contract Agreement ("Agreement"), is made this \_\_\_\_\_ day of \_\_\_\_\_ in the year 202\_\_\_\_, by and between the City of Rio Dell, a California public entity (hereinafter "Owner") and \_\_\_\_\_ (hereinafter "Contractor"), and is for performance of the work on the following work of improvement:

Project Name:

Project Owner and Address: City of Rio Dell  
675 Wildwood Avenue  
Rio Dell, CA 95562

Project Architect/Engineer  
and Address:

Contractor's business is a \_\_\_\_\_.

Contractor's Federal Tax I.D. # \_\_\_\_\_.

Contractor's DIR Registration # \_\_\_\_\_.

Contractor's License # \_\_\_\_\_, Expires \_\_\_\_\_.

In consideration of the sums herein agreed to be paid and the terms, conditions, and covenants to be performed by the parties, it is agreed as follows:

Contractor agrees to furnish all material, labor, tools, equipment, services, information, documents, permits, and instruction and parts manuals therefor, and to do and complete, in a workmanlike manner and as directed by and to the satisfaction of Owner, all work hereinafter described for that certain project, more particularly described on the attached **Attachment A** (the "Work").

Contractor further acknowledges that compensation for the Work authorized pursuant to this Agreement shall in no event exceed the sum of Seventy-Five Thousand Dollars (\$75,000.00), thus rendering the Work exempt from public bidding requirements as further recited in Section 14.10, below. In addition to all other indemnity obligations stated in this Agreement, Contractor agrees to indemnify, defend and hold harmless City from and against any and all claims, causes of action, damages, costs, penalties, fines, liabilities and fees (including, without limitation attorneys fees) should the Work authorized herein not qualify for public bidding exemptions due to excess costs, expenses or sums charged or claimed by Contractor.

### ARTICLE 1 – CONTRACT DOCUMENTS

**1.1 CONTRACT DOCUMENTS DEFINITION.** The Contract Documents consist of this Agreement and all attachments (including Attachments \_\_\_\_\_ hereto) and exhibits thereto, and all changes and modifications to the Contract Documents, the latest adopted edition of the Uniform Building Code, Fire Code, and Mechanical Code, the Uniform Standard Specifications for Public Works Construction, and all applicable laws, rules, ordinances, and regulations, including but not limited to the Rio Dell Municipal Code, California Labor Code, the California Business and Professions Code, the California Public Contract Code, and the Federal Acquisition Regulations. The Contract Documents are complementary and what is required by one shall be as binding as if required by all.

**1.2 CONTRACTOR SHALL BIND SUBCONTRACTORS TO SAME EXTENT AS CONTRACTOR.** If Contractor contracts with any subcontractor(s) to perform any part of the Work on this Project, Contractor shall be responsible to ensure that each subcontractor shall assume toward Contractor the obligations and responsibilities that Contractor assumes toward Owner insofar as they relate in any way, directly or indirectly, to the Work covered by this Agreement, including, without limitation, any terms and provisions for indemnity, insurance, warranties, and liquidated damages. Contractor shall bind lower tier subcontractors and suppliers to full compliance with all Contract Documents, including all performance obligations and responsibilities that Contractor assumes toward Owner.

## **ARTICLE 2 – DESCRIPTION OF WORK**

**2.1 CONTRACTOR'S WORK.** Contractor, as an independent contractor, shall furnish all labor, materials, equipment, and services as are necessary to perform all of the Work required by, or reasonably inferable from, the Contract Documents unless specifically excluded herein. Contractor's work shall be completed in a workmanlike manner in strict conformity with the Contract Documents and to the satisfaction of Owner.

**2.2 REPRESENTATION THAT CONTRACT DOCUMENTS ARE COMPLETE.** Contractor has reviewed the Contract Documents and represents: (1) if the Contractor's work is performed in accordance therewith, it shall comply with all applicable state, county, and municipal laws, codes, and regulations, including but not limited to all building codes; and (2) the Contract Documents are sufficiently complete to permit Contractor to perform its work, in its entirety, on the basis of the Contract Documents and matters reasonably inferable therefrom for the Agreement Price set forth in Article 3 below.

**2.3 SUBCONTRACT/ASSIGNMENT.** Contractor shall not subcontract, assign, transfer, or sublet any portion of its Work or the proceeds for Contractor's work without the prior written consent of Owner. Any such assignment shall not relieve Contractor from any obligations or liabilities under the Agreement and the assignee shall take the assignment subject to all rights of Contractor herein provided.

Contractor shall be fully responsible to Owner for the acts and omissions of its lower-tier subcontractors and of persons or entities, either directly or indirectly, employed by all of Contractor's lower-tier subcontractors. This Agreement shall not be transferable by Contractor or by operation of law. If requested by Owner, Contractor shall furnish Owner a copy of any proposed contract or agreement between Contractor and any of its lower-tier subcontractors for Owner's review of the terms and conditions thereof, and Contractor shall not execute such agreement until Owner has given written notice of Owner's approval. Failure of Contractor to comply with this Article may be deemed to be a material breach of the Agreement and grounds for Owner to withhold payment therefor. Contractor guarantees that all lower-tier subcontractors will strictly comply with the terms of this Agreement, which shall be expressly incorporated by reference into any contract or agreement with any of Contractor's lower-tier subcontractors.

**2.4 DISPUTED WORK.** In the event of any dispute between Owner and Contractor over the scope of Contractor's work under the Contract Documents, Contractor will not stop work, but will prosecute the work, including as directed by Owner, diligently to completion, and any such dispute shall be submitted to resolution in accordance with this Agreement.

## **ARTICLE 3 – PRICE AND SCHEDULE OF VALUES**

**3.1 CONTRACT PRICE.** The sum to be paid by Owner to the Contractor for the performance and completion of the Agreement to the satisfaction of Owner, inclusive of the duties, obligations and responsibilities of the Contractor under this Agreement and the other Contract Documents, and subject to any additions or deductions as authorized under this Agreement shall be as set forth in Contractor's cost assessment schedule attached hereto as **Attachment A** ("Contract Agreement Price" or "Price"). The total project cost shall not exceed the total amount for the entirety of the Work set forth in **Attachment A** (i.e., \$\_\_\_\_\_), unless otherwise authorized by Owner in writing prior to Contractor incurring additional expenses.

The Price shall constitute payment in full for all amounts owed to Contractor, including but not limited to the costs incurred for: all labor (including fringe benefit payments), materials, supplies, apparatuses, appliances, equipment, fixtures, tools, implements, facilities, supervision, transportation, utilities, storage, and all other services as and when required for or in connection with the performance of Contractor's work, business licenses, Social Security, employment, sales, use, state, federal, and all other taxes, continuous clean-up, final clean-up, and all insurance required by the Agreement and the other Contract Documents.

**3.2 USE OF FUNDS.** Contractor agrees and covenants that funds received for the performance of this Agreement shall be used solely for the benefit of persons and firms supplying labor, materials, supplies, tools, machines, equipment, plant or services exclusively for this Project in connection with this Agreement and having the right to assert liens or other claims against the land, improvements or funds involved in this Project or against any bond or other security posted by Contractor or Owner, and said funds shall not in any instance be diverted by Contractor to any other purpose until all obligations arising herein have been fully discharged and all claims arising therefrom have been fully paid.

#### **ARTICLE 4 – PAYMENT**

**4.1 SUBMISSION OF INVOICES.** Upon completion of the Project, Contractor shall submit to Owner for Owner's approval a written request for payment ("Invoice"). The Invoice must be dated and signed by Contractor and include deductions for: (a) all previous payments (if any); (b) all charges for materials and services furnished to Owner by Contractor; (c) back charges by any subcontractor or material supplier; and (d) any other charges and deductions provided for in this Agreement. Contractor shall submit revised Invoices until accepted by Owner.

**4.2 WAIVERS AND RELEASES.** As a condition precedent to payment by Owner, the Invoice shall be accompanied by a current Conditional Waiver and Release Upon Progress Payment, in the form specified by California Civil Code section 8132, from Contractor and each of Contractor's subcontractors, suppliers, and union trust funds for which payment is sought by the Invoice, and an Unconditional Waiver and Release Upon Progress Payment, in the form specified by California Civil Code section 8134, from Contractor and each of Contractor's subcontractors, suppliers, and any union trust fund for which payment was sought by Contractor and for which Contractor made payment.

**4.3 CERTIFIED PAYROLL AND AFFIDAVITS.** As an additional condition precedent to payment by Owner, Contractor shall provide, within the time limits specified by the Contract Documents, certified payroll reports certifying that all labor included in the Invoice was paid pursuant to the applicable prevailing wage rates. Contractor shall also submit an affidavit, signed under penalty of perjury, certifying that it has paid for all labor (including fringe benefits), materials and equipment for which Owner has made payment to Contractor. Further, pursuant to Cal. Lab. Code § 1776(b)(2), Contractor and any subcontractors are required to furnish the certified payroll reports directly to the Department of Industrial Relations.

**4.4 PAYMENT NOT ACCEPTANCE.** Payment to Contractor shall not constitute or imply acceptance by Owner of any portion of Contractor's work or the full performance thereof.

**4.5 PAYMENT IN THE EVENT OF DISPUTE AS TO CONTRACTUAL REQUIREMENTS.** In the event a dispute arises between Contractor and/or Owner as to the work to be performed by Contractor, Contractor shall receive payment for its work according to the provisions and requirements of the Agreement as though they are a contended by Contractor and/or Owner. Contractor shall not be entitled to additional compensation for work it contends is outside the scope of the Agreement unless and until the dispute is resolved in its favor.

**4.6 REQUIREMENTS FOR PAYMENT.** As a condition precedent to Contractor's obligation to make payment, Contractor shall:

(a) Submit an affidavit, under penalty of perjury, that all payroll, payroll taxes, fringe benefits, bills for material and equipment, and other indebtedness connected with Contractor's work for which Owner and/or any surety might in any way be liable, have been paid or otherwise satisfied;



(b) Submit conditional and unconditional waivers upon final payment in accordance with Civil Code sections 8136 and 8138;

(c) Comply with all required close-out procedures to the satisfaction of Owner.

Within ten (10) days of Contractor's receipt of final payment, it shall provide to Owner an Unconditional Waiver and Release Upon Final Payment, in the form required by California Civil Code section 8138.

**4.7 PAYMENT.** Provided Contractor is not in default under the Agreement; there is no dispute between Contractor and Owner regarding Contractor's work; Owner and, if necessary, the Project Architect, have accepted the Project; and Owner has received Contractor's release(s) of all claims related to Contractor's work except for unsettled liens or stop notices, unknown defective work, noncompliance with the Contract Documents, or warranty work, final payment shall be made no more than 10 (ten) calendar days after Contractor's compliance with the conditions for payment.

**4.8 WITHHOLDING.** Owner may withhold any and all payments due Contractor hereunder in order to protect itself from loss on account of Contractor and/or as may reasonably be necessary to protect Owner from loss or damage caused by Contractor, including but not limited to withholdings applicable to Contractor's work arising from grounds enumerated in the Contract Documents, Contractor's failure to perform Contract Work, breach of this Agreement, failure to properly pay employees, subcontractors and/or suppliers, failure to promptly correct rejected, defective or nonconforming Contract Work, and any other matter as to which this Agreement specifically authorizes the withholding by Owner of such payment, including Contractor's failure to comply with the requirements of the Contract Documents.

## **ARTICLE 5 – CHANGES**

**5.1 DIRECTED IN WRITING.** Owner may order or direct changes, additions, deletions or other revisions to the Work without invalidating the Agreement. No changes, additions, deletions, or other revisions to the Work shall be valid unless made in writing. If Contractor performs additional work or revises the Work without written direction from Owner, Contractor shall not be paid for any additional labor, materials, or supplies furnished and shall be liable for any and all losses, costs, expenses, damages, and liability of any nature whatsoever associated with or in any way arising out of any such change.

**5.2 PRICE ADJUSTMENTS.** If Owner directs a material change to the Work pursuant to Section 5.1 of this Agreement, the Price stated in Article 3 and the time for Contractor's performance shall be adjusted by appropriate additions or deductions in accordance with the Agreement. Contractor shall supply Owner with all documentation necessary to substantiate the amount of the addition to or deduction from the Price or Contractor's time for performance. Any request of Contractor for an addition to or deduction from the Price, or Contractor's time for performance, must be made to Owner in itemized written form (accompanied by complete documentation substantiating any request(s)) within seven (7) calendar days from the date of receipt by Contractor of notification of change. In the event Owner and Contractor cannot agree on the amount of the addition or deduction, Contractor shall nonetheless perform the work as changed by Owner's written direction. Once Contractor receives Owner's written direction, Contractor is solely responsible for timely performance of the Work as changed by the written direction. Payment for changed Work shall be made in accordance with Article 4.

**5.3 NOTICE OF DISPUTED WORK.** If a dispute arises between Owner and Contractor about whether a particular work is a change in the Work described in Article 2, Contractor shall timely perform the disputed work and may give written notice of a claim for additional compensation for that work all in accordance with the Contract Documents. Such written notice of claim must be given prior to the performance of the disputed work, and no later than the notice periods set forth in Article 12, below. Contractor's failure to give written notice prior to the performance of the disputed work constitutes an agreement by Contractor that it will not be paid for the disputed work.

## **ARTICLE 6 – TIME OF COMPLETION AND SCHEDULE**

**6.1 TIME IS OF ESSENCE.** Time limits stated in the Contract Documents are of the essence of the Agreement. By executing the Agreement, Contractor confirms that the contract time is sufficient for performing Contractor's work.

**6.2 CONTRACT TIME.** Contract Time for completion of all work is \_\_\_\_\_, unless extended by written agreement of the parties hereto.

**6.3 SCHEDULE OF WORK.** Contractor shall have the right to decide the time and order in which the various portions of the Work are to be performed, including the relative priority of the work of subcontractors. Contractor shall prepare the Schedule of Work and shall revise the Schedule of Work as work progresses.

**6.4 CONTRACTOR'S RESPONSIBILITIES.** Contractor shall commence work within five (5) calendar days of Owner's notice to proceed, unless otherwise directed by Owner. Contractor shall promptly provide Owner with scheduling information when requested.

**6.5 CONTRACTOR'S REMEDIES FOR DELAY.** In the event Contractor fails to perform its work in accordance with the Section 6.2, above, Contractor shall reimburse Owner for all damages resulting from the delay, including but not limited to liquidated damages in the amount of \$1,000.00 per day as assessed by Owner.

**6.6 CONTRACTOR'S REMEDIES FOR DELAY.** If the progress of Contractor's work is delayed without the fault or responsibility of Contractor, then the time for Contractor's work shall be extended by change order to the extent obtained by from Owner and the Schedule of Work shall be revised accordingly. On projects subject to the Public Contract Code, the provisions of section 7102 shall apply; however, Owner and Contractor expressly contemplate and acknowledge that if the Work is enjoined by a court of law or other official agency which delays the performance of the Work, Owner shall have no liability or responsibility to Contractor for any delay damages.

## **ARTICLE 7 – TERMINATION OR SUSPENSION**

**7.1 TERMINATION FOR CONVENIENCE.** Notwithstanding any other provision of the Agreement, Owner reserves the right to terminate this Agreement for Owner's convenience, without cause. If so terminated, Contractor shall be entitled to the following costs and no others: cost of Work actually completed in conformity with the requirements of the Agreement and Contract Documents; other necessary costs actually incurred by Contractor; plus fifteen percent (15%) of such costs as overhead and profit.

**7.2 SUSPENSION OR TERMINATION BY OWNER.** Should the Owner suspend or terminate any aspect of the work, then Contractor shall immediately discontinue work upon written order from Owner. Contractor shall proceed with such work when ordered to do so by Owner.

## **ARTICLE 8 – PERFORMANCE OF CONTRACTOR**

**8.1 AUTHORIZED REPRESENTATIVE.** Contractor shall designate one or more persons satisfactory to Owner and with authority to act for Contractor as Contractor's representative on-site and off-site. Such authorized representative(s) shall be the only person(s) to whom Owner shall issue instructions, orders or directions, except in an emergency. Should Owner find Contractor's representative(s) to be unsatisfactory, Contractor shall promptly replace the representative(s).

**8.2 NON-DISCRIMINATION.** Contractor shall not discriminate in hiring, firing, promotion, or training against any person on account of age, race, religion, national origin, disability, sexual orientation, gender, or gender identity.

**8.3 SAFETY.** Contractor agrees that the prevention of accidents to workers engaged upon or in the immediate work area is solely its responsibility. Contractor shall comply with all laws, ordinances, rules, regulations, codes, orders, and requirements concerning safety now in force or hereafter in effect, including but not limited to all laws regarding Occupational Health and Safety, the handling and storage of hazardous materials, accident prevention, and safety equipment and practices. Contractor shall hold weekly safety meetings for all of its workers at the project site and shall provide confirmation thereof to Owner using an approved form. When so ordered, Contractor shall stop any part of the work that Owner deems unsafe until corrective measures satisfactory to Owner have been taken. Contractor shall timely submit copies of all accident and injury reports to Owner.

**8.4 SHOP DRAWINGS, SAMPLES, AND AS-BUILT DRAWINGS.** By such date as directed by Owner, Contractor shall prepare and submit to Owner all shop drawings, samples, specimens, or other data necessary to completely describe Contractor's work and as required by the Contract Documents. Approval of such shop drawings, samples, specimens, or other data by Owner or the Architect shall not relieve Contractor of its responsibility to perform Contractor's work in strict accordance with the Contract Documents or of its responsibility for the proper matching and fitting of Contractor's work with contiguous work. Contractor shall also furnish all information required for the coordination of Contractor's work with the work of other trades. Contractor shall be responsible for preparing all as-built drawings pertaining to Contractor's work and as required by the Contract Documents.

**8.5 SUBSTITUTIONS.** Requests for substitution of material will be allowed only if permitted by the Contract Documents. Requests for substitution must be submitted in the format specified by the Contract Documents and submitted to Owner within a reasonable timeframe as directed by Owner or they may be returned without review. Architect may charge to review requests for substitution, whether approved or rejected, and all such costs shall be the responsibility of Contractor.

**8.6 PLAN INCONSISTENCY AND CONTIGUOUS WORK.** Contractor shall bring any uncertainty or inconsistency in or between the plans, specifications, or other Contract Documents to the attention of Owner in writing and within three (3) working days of Contractor's discovery thereof. Contractor shall not proceed with any Work affected by the uncertainty or inconsistency until directed to do so by Owner. Owner shall resolve the uncertainty or inconsistency and Contractor shall perform the work as directed by Owner.

Before proceeding with its work, Contractor shall inspect the correctness of contiguous or adjacent work installed by others. The failure to detect or report discrepancies will preclude recovery by Contractor of any resulting cost, expense, or damage.

**8.7 PROTECTION OF THE WORK.** Contractor shall take all necessary precautions to properly protect Contractor's work and the work of others from damage caused by Contractor's operations. Should Contractor cause damage to the Work or property of Owner or others, Contractor shall promptly remedy such damage to the satisfaction of Owner.

**8.8 INSPECTION.** When portions of Contractor's work are ready for inspection, Contractor shall notify Owner in writing in sufficient time to allow Owner to notify the inspecting authorities that the work is ready for inspection. Failure to properly and timely make notice of, or receive, required inspections is not cause for delay. Contractor shall at all times furnish Owner with adequate facilities for inspecting materials at the site or at any place where materials under this Agreement may be in the course of preparation, processing, manufacture or treatment.

**8.9 CLEAN-UP.** Contractor shall follow Owner's clean-up directions and shall at all times keep the Project free from debris and unsafe working conditions arising from Contractor's work. At the end of each day, Contractor shall consolidate its debris at a place designated by Owner and shall remove its debris from the job site immediately upon completion of each phase of Contractor's work or as directed by Owner. Contractor is to leave all areas where it is performing work in broom clean condition at the end of each work day. If work areas are not kept neat and safe at all times, Owner will back-charge Contractor as needed at an hourly rate of \$100.00 plus dump fees and all other necessary costs incurred by Owner.

**8.10 LABOR RELATIONS.** Contractor shall take reasonable steps to prevent the occurrence of any strike, slowdown, or other labor difficulty or dispute arising out of the presence of Contractor at the job site or from any other activities of Contractor.

Contractor acknowledges the provisions of the California Labor Code regarding the payment of prevailing wages to workers employed on public works projects. In compliance with the requirements of Labor Code section 1775(b)(1), Contractor acknowledges the existence and content of Part 7, Chapter 1 of the California Labor Code, including, without limitation, Labor Code sections 1771, 1775, 1776, 1777.5, 1813, and 1815, as incorporated herein by reference, and has read and understands the provisions of these code sections.

Contractor shall work with and respond to all requests for information related to labor code compliance by Owner and/or Owner's labor compliance specialist, if any.

**8.11 WARRANTY.** Contractor warrants all materials, equipment, and workmanship provided under this Agreement for a period of one (1) year from completion of the entire Project or such longer period as may be provided in the Contract Documents. Contractor warrants to Owner that materials and equipment furnished under the Agreement will be of good quality and new unless otherwise required or permitted by the Contract Documents, that Contractor's work will be free from defects not inherent in the quality required or permitted, and that Contractor's work will conform to the requirements of the Contract Documents. Contractor shall furnish satisfactory evidence as to the kind and quality of materials and equipment, if requested by Owner to do so.

Work not conforming to these requirements, including substitutions not properly approved and authorized, may be considered defective. Contractor shall promptly amend and make good any defective materials, equipment, or workmanship to the approval and acceptance of Owner.

**8.12 PROJECT TO BE KEPT FREE OF LIENS.** Contractor shall promptly pay all subcontractors, suppliers, and others from payment received by Owner. In the event a subcontractor, material supplier, labor union trust fund, or other person or entity that supplied labor, material, or equipment to Contractor shall record/file a mechanic's lien or stop notice, Contractor shall, within two (2) working days of receipt of notice of said lien or stop notice, supply evidence to the satisfaction of Owner that the monies owing to the claimant have been paid or post a bond indemnifying Owner and the Project from such claim or lien.

**8.13 ROYALTIES, PATENTS AND COPYRIGHTS.** Contractor shall pay all royalties and license fees, shall defend suits or claims for infringement of copyrights and patent rights, and shall hold Owner harmless from loss on account thereof. Contractor shall not be responsible for such defense or loss when a particular design, process or product of a particular manufacturer is required by the Contract Documents or where the copyright violations are contained in the Contract Documents.

**8.14 DISCOVERY OF HAZARDOUS WASTE OR UNUSUAL CONDITIONS.** Contractor shall promptly, and before the following conditions are disturbed, notify Owner, in writing, of any of the following conditions: (a) material that 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, Class II, or Class III disposal site in accordance with provisions of existing law; (b) subsurface or latent physical conditions at the site differing from those indicated by information about the site made available to Contractor prior to the engagement of this Agreement; (c) unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract Documents.

Upon notice to Owner, Owner shall promptly investigate the conditions, and if it finds that the conditions do materially so 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 shall issue a change order under the procedures described in the Agreement.



In the event that a dispute arises between Owner and Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in Contractor's cost of, or time required for, performance of any part of the work, Contractor shall not be excused from any scheduled completion date provided for by the Agreement, but shall proceed with all work to be performed under the Agreement. Contractor shall retain any and all rights provided either by Agreement or by law which pertain to the resolution of disputes and protests.

## **ARTICLE 9 – RECOURSE OF OWNER**

**9.1 NOTICE TO CURE.** If, in the opinion of Owner, Contractor is in breach of any provision of this Agreement, including but not limited to failing: to supply timely and enough properly skilled workers or proper or sufficient materials or equipment or adequate supervision; to provide and obtain approved submittals timely; to maintain the Schedule of Work; to make prompt payment to its workers, sub-subcontractors, suppliers, taxing authorities, or union trust funds; to obey laws, ordinances, or orders of any public authority having jurisdiction; to clean up its debris; to perform work as directed by Owner; or to perform any obligation under this Agreement, Contractor shall commence and continue satisfactory correction of such breach with diligence and promptness within forty-eight (48) hours after service of written notice to Contractor or Contractor's authorized representative specifying the particulars of such breach.

**9.2 FAILURE TO CURE BREACH.** If Contractor fails to cure a breach of this Agreement within forty-eight (48) hours of service of a Notice to Cure, Owner may, without prejudice to any other rights or remedies, and at its sole option, do any or all of the following:

(a) Furnish such labor, material, equipment, and other facilities, either directly or through one or more subcontractors, as Owner deems necessary to complete or correct Contractor's work, or any part thereof;

(b) Withhold payment of any monies due Contractor under this Agreement pending corrective action to the extent required by and to the satisfaction of Owner; or

(c) Terminate the Agreement and complete the work itself or cause the work to be completed by others. Owner may take immediate possession of all of Contractor's material, supplies, tools, appliances, and equipment at the job site and use same without payment of rent or other compensation to Contractor or liability to Contractor for any damages arising from said use unless resulting from gross negligence or willful destruction by Owner or others working on its behalf. Any unused material, supplies, tools, appliances, and equipment remaining after Contractor's work is completed will be returned to Contractor.

**9.3 CONTRACTOR RATES TO COMPLETE OR CORRECT WORK.** If Owner elects to use its own labor forces to complete or correct Contractor's work, Contractor and, if applicable, Contractor's surety, agree to pay Owner for all labor costs, costs for Owner's owned equipment, direct costs for materials, field and home office overhead, and ten percent (10%) profit on all costs.

**9.4 BANKRUPTCY.** Upon a receiver for Contractor being appointed, upon Contractor making an assignment for the benefit of creditors, upon Contractor seeking protection under the Bankruptcy Code, upon Contractor's creditors placing Contractor into an involuntary bankruptcy, or upon Contractor committing any other act evidencing insolvency, Owner may, to the extent legally permissible, terminate this Agreement upon giving three (3) working days' written notice, by certified mail, to Contractor and its surety, if any. If an order for relief pertaining to Contractor is entered under the Bankruptcy Code, Owner may terminate this Agreement by giving forty-eight (48) hours' written notice, by certified mail, to Contractor, its trustee, and its surety, if any, unless Contractor, the surety, or the trustee: promptly cures all defaults; provides adequate assurances of future performance; compensates Owner for all damages, costs, and expenses resulting from such default(s); and assumes the obligations of Contractor within the statutory time limits.

If Contractor is not performing in accordance with the Schedule of Work at the time an order for relief is entered, Owner may avail itself of any and all such remedies that are reasonably necessary to maintain the Schedule of Work while waiting for the Contractor, its trustee, or its surety, if any, to accept or reject the Agreement and to provide adequate assurances of future performance.



## **ARTICLE 10 – INSURANCE AND BONDS**

**10.1 GENERAL INSURANCE REQUIREMENTS.** Contractor shall not commence any work until it obtains all insurance required to be obtained by Contractor under this Agreement and thereafter Contractor provides copies of such coverage to Owner. Contractor's failure to provide copies of coverage to Owner shall not relieve Contractor of their obligations under this Agreement, including but not limited to the commencement of Work. Contractor shall at all times comply with the Insurance Requirements of this Agreement.

Such insurance will be maintained by Contractor at its sole expense with insurance carriers admitted to do business in California, that have a Financial Strength Rating of not less than "A-" and a Financial Size Category of not less than "VIII" in the most current A.M. Best's Rating Guide for property and casualty insurers. In no event will such insurance be modified without Owner's express written consent and, except as otherwise expressly authorized herein, in no event will such insurance be terminated or allowed to lapse prior to termination of all obligations arising under this Agreement.

Contractor shall procure and maintain for the duration of the Agreement, and for five (5) years thereafter, 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, his agents, representatives, employees, or subcontractors.

**10.2 EVIDENCE OF INSURANCE.** As evidence of the insurance required by this Article, Contractor shall deliver to Owner, no later than commencement of any work, a certificate of insurance signed by an authorized agent of Contractor's insurance carrier showing that such insurance is in force. The certificate shall provide that each of the policies identified therein shall not be suspended, cancelled, or non-renewed without 10 days' notice in writing delivered to Owner's corporate office. Owner has the right to require Contractor to submit for Owner's review a certified copy of the policy (or policies) identified in the certificate of insurance. Should any policy expire or be canceled before the termination of all obligations arising under this Agreement, and Contractor fails to immediately procure replacement insurance as required by this Article, then Owner reserves the right, but shall have no obligation, to procure such insurance and to deduct the cost thereof from any sum due Contractor under this Agreement.

**10.3 WORKER'S COMPENSATION INSURANCE.** Contractor shall maintain Worker's Compensation Insurance, including Employer's Liability Insurance, in the minimum amounts of \$1,000,000 for bodily injury by accident and \$1,000,000 for bodily injury by disease, for all persons whom it employs in carrying out work under this Agreement. Such insurance shall be procured, and maintained, in strict conformance with the requirements of the most current and applicable workers compensation laws in effect while work is being performed under this Agreement.

**10.4 COMPREHENSIVE OR COMMERCIAL GENERAL LIABILITY INSURANCE.** Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

The general liability insurance required by this Article 10.4 may not include a mold exclusion, nor may it include a prior acts exclusion or prior loss exclusion that reduces, limits or excludes coverage for any bodily injury or property damage not known by Owner to exist prior to the commencement of the policy period, nor may it include a cross-suits exclusion that reduces, limits or excludes contractual liability coverage for the indemnification set forth in Article 11 of this Agreement.

**10.5 AUTOMOBILE LIABILITY INSURANCE.** Contractor shall procure and maintain owned, hired and non- owned Automobile Liability Insurance covering the ownership, maintenance, use and entrustment of any and all automobiles, trucks and other motor vehicles utilized by Contractor, its employees or any of their permittees in connection with any work performed under this Agreement with limits no less than \$1,000,000.00 per accident for bodily injury and property damage. Insurance Services Office Form CA 00

01 covering Code 1 (any auto), or if Contractor has no owned autos, hired (Code 8) and non-owned autos (Code 9) shall be procured by Contractor and provided to Owner.

**10.6 ADDITIONAL INSURED/NO CANCELLATION.** Contractor will procure, with respect to all of the insurance required by this Article 10, an endorsement or endorsements naming or otherwise identifying Owner, and their respective officials, agents, representatives, employees, as additional insureds for any and all liability arising out of, or in any way connected to, the performance of, or failure to perform, work under this Agreement. Commercial General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10, CG 11 85 or both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 forms if later revisions used). Each additional insured endorsement must contain the following or equivalent language: "This insurance is primary. Any other insurance maintained by any person or organization qualifying as an insured under this endorsement shall be excess and non-contributing with this insurance as respects liability arising out of any act or omission of the named insured or of any person or organization on the named insured's behalf." Each insurance policy required by this Agreement shall provide that coverage shall not be canceled, except with notice to the Owner.

**10.7 BUILDER'S RISK (Course of Construction).** Contractor shall procure course of construction insurance utilizing an "All Risk" (Special Perils) coverage form, with limits equal to the completed value of the Work and not coinsurance penalty provisions.

**10.8 PROFESSIONAL LIABILITY.** If Design/Build elements are a component of the Work, Contractor shall procure professional liability insurance with limits no less than \$2,000,000 per occurrence or claim and \$2,000,000 policy aggregate.

**10.9 CONTRACTORS' POLLUTION LEGAL LIABILITY.** Contractor shall procure and maintain Pollution Legal Liability and/or Asbestos Legal Liability and/or Errors and Omissions (if project involves environmental hazards) with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

**10.10 PERFORMANCE AND MATERIALS AND LABOR PAYMENT BONDS.** Within 5 calendar days of a request by Owner, and at Contractor's expense, Contractor shall furnish Performance and Materials and Labor Payment Bonds in an amount equal to 100 percent of the Price set forth in Article 3 herein, from a surety and in a form satisfactory to and/or provided by Owner. Said bonds shall include a provision that the party prevailing in any legal or equitable action or arbitration proceeding relating to the bonds shall be entitled to receive from the other parties to said action or proceeding all court costs, actual attorneys' fees, and all other expenses, including but not limited to expert witness fees, incurred in such action or proceedings and the preparation thereof.

**10.11 WAIVER OF SUBROGATION; ADDITIONAL INSURANCE PROVISIONS.** Contractor hereby releases and waives all rights against Owner with respect to subrogation, and with respect to any loss or damage to any or all of Contractor's property, which loss or damage is of the type covered by builder's risk, workers' compensation, general liability or commercial liability insurance required to be maintained under the Contract Documents, regardless of any negligence on the part of any person released which may have caused or contributed to such loss or damage. For any claims related to this Project, the Contractor's insurance coverage shall be primary insurance coverage at least as broad as ISO CG 20 01 04 13 as respects the Owner, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Owner, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.

**10.12 GREATER THAN MINIMUM COVERAGE.** If Contractor maintains broader coverage and/or higher limits than the minimums shown above, Owner requires and shall be entitled to the broader coverage and/or the higher limits maintained by Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to Owner.

## **ARTICLE 11 – INDEMNIFICATION**

**11.1 DEFINITIONS.** For purposes of this Article 11, "Indemnified Parties" shall mean: Owner, and all of their officials, representatives, employees, consultants, agents, successors, and assigns, and any lender of Owner with an interest in the Project.

For purposes of this Article 11, "Claim" and "Claims" shall include claims, demands, obligations, damages, actions, causes of action, suits, demands for arbitration, losses, judgments, fines, penalties, liabilities, costs, and expenses (including, without limitation, fees, costs, and other disbursements to attorneys, experts, consultants, or other professionals) of every kind or nature whatsoever that may arise from or in any manner relate (directly or indirectly) to any work performed or services provided under this Agreement or Contractor's presence or activities conducted at the Project.

**11.2 EXTENT OF INDEMNIFICATION.** To the fullest extent permitted by law, Contractor shall indemnify and hold harmless the Indemnified Parties, and each of them, from and against any and all Claims including, without limitation, Claims for bodily injury, death, or damage to or destruction of property; defects in workmanship or materials; and design defects, if the design originated with Contractor, that may arise from or in any manner relate, directly or indirectly, to any work performed or services provided under this Agreement or Contractor's presence or activities conducted on the Project, including without limitation the negligent and/or willful acts, errors, and/or omissions of Contractor, its principals, officers, agents, employees, vendors, suppliers, consultants, sub-consultants, sub-subcontractors, anyone employed by any of them or for whose acts they may be liable, or any or all of them, regardless of any passive negligence or strict liability of an Indemnified Party. Contractor, however, shall not be obligated under this Agreement to indemnify, including the cost to defend, the Indemnified Parties for Claims arising out of, pertaining to, or relating to the active negligence or willful misconduct of the Indemnified Parties, or for defects in design furnished by such persons, or to the extent the Claims do not arise out of the scope of work of the Contractor pursuant to this Agreement.

**11.3 DUTY TO DEFEND.** Contractor shall, at its sole cost and expense and with legal counsel approved by Owner (which approval shall not be unreasonably withheld), defend the Indemnified Parties, and each of them, from any Claims for which Contractor is bound to indemnify the Indemnified Parties pursuant to Article 11.2. The duty to defend is wholly independent of and separate from the duty to indemnify, and such duty to defend exists regardless of any ultimate liability of Contractor. Such defense obligation shall arise immediately upon presentation of a Claim and written notice of such Claim being provided to Contractor.

**11.4 PAYMENT NOT CONDITION PRECEDENT.** Payment to Contractor by any Indemnified Party, or any Indemnified Party's payment of a Claim, shall not be a condition precedent to Contractor's obligations to indemnify and defend the Indemnified Parties, and each of them.

**11.5 SURVIVAL OF OBLIGATION.** Contractor's obligations to indemnify and defend shall survive the expiration or earlier termination of this Contract Agreement until such time as any action against the Indemnified Parties, or any of them, for such matter indemnified hereunder is fully and finally barred by the applicable statute(s) of limitations.

**11.6 LIABILITY NOT EXCLUSIVE.** Contractor's liability for indemnification and defense hereunder is in addition to any liability Contractor may have to Owner for Contractor's breach of any of the provisions of this Agreement. Under no circumstances shall the insurance requirements and limits set forth in this Agreement be construed to limit Contractor's indemnification obligation or other liability under the Agreement.

**11.7 NO LIMITATION UPON LIABILITY.** In connection with any and all claims against Owner, Owner's representatives, Contractor (including its affiliates, parents, and subsidiaries) or other contractors or subcontractors, or any of their agents or employees, by any employee of Contractor, anyone directly or indirectly employed by Contractor, or anyone for whose acts Contractor may be liable, the indemnification provisions in Article 11.2 shall not be limited in any way by any limitation on the amount or types of damages, compensation or benefits payable by or on behalf of Contractor under worker's compensation acts, disability

benefit acts, or other employee benefit acts.

## **ARTICLE 12 – CLAIMS**

**12.1 CLAIMS RELATING TO OWNER.** Contractor agrees to make all claims for which Owner may be liable in the manner provided in the Contract Documents. Notice of such claims shall be given by Contractor to Owner within one (1) week prior to Contractor commencing work under this Agreement or the event for which such claim is to be made, or within three (3) calendar days of Contractor's first knowledge of the event, whichever shall first occur. Contractor's failure to provide notice of a claim as required by this Article 12.1 shall constitute a waiver of the claim. Contractor shall be bound by the determination of the Owner or, in the event of a legal action or proceeding, or arbitration, by the outcome of same and shall be entitled only to its proportionate share of any net recovery.

**12.2 CLAIMS NOT RELATING TO OWNER.** Contractor shall give Owner written notice of all claims not included in Article 12.1, within the same time frames noted in Article 12.1. Should Contractor fail to provide notice within the time required, such claims shall be deemed waived.

**12.3 CONTRACTOR TO CONTINUE WORK.** Contractor shall carry on the Work and maintain satisfactory progress while any claim or claims brought pursuant to Article 12.1 or 12.2, or any other dispute(s), is/are being resolved, and Owner shall continue to make payments in accordance with the Agreement.

## **ARTICLE 13 – DISPUTE RESOLUTION**

**13.1 CONSENSUAL RESOLUTION EFFORTS.** Upon notification of a dispute, Owner and Contractor shall meet to informally resolve such dispute.

**13.2 DISPUTES BETWEEN OWNER AND SUBCONTRACTOR.** Any controversy or claim arising out of or related to this Agreement involving an amount less than \$5,000 (or the maximum limit of the court) must be heard in the Small Claims Division of the Superior Court in Humboldt County. If any question arises regarding or relating to Contractor's work or regarding the rights and obligations of Owner and/or Contractor under the Contract Documents, then, as a condition precedent to litigation as described below, Owner and Contractor shall first mediate any dispute. With respect to claims and disputes between Owner and Contractor arising out of or relating to obligations under this Agreement, and which do not involve issues of fact or law the following shall apply: Each claim or dispute between the parties arising out of or relating to this Agreement shall be litigated in California State Court within the County of Humboldt, or if jurisdiction over the action cannot be obtained in California State Court, in a Federal Court of competent jurisdiction situated in the State of California.

**13.3 CONSOLIDATED ARBITRATION PROCEEDINGS.** The claims and disputes of Owner, Contractor, and other subcontractors involving a common question of fact or law shall be heard by the same arbitrator(s) or court in a single proceeding.

**13.4 NO LIMITATION OF RIGHTS OR REMEDIES.** This Article shall not be deemed a limitation of any rights or remedies that Contractor may have under any federal or state mechanics lien, stop notice, or labor and material payment bond unless such rights have been expressly waived by Contractor.

## **ARTICLE 14 – MISCELLANEOUS PROVISIONS**

**14.1 LAW AND EFFECT.** This Agreement shall be governed by the laws of the State of California.

**14.2 SEVERABILITY AND WAIVER.** The partial or complete invalidity of any one or more provisions of this Agreement shall not affect the validity or continuing force and effect of any other provision.



**14.3 ATTORNEYS' FEES.** In the event either party shall prevail in any legal or equitable action or arbitration proceeding to enforce any term(s) of this Agreement, such party shall be entitled to receive from the other party all court costs, actual attorneys' fees, and all other expenses, including but not limited to expert witness fees, incurred in such litigation and the preparation thereof.

**14.4 ENTIRE AGREEMENT.** This Agreement is solely for the benefit of the signatories hereto and represents the entire and integrated agreement between the parties hereto, and supersedes all prior proposals, bids, correspondence, negotiations, representations, or agreements, whether written or oral.

**14.5 TERMS.** The terms of this Agreement are contractual and the result of negotiations between the parties hereto. Accordingly, any rule of construction of contracts, including without limitation California Civil Code section 1654, that ambiguities are to be construed against the drafting party, shall not be employed in the interpretation of this Agreement.

**14.6 WRITTEN NOTICE.** Written notice shall be deemed to have been duly served if delivered in person to the individual or a member of the firm or entity or to Contractor's authorized representative, or if delivered at or sent by registered or certified mail to the last business address known to the party giving notice.

**14.7 RIGHTS AND REMEDIES.** Duties and obligations imposed by the Contract Documents, and rights and remedies available thereunder, shall be in addition to and not a limitation of duties, obligations, rights, and remedies otherwise imposed or available by applicable law.

**14.8 AUDIT.** Owner shall have the right to inspect the work, or any portion thereof, at any time, in accordance with this Agreement and the Contract Documents. Any right of the Owner to inspect or audit the books, accounting records, files and documents of Contractor in accordance with the Contract Documents is incorporated herein as though set forth in full.

Owner shall have the right to inspect, audit and copy at any time, upon reasonable notice, during normal business hours, Contractor's books, documents and accounting records, including but not limited to bid worksheets, bids, subcontractor bids, and proposals, estimates, cost accounting data, accounting records, payroll records, time sheets, cancelled checks, profit and loss statements, balance sheets, Project correspondence, including but not limited to all correspondence between Contractor and Contractor's sureties and subcontractors/vendors, Project files, scheduling information, and other records of the Contractor and all subcontractors directly or indirectly pertinent to the work, original as well as change and claimed extra work, to verify and evaluate the accuracy of cost and pricing data submitted with any change order, prospective or completed, or any claim for which additional compensation has been requested or notice of potential claim has been tendered. Contractor shall keep complete and accurate records concerning Contractor's work and the Project at its principal office for at least four (4) years after the work is completed and accepted. This provision shall be included in all of Contractor's subcontracts and purchase orders, and all of Contractor's subcontractors and suppliers, of any tier, shall be bound by this provision.

**14.9 ASSIGNMENT OF CARTWRIGHT ACT CLAIMS.** If applicable, Contractor offers and agrees to assign to Owner all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services, or materials pursuant to the Agreement. This assignment shall be made and become effective at the time Owner tenders final payment to the Contractor, without further acknowledgment by the parties.

**CONTRACTORS ARE REQUIRED BY LAW TO BE LICENSED AND REGULATED BY THE CONTRACTORS STATE LICENSE BOARD WHICH HAS JURISDICTION TO INVESTIGATE COMPLAINTS AGAINST CONTRACTORS IF A COMPLAINT REGARDING A PATENT ACT OR OMISSION IS FILED WITHIN FOUR YEARS OF THE DATE OF THE ALLEGED VIOLATION. A COMPLAINT REGARDING A LATENT ACT OR OMISSION PERTAINING TO STRUCTURAL DEFECTS MUST BE FILED WITHIN TEN YEARS OF THE DATE OF THE ALLEGED VIOLATION. ANY QUESTIONS CONCERNING A CONTRACTOR MAY BE REFERRED TO THE REGISTRAR, CONTRACTORS STATE**



**LICENSE BOARD, POST OFFICE BOX 26000, SACRAMENTO, CALIFORNIA 95826.**

**14.10 PUBLIC CONTRACT CODE PROVISIONS RELATED TO PUBLIC BIDDING EXEMPTION(S).** California Public Contract Code section 22032(a) provides a project valued at or less than seventy-five thousand (\$75,000) may proceed by negotiated contract instead of a formal or informal bidding process. (Public Contract Code § 22032(a).) No bids are required of Contractor if the Work and Price as contemplated within this Agreement are valued at or less than \$75,000. Contractor shall recognize Contractor must not attempt to evade the \$75,000 threshold by creating multiple separate agreements regarding the same Work which collectively are valued above \$75,000. (Public Contract Code § 22033.)

IN WITNESS WHEREOF, the parties have executed this Agreement in duplicate as of the day and year first above written. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and copies of which transmitted via facsimile or pdf shall be deemed originals, and which together shall be deemed one and the same agreement. To the extent the signed version of this Agreement is digitally stored, electronic copies have the same force and effect as the original.

City of Rio Dell, a public entity  
675 Wildwood Avenue  
Rio Dell, CA 95562

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\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name of Signee: Kyle Knopp

Name of Signee: \_\_\_\_\_

Title: City Manager

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Contractor's License No. \_\_\_\_\_

Date: \_\_\_\_\_

Attachments

Attachment A – The Work (Scope of Work)