

Section 00 05 00

AGREEMENT

[SNOQUALMIE RIVER TRAIL]

THIS AGREEMENT is made on this _____, 2025 between the City of Snoqualmie ("City"), a municipal corporation located in the State of Washington and _____, ("Contractor").

In consideration of the terms and conditions contained in this Contract and the requirements attached to it, the parties agree as follows:

1. The Contractor shall do all of the work and furnish all of the labor, materials, tools and equipment for the construction of the improvements and shall perform any changes in the work (the "Work"), all in full compliance with the contract documents entitled _____, which include this Agreement (Section 00 05 00); Contractor's executed Form of Bid and Bid Schedule (Section 00 03 00), executed Performance and Payment Bond (Section 00 04 20), executed Retainage Forms (Section 00 05 10); General Terms and Conditions (00 07 00), those portions of the Washington State Department of Transportation (WSDOT) Standard Specifications for Road, Bridge and Municipal Construction, 2023 edition specifically incorporated by reference and/or modified herein, Technical Provisions, Appendices _____, Addenda _____, and any project drawings or plans.
2. The City hereby promises and agrees with the Contractor to employ, and does employ the Contractor to furnish the labor, materials, tools and equipment, and to do and cause to be done the above-described Work, and to complete and finish the same in accordance with the said contract documents and the terms and conditions herein contained, and hereby contracts to pay for the same, according to the said documents, including the schedule of estimated quantities, and unit and lump sum prices in the Form of Bid, the sum of \$ _____, subject to the actual quantity of Work performed, at the time and in the manner and upon the conditions provided for in this contract.
3. The Contractor hereby promises and agrees to diligently prosecute and obtain Substantial Completion of the Work within 120 working days (the "Contract Time"), and to obtain Physical Completion and Final Acceptance of the Work within the time and as specified in the Contract Documents. The Contractor agrees that Liquidated Damages shall be assessed in the amount of \$1000 per day for any failure to complete the Work within the Contract Time, for any failure to meet a Contract Milestone, and for any failure to achieve Physical Completion and Final Acceptance within the time and as required in the Contract Documents.
4. The Contractor for himself, and for his agents, successors, assigns, subcontractors and/or employees, does hereby agree to the full performance of all the covenants herein contained upon the part of the Contractor.
5. The City hereby appoints and the Contractor hereby accepts the Parks & Public Works Director, as the City's representative for the purpose of administering the provisions of this Contract, including the City's right to receive and act on all reports and documents related to this Contract, to request and receive additional information from the Contractor.
6. This Contract contains terms and conditions agreed upon by the parties. The parties agree that there are no other understandings, oral or otherwise, regarding the subject matter of this Contract.

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7. The Contractor agrees to comply with all applicable Federal, State, City or municipal standards for the licensing, certification, operation of facilities and programs, and accreditation and licensing of individuals.
8. The Contractor shall not assign or subcontract any portion of the work provided for under the terms of this Contract without obtaining prior written approval of the City. All terms and conditions of this Contract shall apply to any approved subcontract or assignment related to this Contract.
9. The parties intend that an independent Contractor-City relationship will be created by this Contract. The City is interested only in the results to be achieved, and the implementation of the work will lie solely with the Contractor. No agent, employee, servant, or representative of the Contractor shall be deemed to be an employee, agent, servant, or representative of the City for any purpose. Employees of the Contractor are not entitled to any of the benefits the City provides for City employees. The Contractor will be solely and entirely responsible for its acts and for the acts of its agents, employees, servants, subcontractors, or otherwise during the performance of this Contract. In the performance of the work herein contemplated, the Contractor is an independent Contractor with regard to the performance of the details of the work; however, the components of and the results of the work contemplated herein must meet the approval of the City and shall be subject to the general rights of inspection and review to secure the satisfactory completion thereof.
10. The Contractor agrees and covenants to indemnify, defend, and save harmless, the City and those persons who were, now are, or shall be duly elected or appointed officials or employees thereof, hereinafter referred to as the "City" against and from any loss, damage, costs, charge, expense, liability, claims, demands or judgments, of whatsoever kind or nature, whether to persons or to property, arising wholly or partially out of any act, action, neglect, omission, or default on the part of the Contractor, his agents, successors, assignees, subcontractors and/or employees, except only such injury or damage as shall have been caused by or resulted from the sole negligence of the City. In case any suit or cause of action shall be brought against the City on account of any act, action, neglect, omission, or default on the part of the Contractor, his agents, successors, assignees, subcontractors and/or employees the Contractor hereby agrees and covenants to assume the defense thereof and to pay any and all costs, charges, attorney's fees and other expenses and any and all judgments that may be incurred or obtained against the City. In the event the City is required to institute legal action and/or participate in the legal action to enforce this Indemnification and Hold Harmless Clause, the Contractor agrees to pay the City's legal fees, costs and disbursements incurred in establishing the right to indemnification. If the claim, suit, or action for injuries, death, or damages as provided for in the preceding paragraphs of this specification is caused by or results from the concurrent negligence of (a) the indemnitee or the indemnitee's agents or employees and (b) the indemnitor or the indemnitor's agents for employees the indemnity provisions provided for in the preceding paragraphs of this specification shall be valid and enforceable only to the extent of the indemnitor's negligence. The Contractor expressly waives, as respects the City only, all immunity and limitation on liability under any Industrial Insurance Act, including Title 51 RCW, or other workers compensation act, disability act, or other employees benefits of any act of any jurisdiction which would otherwise be applicable in the case of such a claim. BY INITIALING BELOW THE OWNER AND CONTRACTOR CERTIFY THE WAIVER OF IMMUNITY SPECIFIED BY THIS PROVISION WAS MUTUALLY NEGOTIATED.
11. This Contract has been and shall be construed as having been made and delivered within the State of Washington, and it is mutually understood and agreed by each party hereto that this Contract shall be governed by the laws of the State of Washington, both as to interpretation and

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performance. Any action in law, suit and equity or judicial proceedings for the enforcement of this contract or any provisions thereof, shall be instituted and maintained in the courts of competent jurisdiction located in King County, Washington.

12. The failure of the City to insist upon strict performance of any of the covenants and agreements of this Contract or to exercise any option herein conferred in any one or more instances shall not be construed to be a waiver or relinquishment of any such obligation, or any other covenants or agreements, but the same shall be and remain in full force and effect.
13. It is understood and agreed by the parties hereto that if any part of this agreement is determined to be illegal, the validity of the remaining portions shall be construed as if the agreement did not contain the particular illegal part.
14. No change or addition to this Contract shall be valid or binding upon either party unless such change or addition shall be in writing, executed by both parties.
15. The Contractor shall fully comply with all applicable state and federal employment and discrimination laws and regulations. IN WITNESS WHEREOF, the Contractor has executed this instrument, on the day and year first below written and the Mayor has caused this instrument to be executed by and in the name of the said City, the day and year first above written.

IN WITNESS WHEREOF, the Contractor has executed this instrument, on the day and year first below written and the Mayor has caused this instrument to be executed by and in the name of the said City, the day and year first above written.

CITY OF SNOQUALMIE ("CITY")

By

Typed Name: Katherine Ross

Its: Mayor

Phone:

Fax:

Date:

_____ [CONTRACTOR]

By _____

Typed Name _____

Its _____

Phone: _____

Fax: _____

Date: _____

WA Contractor's License No. _____

**SECTION 00 07 00
GENERAL TERMS AND CONDITIONS**

SECTION 1: GENERAL PROVISIONS

1.0 Compliance

All work shall be completed according to the Plans and Specifications, and in compliance with the laws and regulations of the State of Washington, the standards and resolutions of the City of Snoqualmie, and other government agencies that have jurisdiction over the location of the Project.

1.1 Definitions

Words and terms shall be given their ordinary and usual meanings. Where used in the Contract Documents, the following words and terms shall have the meanings indicated. The meanings shall be applicable to the singular, plural, masculine, feminine and neuter of the words and terms.

- A. “Actual Equipment Cost” for equipment in use means the daily rate for Contractor - owned equipment measured by Ownership Cost and Operating Cost divided by the Useful Life of the equipment, and for equipment on standby means only Ownership Cost divided by the Useful Life of the equipment. For purpose of this definition: (a) Operating Cost means fuel, filters, oil, grease, tire wear, minor repair (belts, filters, hydraulic lines and other minor components) and that specific allocable part of any actually incurred cost of major overhaul (rebuilding or replacing larger components, such as the engine and transmission) that was necessitated solely by the equipment’s use on this Project and (b) Ownership Cost means costs for depreciation (the distribution of the acquisition cost of a piece of equipment over its useful economic life), financing (the interest expense on the amount of money borrowed to purchase the equipment) and the following indirect costs (equipment licenses, property taxes, storage, insurance, inspections, mechanic training, record keeping and highway permits). The following items are excluded from Actual Equipment Cost: replacement cost, escalation contingency reserves, general and administrative expense, and profit. The term “Useful Life” as used herein means the greater of the number of years a prudent and reasonable contractor would keep the equipment in use or the number of years, that the equipment is expected to be in use as established or recognized by the Internal Revenue Service.
- B. “Addendum” or “Addenda” means alteration or clarification of the plans or specifications provided to bidders by the City prior to bid time, which becomes part of the Contract Documents when the Contract is executed.
- C. “Snoqualmie” or “City” or “Owner” may be used interchangeably and refers to the City of Snoqualmie, a Washington municipal corporation existing under and by virtue of the laws of the State of Washington, acting through its Mayor, City Administrator and their delegees, including but not limited to the Project Representative. The term “City” shall also include any individuals designated to perform technical and/or administrative functions pursuant to Section 2.0, *Authority*. All communications with the City shall be through such individuals.
- D. “Allowance or Provisional Sum” is an amount established in the Contract Documents for inclusion in the Contract Price to cover the cost of Work which may or may not be carried out by Contractor and which cannot be accurately quantified at the time of Bid, with provision that variations between such amount and the finally determined cost of the prescribed items will be reflected in Change Orders appropriately adjusting the final Contract

Price. Any amount included in the Contract Price but not used in the course of the Work shall be returned to the City by way of deductive Change Order. The rate or unit price provided by Contractor in its Bid (if any) shall fully compensate Contractor for all of its costs of that Work, including labor, material, supervision, overhead, profit/markup and any other direct or indirect expense related to performing the Work.

- E. “Bidder Responsibility Criteria” are criteria specified by the City in any bid invitation with which the bidder to whom the Contract is awarded as the responsive low bidder must comply, including but not limited to the criteria set forth in RCW 39.04.350(1) and the supplemental criteria adopted pursuant to RCW 39.04.350(2) and set forth in Section 00 04 00.
- F. “Change Order” means a written change to the Contract modifying, deleting or adding to the terms or scope of work, signed by the Mayor with or without notice to the sureties.
- G. “Change Proposal” means a document prepared by the Contractor at the request of the City, which proposes changes to the Work and/or changes to the Contract Price and/or Contract Time. The City shall initiate all requests for Change Proposals.
- H. “Claim” means a written demand by the Contractor seeking (1) a change to the Contract Price; (2) a change of Contract Time; (3) a change of Contract terms; (4) a payment of money or damages; and/or, (5) other relief arising under or relating to this Contract.
- I. “Council member” means the elected City Council members of the City of Snoqualmie.
- J. “Concurrent Delay” means a situation where both City and Contractor are responsible for delays affecting the Critical Path where none of the delay events are utilizing available Project Float.
- K. The “Contract” or “Contract Documents” constitute the entire integrated agreement between the City and the Contractor for the performance of the work. The Contract Documents are listed in paragraph 1 of Section 00 05 00 (“Agreement”) and their respective order of precedence is established in Section 1.3 of these General Terms and Conditions.
- L. “Contract Execution” occurs when the Mayor or his or her designee signs the Contract, which shall only occur after the Contractor signs the Contract.
- M. “Contract Milestone” means a specified milestone date in the Contract by which the Contractor is required to complete a designated portion or segment of the Work. “Contract Milestone” includes but is not limited to dates established for Substantial Completion of all or a designated portion or segment of the Work.
- N. “Contract Price” means the total amount payable by the City to the Contractor for performance of the Work in accordance with the Contract.
- O. “Contractor Equipment” means any equipment, machinery, or vehicles or owned by Contractor or its Subcontractors, inclusive of any such equipment, machinery or vehicles owned by an affiliate or subsidiary substantially owned or controlled by the Contractor or Subcontractor. Equipment under lease by Contractor or Subcontractor with an option to purchase is considered to be Contractor Equipment.
- P. “Contractor’s Representative” is the individual who has the authority to obligate, bind and speak for the Contractor on any matter involving or related to the Contract or the Project and is identified as such in the Agreement Form.
- Q. “Contract Time” means the number of days or the specific date set forth in the Contract to achieve the Contract Milestones, Substantial Completion, and Final Acceptance of the Work, as applicable.

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- R. “Contract Work” or “Work” refers to the labor, materials, equipment, supplies, services, and other items, and requirements of the Contract necessary for the execution, completion and performance of all work within the Contract by the Contractor to the satisfaction of the City.
- S. “Contractor” means the individual, legal entity or combination thereof contracting with the City to do the Contract Work. The term also includes the Contractor's agents or employees.
- T. “Critical Path” is the longest, continuous sequence of interrelated activities that begins at the start of the Project (Notice to Proceed) and extends to Final Acceptance of the Project. This path represents the longest chain of interrelated activities throughout the network from beginning to end. These activities are considered to be critical because delay to an activity on this path will necessitate an extension of the Contract Milestones and Contract Time.
- U. “Day” means calendar day, unless otherwise specified.
- V. “Differing Site Conditions” are defined as: (1) Subsurface or latent physical conditions existing at the site on or before Contract Execution which differ materially from those indicated in the Contract Documents (Type I); or (2) Unknown physical conditions existing at the Site on or before Contract Execution, of an unusual nature, and which differ materially from those ordinarily encountered and generally recognized as inherent in the construction activities of the character provided in the Contract (Type II).
- W. “Direct Cost” means actual out-of-pocket costs paid by Contractor to third parties (inclusive of employees, Subcontractors, vendors, suppliers or consultants) for labor, material, equipment or supplies in performance of any Work, inclusive of Mobilization.
- X. “City Design Consultant” or “Design Consultant” is the individual, entity or combination thereof, contracting with the City, who will be responsible for the design of the Project.
- Y. “City Engineer” means the City Engineer of the City of Snoqualmie.
- Z. “Documentation” are technical publications relating to the use of the software or services to be provided by Contractor under this Contract, such as reference, user, as-built drawings, test results, installation, systems administration and technical guides, delivered by the Contractor to the City.
- AA. “Drawings” means a set of two-dimensional drawings used to describe a place or object or to communicate construction, building, or fabrication instructions. Synonymous with “Plans”.
- BB. “Field Directive” is a document, titled Field Directive, prepared by the City directing the Contractor to proceed promptly with specific work and shall not, in and of itself, constitute a Change Order or entitlement to an adjustment in Contract Time and/or Contract Price.
- CC. “Final Acceptance” and/or “Completion” is a written acceptance of the Project by the City.
- DD. “Float” in the Project Schedule is defined as the number of days by which a Work activity identified in the Project Schedule could be delayed from its "early start date" until the date upon which the Work activity would become a Critical Path Activity.
- EE. “Force Majeure” means an event that is unforeseeable at the time of Contract Execution and that is beyond the reasonable control of the Contractor and City and is limited to:
1. Natural Disasters declared by the governor of Washington or President of the United States, including but not limited to earthquakes;
 2. Acts or omissions of any government entity acting within its governmental capacity;
 3. Fire or other casualty for which a Contractor or its Subcontractors and/or Suppliers party are not responsible;
 4. Quarantine or epidemic;
 5. Strike or defensive lockout;

6. Unusually Severe Weather Conditions; and
 7. Third party delay caused by utilities, municipalities or other governmental agencies unless such third party is acting for the City within the meaning of RCW 4.24.360.
- FF. “Hand or Other Small Tools” means any tool, piece of communication equipment, or piece of equipment with a wholesale value of less than \$500.
- GG. “Hazardous Material” means any pollutant, contaminant, toxic or hazardous waste, dangerous substance, potentially dangerous substance, noxious substance, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCBs, or any other substances the removal of which is required, or the manufacture, preparation, production, generation, use, maintenance, treatment, storage, transfer, handling, or shipment of which is restricted, prohibited, regulated, or penalized by any and all federal, state, county, or municipal statutes or laws now or at any time hereafter in effect, including, but not limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (42 U. S. C. §§ 9601, *et seq.*), the Hazardous Materials Transportation Act (49 U. S. C. §§ 1801, *et seq.*), the Resource Conservation and Recovery Act (42 U. S. C. §§ 6901, *et seq.*), the Federal Water Pollution Control Act (33 U. S. C. §§ 1251, *et seq.*) the Clean Air Act (42 U. S. C. §§ 7401, *et seq.*), the Toxic Substances Control Act, as amended (15 U. S. C. §§ 2601, *et seq.*), and the Occupational Safety and Health Act (29 U. S. C. §§ 651, *et seq.*), Model Toxics Control Act (RCW 70.105), or similar state or local statute or code), as the laws have been amended and supplemented.
- HH. “Indirect Cost” shall mean any cost that is not a Direct Cost including Overhead.
- II. “Liquidated Damages” shall mean those sums that are assessed for Contractor’s failure to achieve a designated Contract Milestone, Substantial Completion, Physical Completion and/or Final Acceptance within the Contract Time. Liquidated Damages are not a penalty, but represent the fixed amount agreed upon by and between the Contractor and the City because of the impracticability and extreme difficulty of fixing and ascertaining the actual damages the City would sustain in the event of the Contractor’s failure to achieve Contract Time requirements.
- JJ. “Mobilization” means preconstruction and preparatory Work or operations by Contractor including those necessary for the movement of personnel, equipment, supplies, and incidentals to the Project Site; for the establishment of the Contractor’s offices, buildings, and other facilities necessary to undertake the work on the Project. Mobilization does not include any portion of the Work covered by specific Contracts items or incidental Work which is to be included in a Contract item or items.
- KK. “Mobilization Payments” means payments by City to Contractor for Mobilization in accordance with the Contract.
- LL. “Notice” means a written document issued by the Project Representative or the Contractor’s Representative which is submitted to the other party and delivered by:
1. Depositing in the U.S. Mail (or approved commercial express mail) prepaid to the address of the appropriate authorized representative of the City or the Contractor, which shall be effective on the date of receipt;
 2. Hand delivery by courier service to the Parties’ representative or at the Contractor’s home office or field office, which shall be effective on the date of delivery; or,
 3. Facsimile to the Parties’ representative or Contractor’s home office or field office, which shall be effective upon receipt.

4. Email and other electronic communications are not considered “Notice” and are prohibited.
- MM. “Notice to Proceed” is a written directive issued by the City authorizing the Contractor to perform some or all of the Work.
- NN. “Overhead” shall mean charges that may be incurred or allocated in support of the Contract but are not part of the cost of directly performing the physical Contract construction activity. Overhead includes Site or Field Overhead and Home Office Overhead.
1. Site or Field Office Overhead. Site or Field Overhead costs are typically those costs that are related to, but are not limited to supervision, including general foremen and their supervisors, planners, schedulers, engineers, managers, etc. and the direct payroll costs of their project-related service, clerical salaries and their direct payroll costs, the costs of all vehicles, travel, meal and lodging costs associated with those personnel, Site or Field office and utility expense, expenses associated with all regulatory compliance, Hand and Other Small Tools provided by the Contractor for the use of its forces, all expendable supplies, and all other items incidental to or integral in supporting the physical completion of the Work.
 2. Home Office Overhead. Home Office Overhead costs are typically those that include all general office expenses. Such costs include, but are not limited to those associated with officer and office salaries and related payroll taxes and benefits, costs of office occupancy and maintenance, all supporting services (such as utilities, office machines computers, and related items and support) related to the home office function, business taxes and licenses, and all such other costs necessary to operate the business entity. Home office overhead includes unabsorbed home office overhead.
 3. In addition to the above, whether treated as Site or Field Overhead or as Home Office Overhead, costs of any and all bonds, insurance(s), and taxes associated with this Contract are to be considered as Overhead. All items identified above are to be treated as Overhead for this purpose regardless of how the Contractor chooses to account for them in its books of account.
 4. Under no circumstances shall the City pay the Contractor for direct or allocated costs or charges for officer bonus and profit sharing, project personnel bonuses, charitable contributions, income taxes, or any costs relating to illegal activity.
- OO. “Parties” refers to the Contractor and the City.
- PP. “Physical Completion” means the point in time following Substantial Completion by which the Contractor has physically completed all of the Work, including any minor, incidental work, correction or repair itemized in any Punch List(s) issued by City following Substantial Completion.
- QQ. “Project” refers to all activity relative to this Contract including activity of the Contractor, its Subcontractor and/or Suppliers, the City and the City’s Project Representative.
- RR. “Project Representative” is the City’s point of contact for the Contractor. The Project Representative shall be responsible for performing designated contract administrative functions as set forth in the Contract Documents. For the purpose of the Contract Documents, Project Representative may also refer to Engineers and Inspectors who may perform functions under the Contract such as review and/or inspection and the acceptance of supplies, services, or other functions of a technical nature, when acting under the direction or order of the Project Representative. The Project Representative cannot grant the Engineer or Inspector any greater authority than the authority granted to the Project Representative by the City.

- SS. “Project Schedule” means the Critical Path Method (CPM) schedule prepared by the Contractor in accordance with the requirements of the Contract and submitted to City setting forth the logical sequence of activities required for the Contractor's orderly performance and completion of the Work in accordance with the Contract and specifically to meet any specified Contract Milestone dates and the Contract Time.
- TT. “Punch List” means the list issued by the City identifying any items of Work remaining to be completed, and the time period in which completion is required, before the City will issue a determination of Substantial Completion, Physical Completion, and/or Final Acceptance, as applicable.
- UU. “RCW” refers to the Revised Code of Washington.
- VV. “Reasonable Cost” means Direct Cost and/or Indirect Cost not in excess of that which would be incurred by an objectively prudent contractor or its agents or employees in the preparation for or performance of Work required by the Contract. Without limiting the foregoing, costs arising from or related to the following acts or omissions do not constitute Reasonable Costs: (a) failure to comply with the Contract Documents; (b) failure to mitigate; (c) selection and/or use of equipment, machinery or tools not sufficient to complete the Work in accordance with Contract Documents and/or the conditions indicated in any geotechnical reports; (d) deviations from Contractor submittals or shop drawings; (e) failure to coordinate the Work and/or manage Subcontractors; and (f) any other acts or omissions that indicate unnecessary or inefficient conduct. Additional reimbursement limitations are set forth in Section 6, *Time and Prices Adjustments*.
- WW. “Reasonable Direct Cost” means Direct Cost not in excess of that which would be incurred by an objectively prudent contractor or its agents or employees in the preparation for or performance of Work required by the Contract. Without limiting the foregoing, costs arising from or related to the following acts or omissions do not constitute Reasonable Costs: (a) failure to comply with the Contract Documents; (b) failure to mitigate; (c) selection and/or use of equipment, machinery or tools not sufficient to complete the Work in accordance with Contract Documents and/or the conditions indicated in any geotechnical reports; (d) deviations from Contractor submittals or shop drawings; (e) failure to coordinate the Work and/or manage Subcontractors; and (f) any other acts or omissions that indicate unnecessary or inefficient conduct. Additional reimbursement limitations are set forth in Section 6, *Time and Prices Adjustments*.
- XX. “Request for a Change Order” means a document, designated as a Request For A Change Order, prepared by the Contractor requesting either (1) change in Contract Price; (2) change in Contract Time; (3) a change in Contract Work; (4) a payment of money or damages; and/or (5) any other relief arising out of or relating to this Contract.
- YY. “Request for Information” is a request from the Contractor to the City seeking an interpretation or a clarification of some requirement of the Contract Documents.
- ZZ. “Site” or “Project Site” shall be understood to refer to the location at which construction, equipment or services furnished by the Contractor under the Contract will be performed, completed and/or delivered.
- AAA. “Subcontractor(s)” shall mean an individual, legal entity or combination thereof having a contract, purchase order, or agreement with the Contractor, or with any Subcontractor of any tier for the performance of any part of the Contract. When the City refers to Subcontractor(s) in the Contract Documents, for the purposes of the Contract Documents and unless otherwise stated herein, the term Subcontractor(s) includes, at every level and/or tier, all Subcontractors and sub-consultants.

BBB. “Supplier(s)” shall mean any person or firm who is not performing work or supplying labor on Site and is engaged in the business of supplying a manufactured product or resource to the City, Contractor, or Subcontractors. The term Suppliers includes materialmen, manufacturers, and fabricators.

CCC. “Specifications” is a section of the Contract consisting of written descriptions of services to be performed, the goods to be provided and/or the technical requirements to be fulfilled under this Contract contained within the Specifications Section.

DDD. “Substantial Completion” means that stage in the progress of the Work where:

1. The City has full and unrestricted use and benefit of the facilities for the purpose intended;
2. All the systems and parts of the Contract Work are functional;
3. Utilities are connected and operate normally;
4. Only minor incidental work, correction or repair remains to complete all Contract requirements; and,
5. At the City’s option, the Contractor has provided all occupancy permits and easement releases.

As provided in the Contract, the City may grant Substantial Completion to specific subsystems or portions of the Work. The date(s) of Substantial Completion shall be determined, in writing, by the City.

EEE. “Unusually Severe Weather Conditions” shall be defined and calculated as follows if the existence of any of the following conditions has a specific negative impact to the Critical Path and could not have been avoided by resequencing of the Work or by using other reasonable alternatives:

1. Daily rainfall equal to, or greater than, 2.0 inched in a 24 hour period.
2. Ice, snow and other weather conditions, not described above, may be considered as unusually severe at the sole discretion of the City upon written request by the Contractor. Such written request shall describe in detail the weather conditions, identify the specific impacts resulting from the weather condition, and be submitted to the City within five (5) days of the onset of the claimed unusually severe weather condition.

To preclude the difficulties of actual measurement, the parties hereto agree that weather data at the Site of the Work shall be expressly deemed to be the same as that measured at the Seattle-Tacoma International Airport by the Environmental Data and Information Service of the National Oceanic and Atmospheric Administration (“NOAA”) of the U. S. Department of Commerce, unless otherwise specified in the Contract Document’s technical specifications.

Precipitation (such as rain, hail or snow), low temperature, windstorms, ice, and other conditions which could reasonably have been anticipated from the National Weather Service historical records for the general locality of the Work shall not be construed as unusually severe weather.

For the purposes of this section, a “month” shall mean a calendar month and a “week” shall mean a calendar week of Sunday through Saturday.

1.2 Intent and Interpretation of the Documents

A. The Contract Documents constitute the entire and integrated agreement between the parties hereto and supersede all prior negotiations, representations, or agreements, either written or oral.

- B. The Contract Documents shall not be construed to create a contractual relationship between any parties other than the City and the Contractor. No contract between the City and a third party shall be construed to create any duty on the part of the City or such third party to the Contractor. The Contractor is not an intended or incidental beneficiary of any promises made in the City's contract with a third party, if any.
- C. The Contract Documents are intended to be complementary. What is required by one part of the Contract shall be as binding as if required by all. Should any conflict or inconsistency be found in the Contract Documents, the City shall resolve any such conflict or inconsistency in accordance with the *Order of Precedence* Section herein.
- D. Where the words "similar," "typical" (or their equivalents) are used in the Contract, they shall mean nearly corresponding to, or having a substantial likeness to. Such words shall not be construed to mean that all parts of the Work referred to are identical or substantially identical, or that such elements of the Work are connected identically or substantially identically to the rest of the Work. The Contractor has the responsibility to determine all details of the Work in relation to their location and connection to other parts of the Work.
- E. The organization of the specifications into divisions, provisions and articles and the organization of the drawings shall not control the Contractor in dividing the Work among Subcontractor and/or Suppliers or in establishing the extent of Work to be performed by any trade. Contractor is responsible for establishing the manner, means, methods, and mode of performance of the Contract Work.

1.3 Order of Precedence

- A. Any conflict or inconsistency between the terms or conditions of the Contract Document shall be resolved by the following descending order of precedence (with 1 taking precedence over 2, 3, 4, 5, 6 and 7; 2 taking precedence over 3, 4, 5, 6 and 7; and so forth):
 - 1. Change Orders;
 - 2. The signed Agreement Form (Section 00500);
 - 3. The General Terms and Conditions (Section 00700);
 - 4. The project-specific Technical Provisions as modified by Addenda or Change Orders;
 - 5. Plans, as modified by Addenda or Change Orders;
 - 6. All other sections in Division 0 not specifically identified herein by Section;
 - 7. Affidavits, Certifications and bonds;
 - 8. Appendices; and
 - 9. Those portion of the "Standard Specifications" specifically incorporated in the Technical Provisions.
- B. IN THE EVENT THERE EXISTS A CONFLICT, INCONSISTENCY, OR AMBIGUITY WITHIN THE TERMS OR CONDITIONS OF ONE OF THE CONTRACT DOCUMENT CATEGORIES SET FORTH ABOVE, THE MORE STRINGENT REQUIREMENTS, AS DETERMINED BY THE CITY, SHALL BE DEEMED TO HAVE BEEN INTENDED AND TO HAVE BEEN INCLUDED IN THE ORIGINAL CONTRACT PRICE.

1.4 Clarification of Drawings and Detail Drawings

- A. Where on any Drawing a portion of the Work is drawn out and the remainder is indicated in outline, the drawn out parts shall apply also to other similar portions of the Work. Where ornament or other detail is indicated by starting only, such detail shall be continued throughout the courses or parts in which it occurs and shall apply to all other similar parts of the Work, unless otherwise indicated.

- B. With regard to Drawings the following shall apply:
1. Drawing may not be to scale and written dimensions shall be followed;
 2. Figure dimensions on drawings shall govern over scale dimensions and detail drawings shall govern over general drawings.

1.5 Local Requirements

- A. Local jurisdiction requirements shall apply to all work. The following jurisdictions should be contacted when work falls within the jurisdiction:
1. City of Snoqualmie; and/or
 2. King County

SECTION 2: CITY

2.0 Authority

- A. Unless the City, in writing, indicates otherwise, the authority to (1) commit to or bind the City to any Change Orders or Change in Contract Work, Contract Price and/or Contract Time; or (2) sign the Contract or Change Orders rests solely on the City's Mayor or its designee.
- B. The City shall identify the Project Representative for the Contract in writing prior to or concurrent with the City's issuance of the Notice to Proceed.
- C. The Project Representative is the City's point of contact for the Contractor.
- D. The Project Representative shall be responsible for ensuring strict compliance with the terms of the Contract and safeguarding the interest of the City in its contractual relationships. The Project Representative shall have the authority to administer the Contract. Administration of the contract by the Project Representative includes but is not limited to:
1. Receiving all correspondence and information from the Contractor;
 2. Issuing Field Directives;
 3. Issuing Request for Change Proposals;
 4. Responding to Requests For Information;
 5. Reviewing the schedule of values, project schedules, submittals, testing and inspection reports, substitution requests, and other documentation submitted by the Contractor;
 6. Negotiating Change Proposals and Change Orders;
 7. Recommending Change Orders for approval by the Mayor or its designee;
 8. Issuing decisions with respect to Requests for Change Orders and Claims;
 9. Processing payment requests submitted by the Contractor, and recommending payment;
 10. Monitoring the quality of the work, rejecting noncompliant work, and recommending acceptance of the work;
 11. Transmitting executed Change Orders, Amendments, and other Contract correspondence to the Contractor; and
 12. Performing all other contract administrative functions.
- E. All correspondence, questions, and/or documentation regarding the Contract or the Project shall be submitted to the Project Representative.
- F. The Project Representative may designate Technical Representatives to perform functions under the Contract, such as review and/or inspection and acceptance of supplies, services, including construction, and other functions of a technical or administrative nature.

1. The Project Representative will provide a written notice of such designation to the Contractor. The designation letter will set forth the authority of the Technical Representatives under the Contract.
2. The Project Representative may add to or modify in writing these designations from time to time.
3. The Project Representative cannot grant a Technical Representative greater authority than the authority of the Project Representative.

2.1 Information Supplied by City

- A. Unless otherwise specifically provided in the Contract, surveys and site information provided by the City are intended to describe the general physical characteristics of the Site for the information of all bidders. The City does not represent that this information is complete or sufficient for the Contractor's performance of the Work.
- B. The City shall furnish to the Contractor five copies of the Contract Documents (including half-size copies of the Plans), one full-size set of Plans, and one copy of any permits obtained by the City. The Contractor shall pay the City for any additional copies of Contract Documents.
- C. The Contractor shall keep at least one set of Contract Documents at the Site at all times for record notes and review by the City.
- D. All Drawings and Specifications furnished by the City are solely for use on this Contract and are not to be used by the Contractor on any other work.

2.2 Work by City or Separate Contractors

The City reserves the right to perform work not included in the Contract or to let other contracts in connection with this Project.

SECTION 3: CONTRACTOR

3.0 Contractor Representations

The Contractor makes the following representations to the City:

- A. Before submission of its bid, the Contractor has:
 1. Carefully reviewed the Contract Documents, and visited and examined the Site.
 2. Become familiar with the general and local conditions in which the Work is to be performed, and satisfied itself as to the nature, location, character, quality and quantity of Contract Work, the labor, materials, equipment, goods, supplies, work, services and other items to be furnished and all other requirements of the Contract Documents, as well as the surface and subsurface conditions and other matters that may be encountered at the Site or affect performance of the Contract Work or the cost or difficulty thereof; and
 3. Become familiar with and satisfied itself as to the conditions bearing upon transportation, disposal, handling, and storage of materials; and
 4. Become familiar with and satisfied itself as to the availability of labor, water, electric power, and roads; and the uncertainties of traffic, weather, or similar physical conditions at the site.
- B. Any failure of the Contractor to take the action described in this provision or elsewhere in the Contract Documents will not relieve the Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the Work, or for proceeding to successfully perform the Work without additional expense to the City.

- C. The Contract Price is reasonable compensation for the Work and the Contract Time is adequate for the performance of the Work as represented by the Contract, site visit, and the general conditions (including but not limited to weather, site, soil) known or reasonably anticipated for the Site; and
- D. The Contractor is financially solvent, able to pay its debts as they mature, and possesses sufficient working capital to complete the Work and perform the Contractor's obligations required by the Contract; and
- E. The Contractor is able to furnish plant, tools, material, supplies, equipment, and labor required to complete the Work and perform the obligations required by the Contract and has sufficient experience and competence to do so; and
- F. The Contractor shall perform at the Site, and with its own forces, work equivalent to at least fifty percent (50%) of the Contract Price.

3.1 General Duties

- A. The Contractor shall give sufficient supervision to the Work, using its best skill and attention. The Contractor is hereby given notice that the City will be relying on the accuracy, competence and completeness of the Contractor's work. The Contractor shall supervise and be solely responsible for the proper performance of the Work in accordance with the Contract, including the construction means, methods, techniques, sequences, procedures, and for coordination of all portions of the Work.
- B. Unless specified elsewhere in the Contract, the Contractor shall provide and pay for all labor, materials, equipment, tools, construction machinery, utilities, transportation, and other facilities and services (including federal and state tax, industrial insurance, social security liability and all other applicable taxes) necessary for the proper execution and completion of the Work.
- C. The Contractor shall also provide sufficient staffing and supervision to process Requests for Information, Change Proposals, Submittals, Change Orders, close out documentation, and to perform all other requirements of the Contract and all Work.
- D. The Contractor shall lay out its Work from baselines and benchmarks indicated in the Contract and shall be responsible for the accuracy of all field measurements used in the layout.

3.2 Duty to Inspect Contract Documents

- A. The Contractor shall carefully study and compare all Contract Documents and verify the conditions, dimensions, and instructions as stated therein.
- B. The Contractor shall immediately notify the City in writing of any:
 - 1. Error, inconsistency, or omission in the Contract Documents that a reasonable contractor knew or through the exercise of reasonable diligence should have discovered under the same and similar circumstances.
 - 2. Requirement in the Contract Documents that conflicts with any local, state and federal laws, regulations and/or permits, licenses and easement conditions that a reasonable contractor knew or through the exercise of reasonable diligence, should have discovered under the same and similar circumstances.
- C. The Contractor should not proceed with the Work in question until the Contractor receives written direction from the Project Representative.
- D. If the Contractor proceeds with the Work in question without written direction from the Project Representative, the Contractor shall be responsible for any costs or damages associated with:
 - 1. Fines or penalties;

2. Demolition, tear out, removal, cleanup, remediation, or fixing the work in question; and
 3. Delay, disruption, and loss of productivity.
- E. The Contractor's failure to timely discover and immediately report such errors, inconsistency, or omissions and conflicts in regulatory requirements, permits, license or easements to the City shall preclude the Contractor's recovery of costs and time resulting from the Contractor failure to timely discover and/or immediately notify the City of such errors, inconsistency, or omissions.

3.3 Communications

- A. Communication with the Contractor shall be through the Contractor's Representative.
- B. The Contractor shall notify the City immediately if the Contractor's Representative is changed and identify the name of the new Contractor's Representative and effective date of the change.

3.4 Contractor's Supervision and Employees

- A. The Contractor has an obligation to provide qualified and competent people in sufficient number to administer the Contract and perform all the Work necessary to complete the Project as provided for in the Contract.
- B. During performance of the Work the Contractor shall have qualified full-time supervisory personnel on-site and available to administer, manage and coordinate the Work. The City shall not be responsible for the acts or omissions of the supervisory personnel or their assistants.
- C. The Contractor shall provide the identities of all supervisory personnel to the City prior to commencement of the Work. The Contractor shall not change supervisory personnel except with the written notice to and approval by the City. The Contractor shall provide the City with written notice of any replaced supervisors.
- D. If this Contract was awarded pursuant to a bid invitation that required Contractor to comply with Bidder Responsibility Criteria, Contractor may not alter or modify the Contractor's personnel or other resources or equipment listed by Contractor to comply with such criteria at the time of bid, unless the City expressly consent in advance in writing.
- E. If the Contract was awarded to Contractor after a prequalification, best value proposal or other similar procurement wherein Contractor represented that specific key personnel (i.e., Project Manager and/or General Superintendent) would be used to carry out the Work or fulfill any Contract responsibilities, Contractor's failure to use such key personnel after award of the Contract shall constitute a breach of Contract entitling Contracting Agency at its option to any and all remedies, including but not limited to specific performance, revocation of the Contract Award, refusal to authorize Notice to Proceed, suspension of Work for such time period as is necessary for Contractor to comply with the Contract by mobilizing the specific individuals, and/or termination of the Contract
- F. The Contractor shall at all times enforce good order among all persons furnishing labor or materials on-site and shall only employ workers skilled in the work assigned. If requested by the Project Representative, Contractor shall provide the Project Representative with copies of licenses, registrations, and certifications.
1. The City shall have the right to require the Contractor to remove personnel from the Site that, in the City's sole opinion, do not have the appropriate qualifications and/or experience to meet or uphold the requirements of the Contract. The City shall also have the right to order the Contractor to replace personnel who demonstrate unprofessional behavior.

2. Failure by the City to require removal of any Contractor personnel shall not be deemed an admission that any such personnel are satisfactory, nor shall such failure relieve the Contractor from any obligation or responsibility under the Contract.

3.5 Contractor's Duty When City Performs Work On-Site

- A. The Contractor shall coordinate its Work with the City and other City contractors and, at the City's request, participate in meetings for the purpose of coordinating the Contractor's construction schedule with those of other contractors at no additional cost to the City. To the extent a direct conflict exists with regard to access to the Site, if the contractors cannot work out a resolution that has no impact on Contract Price, Contract Time, and any milestones in the Contract Documents, the Project Representative shall issue written direction to resolve the conflict.
- B. The Contractor shall not cut, excavate, alter, impair, or otherwise engage in work activity that inhibits the work of any other contractors without the prior written consent of the City.
- C. If any part of the Contractor's Work depends, for proper execution or results, upon the prior work of the City or any other contractor, the Contractor shall, before performing the affected Work, inspect and give prompt notice of any apparent discrepancies or defects in the prior work that renders it unsuitable for the reception of Contractor's Work. Contractor's failure to so inspect and/or to give such prompt notice to the City shall constitute an acceptance of the prior work as fit for the reception of its work.

3.6 Materials and Equipment Furnished by City

- A. Unless otherwise specifically provided in the Contract Documents, if the Contract requires that the Contractor install materials and equipment provided by the City, in the absence of a reasonably apparent defect, such materials and equipment shall be considered compliant with the Contract Documents.
 1. If the Contractor discovers defects in the City-furnished material or equipment the Contractor shall immediately notify the City in writing.
 2. After such discovery, the Contractor shall not proceed with Work involving such City materials and equipment unless otherwise authorized in writing by the City.
 3. Contractor's failure to provide immediate written Notice of any defects in material or equipment shall constitute acceptance of such materials and equipment as fit for incorporation into the Work.
 4. Contractor shall be responsible for any damages or delays resulting from Contractor's failure to provide timely written Notice or Contractor's improper incorporation of such defective materials or equipment into the Work.
- B. Unless otherwise specifically provided in the Contract Documents, materials and equipment furnished by the City, which are not of local origin, are considered to be Free On Board "FOB" to the point of destination which is the railroad, truck or port terminal nearest to the Site.
 1. The City shall inspect the equipment at the point of destination and notify the Contractor that the City-furnished material and equipment is available for immediate receipt, possession, and inspection at the point of destination.
 2. Upon such notice, the Contractor shall, within seven (7) days, inspect such City-furnished material and equipment at point of destination and provide immediate written Notice of rejection of said material and equipment if it is defective or does not meet the requirements of the Contract.

- a. The Contractor shall identify the causes for its rejection, including but not limited to the specific defect or nonconformance with the Contract.
- b. Failure to provide such written rejection shall result in a presumption that the Contractor accepts the City-furnished material and equipment, except as to defects not then reasonably discovered.
- c. After receipt by the Contractor at the point of destination all risk of loss and damage to such materials and equipment shall be borne by the Contractor. The Contractor shall promptly unload, transport, store and/or protect such material and equipment from damage.

3.7 Subcontractor and Suppliers

A. This Contract is between the City and the Contractor.

1. The Contractor's subcontracting shall create no contract between the City and the Subcontractor and Suppliers. Subcontractors and Suppliers are not intended or incidental third party beneficiaries to the Contract. The Subcontractor and Suppliers shall have no rights against the City by reason of any subcontract or other agreement with the Contractor.
2. The Contractor will be responsible for performing all Work as required by the Contract. The Contract has not been written with the intent of, and City shall not be a party to, defining the division of work between the Contractor and its Subcontractors and Suppliers.
3. The Contractor shall be responsible for all Work and material furnished, and no subcontract shall in any case release the Contractor of its obligations or liability under this Contract and the Performance and Payment Bond.

B. Selection of Subcontractors and Suppliers

1. Subcontractors and Suppliers shall be properly licensed, registered or certified, as applicable, and capable to perform the assigned work.
2. If requested by the City, the Contractor shall provide documentation that the proposed Subcontractors and Suppliers are sufficiently qualified, experienced and equipped to do the Work.
3. The Contractor shall require each Subcontractor and Supplier to comply with all provisions of this Contract. At the request of Subcontractors or Suppliers, Contractor shall make available for copying all Contract Documents.
4. If this Contract was awarded pursuant to a bid invitation that required Contractor to comply with Bidder Responsibility Criteria, Contractor may not alter or modify the Subcontractors, Suppliers or key personnel listed by Contractor to comply with such criteria at the time of bid, unless the City expressly consent in advance in writing.

C. Responsibility for Work of Subcontractors and Suppliers. The Contractor shall be responsible for the acts and omissions of Subcontractors and Suppliers. The Contractor shall also be responsible for the suitability of any materials, components, equipment or supplies furnished by a Subcontractor and/or Supplier irrespective of whether such were designated or approved by the City.

D. Removal of Subcontractor and Suppliers. If dissatisfied with any part of the subcontracted Work or a Subcontractor's or Suppliers' performance of the Work and/or materials supplies on the Project, the City may request in writing that the Subcontractor be removed and/or Supplier be replaced. The Contractor shall comply with this request at once, and shall not, for the

duration of this Contract, either (1) employ the removed Subcontractor for any further work, or (2) purchase any more materials from the rejected Supplier.

- E. Substitution of Subcontractor or Supplier. Contractor shall not substitute any Subcontractor or Supplier without the City's prior written consent.

3.8 Schedule of Working Hours, Overtime, and Shift Work

- A. As specified in the Contract, the Contractor shall submit a schedule of working hours, including overtime and shift work, to the City for acceptance. This schedule shall comply with RCW 49.28 and all other Contract requirements.
- B. The schedule of working hours accepted by the City shall be the only schedule used by the Contractor during performance of Work in the Contract, unless approved in writing signed by the City.
- C. The Contractor shall provide 48 hours advance written Notice of any intent to work outside of regular working hours as defined in the Contract Documents or on Sundays or holidays as defined by the State of Washington. Any Work performed after regular working hours or on Sundays or holidays, shall be performed without additional expense to the City, except as otherwise provided in the Contract Documents.
- D. Work hours shall comply with the requirements of the local agency with jurisdiction and the permits for the project.
- E. Regular working hours included in the schedule of working hours submitted by the Contractor to the City shall fall within the days Monday through Friday and the hours 7:30 a.m. to 6 p.m.
- F. Any work that requires the Owner to be onsite must be completed by the Contractor before 3:30 pm each working day unless otherwise agreed upon with the Owner.

3.9 Record Documents

- A. The Contractor shall keep a copy of the Contract Documents on the Site.
- B. The Contractor shall further keep at the Site an accurate, readable, and orderly record set of drawings and specifications, updated as the job progresses to show all approved changes, options, alternates, and all actual deviations from the original Contract Documents. This set of drawings and specifications shall be the Record Documents.
 - 1. The Record Documents shall be maintained in hard copy and at the City's option, in electronic format meeting the City's requirements. The technical specifications shall state the electronic format.
 - 2. In addition to all approved changes, options, alternates, and all actual deviations from the original Contract Documents, the Record Documents shall be marked as follows:
 - a. Record all materials used where options, alternates and/or change orders were indicated, specified and/or authorized;
 - b. Accurate measurements referenced to two permanent structures shall be recorded to show the exact location and changes in direction of all underground services and utilities, as well as their approximate depth below finished grade;
 - c. Update the Record Documents with information about each item of capital equipment or other fixed asset installed, including type of equipment, make, model, serial number, and acquisition cost;
 - d. Update the Record Documents identifying each item of capital equipment or other fixed asset removed from the Project, including type of equipment or fixed asset,

make, model, serial number and description of location from which it was removed;
and

- e. Record all other requirements as specified in the Technical Specifications.
- C. The Record Documents shall be kept up-to-date and be available for review by the City at all times, including but not limited to at each job progress meeting. Failure to have the record set up-to-date shall be sufficient reason for the City to withhold payment in accordance with Section 7.2, *Payments Withheld*, until all such information is recorded.
- D. Record Documents may be used to assist the City to verify the appropriate progress payment.

3.10 Cost Records

- A. The Contractor and Subcontractors and Suppliers shall maintain Project cost records by cost codes and shall segregate and separately record at the time incurred all costs (1) directly associated with each work activity and (2) directly or indirectly caused by any event or condition for which the Contractor seeks an adjustment in the Contract Price, Contract Time, and/or damages.
 - 1. Any costs claimed to be caused by any such event or condition, including, but not limited to, delay and impact costs, acceleration costs, loss of productivity or efficiency, and increased or extended overhead, shall be recorded at the time incurred and be fairly and accurately allocated by cause to each such event or condition and to other causes of such costs.
 - 2. The City shall be provided with a detailed description of all such costs and the basis of allocation. The Contractor, Subcontractors, and Suppliers shall maintain a monthly summary of all costs and shall make all underlying cost records and monthly summary of costs available for review, inspection, and copying by the City upon request.
 - 3. Any work performed for which the Contractor intends to seek an adjustment in Contract Price and/or Contract Time shall be recorded on the same day the work is performed and kept separate so as to distinguish it from Contract Work.
- B. In addition to the requirements set forth in Section 5, *Changes to the Contract*, and 6, *Time and Price Adjustments*, the Contractor shall not be entitled to a Change Order, an adjustment to the Contract Price, a Claim or any other extra compensation for an event or condition and/or the recovery of damages if cost records specified herein are not kept in full compliance with all Contract requirements.

3.11 Maintenance and Inspections of Documents

- A. All Contractor's, Subcontractor's, and Supplier's documents and records (physical and electronic) relating to the Contract shall be open to inspection, audit, and/or copying by the City or its designee regardless of the existence of a Claim or Request for Change Order:
 - 1. During the Contract Time; and
 - 2. For a period of not less than six years after the date of Final Acceptance of the Contract ("Preservation Period"); or if any Claim, audit or litigation arising out of, in connection with, or related to this Contract is initiated, all documents shall be retained until such Claim, audit or litigation is resolved or completed, whichever occurs later.
- B. The Contractor shall also guarantee that all Subcontractors and Suppliers documents shall be retained and made available for similar inspection, audit and/or copying during the Contract Time and the Preservation Period or longer as may be provided in Section 3.11A.

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- C. The City or its designee may exercise its right to perform inspection, audit, and/or copying of all records or documents described herein at any time with not less than five (5) days written Notice, provided however, if an audit or inspection is to be commenced more than sixty (60) days after the Final Acceptance date of the Contract, the Contractor will be given twenty (20) days Notice of the time when the audit or inspection is to begin.
- D. The Contractor, Subcontractors, and Suppliers shall provide adequate facilities, acceptable to the City, for inspection, auditing, and/or copying during normal business hours.
- E. If the Contractor is formally dissolved, becomes insolvent, is acquired or sells substantially all of its assets or assigns or otherwise divests itself of its legal capacity under this Contract, then it shall immediately notify the City in writing and preserve all records and documents, at its expense, as directed by the City.
- F. The Contractor, Subcontractors and Suppliers shall be subject to audit, inspection and/or copying as provided herein at any time with respect to this Contract up to the maximum period allowed under Section 3.11A. Failure to maintain and retain records and documents and required herein or failure to allow the City to verify all costs or damages or failure to permit the City access to the books and records of the Contractor, Subcontractors and Suppliers shall constitute a waiver of the rights of the Contractor, Subcontractors, and Suppliers to Claim or be compensated for any damages, additional time or money under this Contract.
- G. At a minimum, the following documents, including the machine readable electronic versions, shall be available for inspection, audits, and/or copying by the City or the Project Representative:
 - 1. Daily time sheets and all daily reports, Supervisor's reports, and inspection reports;
 - 2. Collective bargaining agreements;
 - 3. Insurance, welfare, and benefits records;
 - 4. Payroll registers;
 - 5. Earnings records;
 - 6. All tax forms, including payroll taxes;
 - 7. Material invoices and requisitions;
 - 8. Material cost distribution worksheets;
 - 9. Equipment records (list of Contractor's, Subcontractors', and Suppliers' equipment, rates, etc.);
 - 10. Contracts, purchase orders and agreements between the Contractor and each Subcontractor and Supplier;
 - 11. Subcontractors' and Suppliers' payment certificates;
 - 12. Correspondence, including email, with Subcontractors and/or Suppliers;
 - 13. All meeting notes by and between Contractor, Subcontractors, Suppliers and/or any third parties related to the Project;
 - 14. Canceled checks (payroll and vendors);
 - 15. Job cost reports, including monthly totals;
 - 16. Job payroll ledger;
 - 17. Certified payrolls;
 - 18. General ledger;
 - 19. Cash disbursements journal;

20. Escrow bid documents, take off sheets, and calculations used to prepare the bid and/or quotes;
21. Take off sheets, calculations, quotes, other financial data to support change proposals, request for change order and/or claims;
22. Financial statements for all years during the Contract Time. In addition, the City may require, if it deems appropriate, additional financial statements for 3 years preceding execution of the Contract and 6 years following Final Acceptance of the Contract;
23. Depreciation records on all Contractor's, Subcontractor's, and Supplier's equipment, whether these records are maintained by the Contractor, Subcontractors, and Suppliers involved, its accountant, or others;
24. If a source other than depreciation records is used to develop costs for the Contractor's internal purposes in establishing the Actual Cost of owning and operating equipment, all such other source documents;
25. All documents which relate to each and every Claim together with all documents which support the amount of damages as to each Claim;
26. Worksheets or software used to prepare the Claim establishing the cost components for items of the Claim including but not limited to labor, benefits and insurance, materials, equipment, Subcontractors, Suppliers, all documents which establish time periods, individuals involved, the hours for the individuals, and the rates for the individuals;
27. Worksheets, software, and all other documents used (a) by the Contractor to prepare its bid and schedule(s) and/or (b) to prepare quotes and bids to the Contractor;
28. All schedule documents, including electronic versions, planned resource codes, or schedules and summaries;
29. All submittals; and,
30. All other documents, including email, related to the Project, Claims, or Change Orders.

The Contractor shall mark any documentation it considers proprietary or confidential accordingly. Such information will be treated as such by the City; however, the City cannot insure that this information will not be subject to release pursuant to a public disclosure request, court order or subpoena from a third party. In the event the City receives a request for such information, the City will immediately advise the Contractor and will not release requested information for a period of not less than ten days in order to give the Contractor an opportunity to obtain a court order prohibiting the release of the information in response to the public disclosure request, court order or third-party subpoena.

3.12 Maintenance and Site Cleanup

- A. The Contractor shall at all times keep the Site, access points, and public rights-of-way free from accumulation of dirt, mud, waste materials or rubbish caused by the Contractor or Subcontractors. At the completion of the Contract Work, the Contractor shall remove and lawfully dispose of all its dirt, mud, waste materials, rubbish, tools, scaffolding and surplus or partly used materials from the Site and shall leave the Site broom clean unless a different standard is specified in the Contract.
- B. The Contractor shall obey all applicable laws and regulations relating to the storage, use, and disposal of Hazardous Materials. The Contractor shall promptly notify the City of all spills or releases of Hazardous Materials on or near the Project Site regardless of the cause, and, if the spill or release was caused by the Contractor, Subcontractors, Suppliers or other person for whom the Contractor is responsible, the Contractor will pay the cost to promptly clean up all such spills or releases and any associated fines or penalties. The Contractor shall maintain

documentation of the clean up and disposal of all spills or releases of Hazardous Materials on or near the Project Site.

- C. In case of a dispute over clean up, the City may, after written notice to the Contractor, sweep surfaces or remove the dirt, mud, waste materials, rubbish, or hazardous materials and charge all costs of such work to the Contractor. The City may charge the Contractor or deduct such costs from payments otherwise due the Contractor pending a resolution of the dispute or exercise its rights under the Performance and Payment Bond. In the event there are insufficient funds remaining, excluding retention, the Contractor shall pay the City for the costs associated with maintenance and site cleaning.

3.13 Protection of Existing Structures, Equipment, Vegetation, Utilities, and Improvements

- A. Contractor shall protect from damage all existing structures, equipment, improvements, utilities, trees, and vegetation not shown in the Contract Documents to be removed or modified at or near the Site. Contractor shall repair, at no cost to the City, any such damage resulting from failure to comply with the requirements of the Contract or failure to exercise reasonable care in performing the Work. If Contractor fails or refuses to repair the damage promptly, City may have the necessary work performed and deduct or charge the cost to Contractor or exercises its rights under the Performance and Payment Bond. In the event there are insufficient funds remaining, excluding retention, the Contractor shall pay the City for the costs associated with protection and repairing the damages.
- B. For the various phases of construction of this Project, Contractor shall protect from damage all existing structures, equipment, improvements, utilities, trees, and vegetation not shown in the Contract Documents or the approved project schedule to be removed or modified at or near the Site during that phase of work. Contractor shall repair, at no cost to the City, any such damage resulting from failure to comply with the requirements of the Contract or failure to exercise reasonable care in performing the Work. If Contractor fails or refuses to repair the damage promptly, City may have the necessary work performed and deduct or charge the cost to Contractor or exercise its rights under the Performance and Payment Bond. In the event there are insufficient funds remaining, excluding retention, the Contractor shall pay the City for the costs associated with protection and repairing the damages.

3.14 Permits, Laws and Regulations

- A. Except those permits, easements, licenses, and variances specified in the Contract as having been previously obtained by the City, all permits, easements, licenses and variances necessary for the execution of the Work shall be secured and paid for by the Contractor. The Contractor shall identify and apply for such permits, easements, licenses and variances at the earliest possible time so as to avoid any delay to the Contract Work arising from the approval, permitting and/or licensing process. No actions taken by the City to aid the Contractor in securing any permit, easement, license or variance shall relieve the Contractor of any obligations to timely secure any such permit, easement, license or variance.
- B. The Contractor shall also maintain all stamped permit sets of documents at the Site during construction, in good condition and as required by local ordinances.
- C. The Contractor shall perform all work hereunder in full compliance with local, state and federal laws, ordinances, resolutions and regulations, and with permit, license, easement, and variance conditions pertaining to the conduct of the Work. The Contractor shall defend, indemnify, and hold the City harmless from any assessment of fines, penalties, or damages arising from violations of the same by the Contractor or Subcontractor or Suppliers. The Contractor shall pay and provide proof of payment for any assessments of fines, penalties or damages. The

Contractor shall cooperate with all governmental entities regarding inspection of the Work and compliance with such requirements.

- D. If the Contractor discovers that the Drawings, Specifications or other portions of the Contract Documents are in conflict with any local, state, and federal laws, City resolutions, regulations and/or permit, license, and easement conditions, the Contractor shall promptly notify the City in writing of such conflict and await resolution of the conflict. If the Contractor proceeds with the work in question without resolution from the City, the Contractor shall be solely liable for any costs, fines, penalties or damages that accrue, including the costs for remedial work required to meet the law or condition.
- E. The Contractor is required to pay all applicable taxes. No adjustment will be made in the amount to be paid by the City under the Contract because of any change in law or regulations covering any applicable taxes, or because of any misunderstanding by the Contractor as to its liability for or the calculation of the amount of any taxes.

3.15 Patents and Royalties

- A. The costs or fees relating to royalties or claims for any patented invention, article, process or method that may be used upon or in a manner connected with the Work under this Contract or with the use of completed Work by the City shall be paid by the Contractor. The Contractor and its sureties shall protect and hold the City, and its officers, agents and employees, harmless against any and all demands made for such fees or claims brought or made by or on behalf of the holder of any invention or patent. Before final payment is made on the account of this Contract, the Contractor shall, if requested by the City, furnish acceptable proof of a proper release from all such fees or claims.
- B. Should the Contractor, its agent, representatives or employees, or any of them, be enjoined from furnishing or using any invention, article, material or appliances supplied or required to be supplied or used under the Contract, the Contractor shall promptly notify the City of the Contractor's intent to substitute other articles, materials or appliances in lieu thereof which are of equal efficiency, quality, finish, suitability, and market value, and satisfactory in all respects to the City. In the event the City elects, in lieu of such substitution, to have supplied and to retain and use any such invention, article, material or appliances as may be required to be supplied by the Contract, the Contractor shall pay all royalties and secure such valid licenses as may be requisite and necessary for the City, its officers, agents, representatives and employees, or any of them to use such invention, article, material or appliance without being disturbed or in any way interfered with by any proceeding in law or equity on account thereof. Should the Contractor neglect or refuse to make the substitution promptly or to pay such royalties and secure such licenses as may be necessary, then in that event the City shall have the right to make such substitution or the City may pay such royalties and secure such licenses and charge the Contractor, even though final payment under the Contract may have been made.

3.16 Contractor's Certification

- A. Conflict of Interest. The Contractor certifies (and shall require each Subcontractor to certify) that it has no direct or indirect pecuniary or proprietary interest, and that it shall not acquire any such interest, which conflicts in any manner or degree with the work, services or materials required to be performed and/or provided under this Contract and that it shall not employ any person or agent having any such interest. In the event that the Contractor or its agents, employees or representatives acquires such a conflict of interest, the Contractor shall immediately disclose such interest to the City and take action immediately to eliminate the conflict.

- B. Contingent Fees and Gratuities. The Contractor, by entering into this Contract with the City to perform or provide work, services or materials, has thereby covenanted:
1. That no person or selling agency, except bona fide employees or designated agents or representatives of the Contractor, has been or will be employed or retained to solicit or secure this Contract with an agreement or understanding that a commission, percentage, brokerage, or contingent fee may be paid; and,
 2. That no gratuities, in the form of entertainment, gifts or otherwise, have been or will be offered or given by the Contractor or any of its agents, employees or representatives, to any employee, agent or representative of the City or other governmental agency with a view toward securing this Contract or securing favorable treatment with respect to the awarding or amending thereof, or the making of any determination with respect to the performance of this Contract. The Contractor certifies that it has not made any contributions to any person or entity as a condition of doing business with the City and it has disclosed to the City all attempts by any person to solicit such payments.

3.17 Deviation from Contract

- A. The Contractor shall not make an alteration, variation, addition, deviation, or omission from the requirements of the Contract without the prior written consent of the Project Representative.
- B. Any such alteration, variation, addition, deviation, or omission by the Contractor shall not result in any extra compensation or extension of any Contract Milestone or Contract Time.
- C. The City shall have the right to treat any such alteration, variation, addition, deviation, or omission from the requirements of the Contract as a contract breach if prior written consent is not obtained from the Project Representative, which may be justification for the City to withhold payment, stop work, or terminate the Contract for default.

3.18 Operations, Material Handling, and Storage Areas

- A. Operating Area. Contractor shall confine all operations, including storage of materials on the Site, to City-approved areas.
- B. Temporary Buildings and Utilities. Temporary buildings (including storage sheds, shops, offices) and utilities may be erected by Contractor on the Site only with the consent of the City and without expense to the City. The temporary buildings and utilities shall remain the property of Contractor and shall be removed by the Contractor at its expense upon completion of the Work
- C. Use of Roadways. The Contractor shall use only established roadways or temporary roadways authorized by the City. When materials are transported during performance of the Work, vehicles shall not be loaded beyond the loading capacity of the roadway or the vehicle and in no circumstances shall vehicles be loaded beyond the loading capacity recommended by the manufacturer of the vehicle or prescribed by federal, state, or local law or regulation.
- D. Disposal/Removal of Materials. The Contractor shall be responsible for compliance with all laws governing the storage and ultimate disposal of all such materials and components. The Contractor shall provide the City with a copy of all manifests and receipts evidencing proper disposal when required by the City or applicable law.
- E. Protection and Care of Contractor's Materials and Equipment. The Contractor shall be responsible for the proper care and protection of its materials and equipment delivered to the Site. Materials and equipment may be stored on the Site at the Contractor's own risk and with prior written approval from the City. When the Contractor uses any portion of the Site as a shop, the Contractor shall be responsible for any repairs, patching, or cleaning arising from

such use and for obtaining any necessary permits to establish such shop or temporary storage facilities.

3.19 Contractor's Overall Responsibility for Protection of Work, Property, and Persons

- A. The Contractor shall be solely and completely responsible for conditions of the Site, including safety of all persons and property, during performance of the Work. The Contractor shall maintain the Site and perform the Work in a manner which meets all statutory and common law requirements or other specific contractual requirements for the provision of a safe place to work and which adequately protects the safety of all persons and property on or near the Site. This obligation shall apply continuously and shall not be limited to normal working hours. The City's inspection of the Work or presence at the Site does not and shall not be construed to include review of the adequacy of the Contractor's safety measures in, on or near the site of the Work.
- B. The Contractor shall be responsible for initiating, maintaining and supervising all safety precautions and programs, including adequate safety training, in connection with the Work. The Contractor shall comply with all applicable laws, ordinances, rules, regulations and orders of any public authority bearing on the safety of persons or property or their protection from damage, injury or loss. The Contractor shall be responsible for responding to any request for information from any government agency charged with enforcing safety regulations. The Contractor shall immediately inform the City of the receipt of any such request for information and the Contractor shall keep the City informed of the efforts it is undertaking to respond to the request.
- C. Unless otherwise required in the Contract Documents, the Contractor shall protect and be responsible for any damage or loss to the Work, or to the materials and equipment associated with the Work until the date of Substantial Completion. The Contractor remains responsible for any damage or loss caused directly or indirectly by the acts or omissions of the Contractor, Subcontractors, Suppliers or third parties authorized or allowed on the Site by the Contractor until Final Acceptance.
- D. The Contractor shall also be solely and completely responsible for damages arising from the work that affects property adjacent to the Site.
- E. The Contractor shall repair or replace without cost to the City any damage or loss that may occur, except damages or loss caused by the act or omissions of the City.
- F. The Contractor shall erect and maintain adequate signs, fencing, barricades, lights or security measures and persons to protect the Work until Project Representative authorizes in writing the removal of signs, fencing, barricades, lights or security measures.

3.20 Protection of Persons

- A. The Contractor shall take all reasonable precautions for the safety of all employees working on this Contract and all other persons who may be affected by such Work. The Contractor shall designate a responsible member of its organization at the Site whose duty shall be to manage and coordinate the safety programs and to prevent accidents of the Contractor and Subcontractor and Suppliers.
- B. Except as otherwise stated in the Contract, if the Contractor encounters on the Site material reasonably believed to be Hazardous Material including but not limited to asbestos, lead, or polychlorinated biphenyl (PCB), that Contractor shall immediately stop work in the area affected and give notice of the condition to the City. Work in the affected area shall not be resumed without written direction by the City.

- C. The Contractor shall maintain in a reasonable number of conspicuous and accessible places at the Site all materials necessary for giving first aid to the injured. The Contractor shall establish, publish and make known to all employees procedures for ensuring immediate removal to a hospital or a doctor's care, of persons who may have been injured on the Site. Employees shall not be permitted to work on the Site before the Contractor has: (1) provided all materials necessary for giving first aid at the Site; and, (2) established and made known procedures for removal of injured persons to a hospital or doctor's care. The Contractor shall ensure that at least one of its employees on site has adequate training in first aid.
- D. In order to protect the lives and health of persons performing work under this Contract, the Contractor shall comply with the Federal Occupational Safety and Health Act of 1970 (OSHA), including all revisions, amendments and regulations issued there under, and the provisions of the Washington Industrial Safety Act of 1973 (WISHA), including all revisions, amendments and regulations issued there under by the Washington State Department of Labor and Industries. The WISHA regulations shall apply, without limitation, to all excavation, tunneling, trenching and ditching operations. In case of conflict between any such requirements, the more stringent regulation or requirement shall apply. There is no acceptable deviation from these safety requirements, regardless of practice in the construction industry. Any violation of OSHA, WISHA or other safety requirements applicable to the work may be considered a breach of this Contract.

3.21 Safety Program

- A. The Contractor shall prepare and provide to the City a written site specific "Safety Program" demonstrating the methods by which all applicable safety requirements of this Contract will be met. The Contractor shall ensure its Subcontractors and Suppliers have a written "Safety Program" or formally adopt the Contractor's site specific "Safety Program." The Contractor shall designate a Safety Officer who shall be responsible for proper implementation of the "Safety Program." The Contractor shall submit a copy of its "Safety Program" and any Subcontractor's "Safety Program" to the City within fourteen (14) days after the Contractor signs the Contract. The City's review of such Programs shall not be deemed to constitute approval or acceptance thereof and shall not relieve or diminish the Contractor's sole responsibility for Site safety.
- B. The Contractor shall conduct a weekly safety audit meeting with all Subcontractors and Suppliers and others on the Site performing Work hereunder to discuss general and specific safety matters. The Contractor shall provide upon request, notice of each meeting to the City. At the City's request the Contractor shall provide the City with a record of each meeting, including a sheet on which each attendee signed in and a list of the matters discussed.

3.22 Contractor's Property

The Contractor's tools and equipment and building materials to be incorporated into the Project may be stored on the Site but all such storage shall be subject to the requirements of the Contract. Any repairs, patching or cleaning of the Site that may be necessary to restore the Site to its previous condition due to storage of the Contractor's materials, tools or equipment, or other aspects of the Contractor's Work, shall be the responsibility of the Contractor.

3.23 Archaeological and Historical Preservation

The Contractor shall comply fully with the requirements set forth in Chapter 27.53 RCW entitled Archaeological Sites and Resources. The Contractor shall immediately notify the Project Representative if any artifacts, skeletal remains or other archaeological resources (as defined under RCW 27.53.040 now and as hereinafter amended) are unearthed during excavation or otherwise

discovered on the site of the work. If directed by the Project Representative, the Contractor shall immediately suspend any construction activity which, in the opinion of the Project Representative, would be in violation of Chapter 27.53 RCW. The suspension of Work shall remain in effect until permission to proceed has been obtained by the Project Representative from the State Historic Preservation Officer or private landowner, as applicable.

3.24 Water Pollution Control Requirements

The Contractor shall comply with and be liable for all penalties, damages and violations under Chapter 90.48 RCW in the performance of this work. By submitting a bid for and entering into this Contract, the Contractor has thereby assured the City that the Contractor has knowledge of, understands and will comply with the provisions and requirements of Chapter 90.48 RCW, including any regulations issued pursuant thereto. The Contractor shall also perform its work in compliance with water pollution control requirements as may be set forth in this Contract and as may be a part of any permit or other authorization issued or obtained for this Contract.

3.25 Rights of Way/Easements

- A. All rights of way/easements to be provided by the City for use by the Contractor and for the completed work shall be set forth in the Specifications and may be shown on the Drawings. The Contractor's construction activities shall be confined within the identified rights of way/easements, unless the Contractor makes arrangements for use of additional public and/or private property and complies with the requirements of this provision. The Contractor shall comply with all requirements set forth in such rights of way/easements documents and in the Contract applicable to the performance of work hereunder. The Contractor shall provide written notice to the Project Representative of the dates of commencement and completion of work on each rights of way/easements provided by the City. If the Contractor fails to diligently prosecute and complete the work on each such right of way/easement and, as a result of such failure, the City becomes obligated to pay additional amounts for the use of such right of way/easement, the Contractor shall be charged such additional costs which shall be set off against any amounts owing to the Contractor or entitle the City to a reimbursement from the Contractor. Upon completion of use of each right of way/easements, the Contractor shall provide the Project Representative with a written release signed by the landowner, or authorized agent therefore, stating that the landowner has no claims whatsoever against the City on account of the Contractor's use of such right of way/easements.
- B. If the Contractor makes arrangements for use of such additional public and/or private property, the Contractor, prior to using such property, shall provide the Project Representative with written permission of the landowner, or duly authorized agent of such landowner, for such use. Upon completion of use of such property, the Contractor shall provide the Project Representative with a written release signed by such landowner or authorized agent therefore stating that the owner has no claims whatsoever against the City on account of the Contractor's use of such property.
- C. The Contractor shall save the City harmless from all suits and legal proceedings of every kind and description that might result from use of or damage to rights of way/easements and public and/or private property by the Contractor. The Contractor shall comply with all laws, rules, regulations, ordinances, resolutions or directives relating to its use of public rights or way/easements, streets or highways; and its use of same shall not disturb the rights and property of adjacent landowners.

3.26 Environmental Mitigation Plan

If required elsewhere in the Contract Documents, the Contractor shall prepare and submit to the Project Representative a plan by which the Contractor and its Subcontractors and Suppliers shall ensure all environmental mitigation requirements shall be complied with during performance of the work under this Contract. The plan shall specifically address each such requirement. Failure to submit a complete environmental mitigation plan may result in suspension of work; delays, if any, resulting therefrom shall be considered caused by the acts of the Contractor, and any time delays or additional costs resulting therefrom shall be borne by the Contractor. Preparation of such a plan and compliance with all environmental mitigation requirements shall be deemed incidental to the work under this Contract and all costs therefore shall be included in the Contract Price.

3.27 Construction Management Office

- A. Provide for use by the Construction Management team, suitable office space for use by CM personnel during the course of the work. Suitable space shall consist of a separate office trailer, not a portion of the Contractor's office. This office shall be available for use and fully equipped and connected to utilities within fifteen (15) days of NTP 1.
- B. The office trailer shall be a mobile trailer. Standard construction shall include insulation, vinyl flooring, and acoustic tile ceiling. Provide hot and cold potable water service, no sanitary sewer service is required.
- C. The following features shall be built into the office trailer:
 - 1. Windows with screens, blinds, and security bars.
 - 2. Heating and air conditioning system.
 - 3. Convenience power outlets.
 - 4. Exterior doors, lockable.
 - 5. Telephone service. Cellular service is acceptable as telephone service.
 - 6. Electrical service.
 - 7. Internet service (high speed).
 - 8. Office furniture, including 1 desk with swivel chair, 4' x 8' meeting table with six standard chairs, 3' x 6' plan table, plan rack, coat rack or wall pegs.
 - 9. The power, lighting, and heating and air condition systems shall have sufficient capacity for 24-hour use during all seasons of the year.
- D. Office Trailer Maintenance:
 - 1. Provide labor and materials necessary to maintain and clean the office trailer on a daily basis to the CM's satisfaction. Maintain and clean the office trailer throughout the contract.
 - 2. No direct payment shall be allowed for the office trailer and appurtenances. The cost thereof, including erection, maintenance, electrical service, garbage service, telephone, and removal of facilities shall be included in the Contract Price.

3.28 Progress Cleaning

- A. Maintain areas free of waste materials, debris, and rubbish. Maintain site in a clean and orderly condition.
- B. Remove waste materials, debris and rubbish from the site immediately upon such materials becoming unfit for use in the work. In the event that this material is not removed, Owner reserves the right to have the material removed and the expense charged to the Contractor.

3.29 Construction Management Software

Owner's Construction Management Team (CMT) will provide a Document Control System (DCS) for this Project. Contractor shall also use this web-based system throughout the Project for submittal and tracking of all documents including, but not limited to, Requests For Information (RFIs), Change Order Requests (CORs), Submittals, and general project correspondence. Contractor shall become familiar with DCS prior to the Pre-Construction Meeting. Owner will not be responsible for any costs that the Contractor may incur in using this system to incorporate the DCS forms and tools into its own project management processes.

SECTION 4: ADMINISTRATION OF THE CONTRACT

4.0 Time of Essence

All time requirements set forth in the Contract Documents are of the essence.

4.1 Work Process

The Contractor shall be required to:

- A. Prosecute the Work diligently with adequate forces;
- B. Plan, coordinate, and layout the Work in advance so as to avoid delay;
- C. Achieve Substantial Completion of the Work and Final Acceptance in accordance with the requirements of Contract Documents; and,
- D. Complete all Contract close out requirements in accordance with all applicable Contract requirements within the time period established by the City in the Certificate of Substantial Completion.

4.2 Schedule of Values

- A. Unless otherwise specified, within fourteen (14) days after the Contractor signs the Contract, the Contractor shall submit to the City at the time specified in the Contract a detailed Schedule of Values which identifies the various activities of the Contract Work and their values and quantities, including the overhead and profit for each activity. The Contractor warrants that the values identified in its Schedule of Values accurately reflect the value of each work activity. The Schedule of Values shall be used as a basis for calculating all Progress Payments. Payment for Contract Work shall be made only for and in accordance with those activities identified in the Schedule of Values.
- B. The Contractor shall not be entitled to, nor shall the City be required to make, payment for any Contract Work until the Schedule of Values has been accepted by the City. Such acceptance shall not be unreasonably withheld.
- C. The City shall review and accept the Schedule of Values or provide the Contractor with a written explanation of why the Schedule of Values was not acceptable. The City shall use reasonable efforts to review the Schedule of Values within 30 days of the City's receipt of the Contractor's submittal of its Schedule of Values. The City's acceptance of the Schedule of Values shall not relieve the Contractor from its sole responsibility for the accuracy of the Schedule of Values and its compliance with all Contract requirements. The Contractor shall revise the Schedule of Values as necessary to accurately reflect Change Orders. The revised Schedule of Values shall be provided to the City within five (5) days of the approval of the Change Order.

- D. Each Application for Payment shall include a current status of the Schedule of Values. No Application for Payment will be considered until the current status of the Schedule of Values has been submitted and accepted.
- E. The activities which the Contractor identifies within its Schedule of Values shall be specifically referenced within, and conform and be consistent with the activities set forth within the Project Schedule.
- F. Subject to Section 7.0C, lump sum Mobilization bid items (if any) shall be measured and paid under the Schedule of Values in accordance with the following percentage of earned completion: (a) upon earned completion of 10% of the Contract Price in its entirety (exclusive of the Mobilization sum itself), the City shall pay 50% of the Mobilization lump sum bid item and (b) the remaining 50% of the lump sum Mobilization bid item shall be paid by the City upon the Contractor's earned completion of 25% of Contract Price (exclusive of Mobilization). In no event shall the amount bid or allowed for Mobilization exceed 10% of the total Contract Price for all other items listed in the Bid.

4.3 Project Schedule

- A. Unless otherwise stated in the Contract, within fourteen (14) days after the date of Contract Execution, the Contractor shall submit to the City a Project Schedule in hard copy and/or electronic format as required by the Contract. The Project Schedule shall show the sequence in which the Contractor proposes to perform the Work, indicate the Critical Path, identify the dates on which the Contractor proposes to start and finish the scheduled activities of the Contract Work, indicate Contract Milestone (if any) completion dates, indicate Substantial Completion within the Contract Time, indicate dates for Physical Completion and Final Acceptance, and meet all the requirements as may be set forth more particularly in the Technical Specifications on Project Schedule.
- B. The Project Schedule shall be prepared in the format as specified in the Technical Specifications.
- C. Within 30 days of the City's receipt of the Contractor's submittal of its Project Schedule or unless stated elsewhere in the Contract, the City shall review the Project Schedule and provide the Contractor with written comments. The City will review the Project Schedule. To the extent the Project Schedule does not meet such Technical Specifications or the General Conditions, the Contractor shall revise the Project Schedule to make it compliant.
- D. By reviewing the Project Schedule and providing written comments, the City is not approving or adopting the Contractor's plan, schedule, means, methods, techniques, sequences, or procedures required to perform the Work. Review and comment by the City of the Project Schedule shall not relieve the Contractor from the sole responsibility for the accuracy of a Project Schedule, and its compliance with all Contract requirements, and its responsibility to meet all required Contract completion dates. Failure by the City to indicate items on the Project Schedule that do not conform with the Contract requirements shall not alter or waive the Contract requirements or relieve the Contractor from complying with all Contract requirements.
- E. The Contractor shall not be entitled to, nor shall the City be required to make payment for any Contract Work until the Project Schedule complies with all Contract requirements.
- F. Contractor shall schedule the Contract Work so that the Contract Work is completed within the Contract Time.

- G. Contractor's Project Schedule submitted in accordance with Section 4.3.a shall contain a minimum of 30 calendar days of Float (unless that period is extended by Specification, in which the duration stated in the Specification shall govern). City shall have the sole and exclusive right to utilize 50% of the Float and Contractor shall have the sole and exclusive right to utilize the remaining 50% of the Float. Contractor shall not sequester or modify or eliminate Float through such strategies as extending activity duration estimates to consume available Float, using preferential logic, or using extensive crew/resource sequencing.
- H. The Contractor shall regularly enter the actual progress of the Work and Contract Time extensions approved by the City on the Project Schedule. Updated Project Schedules shall reflect actual progress and completion within the Contract Time and shall be provided to the City with each Application for Payment format(s) as required by the Contract. Applications for Progress Payments will not be considered by the City and the Contractor will not be paid until the Contractor complies with these requirements. The updated Project Schedule shall be used to assist the City in verifying the appropriate payment.
- I. If, in the opinion of the City, the Contractor falls behind in its progress of the Work due to acts or omissions of the Contractor, Subcontractors and Suppliers, the Contractor shall take all necessary steps to improve its progress and bring its progress back in-line with the accepted Project Schedule, without additional cost to the City. In this circumstance the Contractor shall, as necessary, increase the number of shifts, overtime operations, and/or days of work, both on and off the Site, and submit for acceptance any supplementary schedule or schedules as the City deems necessary to demonstrate how the accepted rate of progress will be regained. Failure of the Contractor to comply with the requirements under these provisions shall be grounds for a determination by the City that the Contractor is not prosecuting the Work with sufficient diligence to ensure completion within the time specified in the Contract. Upon making this determination, the City may pursue any right it has under the law or the Contract, including but not limited to default termination.
- J. The Contractor shall schedule the Contract Work so that the Contract Work is completed on time. If the Contractor attempts to perform the Contract Work in less than the Contract Time no additional compensation for any delays attributable to the City or any acceleration will be owed to the Contractor if the Contractor fails to achieve the earlier completion date.
- K. Use of Contract Milestones (if any) does not signify the existence of separate projects or eliminate Contractor's obligation to develop a Project Schedule containing a single, continuous Critical Path.

4.4 Submittals

- A. Submittals include shop drawings, setting and erection drawings, schedules of materials, product data, samples, certificates and other information prepared for the Work by the Contractor or a Subcontractor as set forth in the Technical Specifications ("Submittals"). The Contractor shall perform no portion of the Work requiring Submittals until the Submittals have been reviewed and returned by the City with one of the following annotations: (1) "No Exceptions Taken" or (2) "Note Markings".
- B. Prior to furnishing the Submittals to the City, the Contractor shall: (1) review all Contractor and Subcontractor Submittals for accuracy, completeness, and compliance with the Contract; (2) coordinate all Submittals with all Contract Work by other trades and with field measurements; and (3) indicate approval on the Submittals as a representation that it has complied with its obligation to review and coordinate Submittals. Where required by law or by the Contract, an appropriate licensed professional shall stamp Submittals. Submittals lacking

required stamps or evidence of Contractor review and approval will be returned without review by the City for resubmission. Submittals shall be sequentially numbered.

- C. When submitting information, the Contractor shall identify and state reasons for any alteration, variation, addition, deviation, or omission from the Contract. The Contractor shall not perform work that alters, varies, adds, deviates, or omits Work without prior specific written acceptance by the City.
- D. The Contractor shall provide Submittals with reasonable promptness and in such sequence as to facilitate the timely completion of the Contract. The Contractor shall prepare and keep current, for review by the City, a schedule of Submittals which is coordinated with the Contractor's Project Schedule and allows the City reasonable time for review.
- E. The City shall review the Contractor's Submittals and respond in writing with reasonable promptness. Unless otherwise agreed, no delay to the Contractor's Work shall be attributable to the failure by the City to respond to a Submittal until thirty (30) days after the Submittal is received by the City, and then only if failure by the City to respond is unreasonable and affects the Contract completion date.
- F. If the Contractor is required to resubmit a Submittal, any revisions on resubmittals, shall be specifically identified in writing and the resubmitted Submittal shall be sequentially alpha denoted and note revisions in numerical order. The cost of the review of the initial Submittal and the first revised submittal shall be borne by the City. The costs of all additional revised Submittals shall be charged to the Contractor. The cost of review shall include, without limitation, administrative, design, and engineering activities directly related to review of Submittals. The City may deduct these costs from any amounts due the Contractor.
- G. The City shall review the Contractor's Submittals only for conformance with the design of the Work and compliance with the Contract. Review of the Submittals are not conducted to verify the accuracy of dimensions, quantities, or calculations, the performance of materials, systems, or equipment, or construction means, methods, techniques, sequences, or procedures, all of which remain the Contractor's responsibility. Failure by the City to take exception to a Submittal shall not relieve the Contractor from any duty, including its responsibility for errors or omissions in Submittals, its duty to make Submittals and its duty to perform the Work according to the requirements of the Contract. The City's review of a Submittal shall not alter or waive the requirements of the Contract unless the City has issued prior written approval of such change or alteration of the Contract requirements.
- H. The Contractor's failure to identify any error, deviation, or omission and subsequent acceptance of the Submittal by the City shall not relieve the Contractor from the obligation to comply with the all requirements in the Contract Documents.

4.5 Requests for Information

- A. If the Contractor determines that some portion of the drawings, specifications or other Contract Documents require clarification or interpretation by the City because of an apparent error, inconsistency, omission, or lack of clarity in the Contract, the Contractor shall promptly submit a Request For Information ("RFI") and, unless otherwise directed, shall not proceed with the affected Work until the City has responded to the RFI. The Contractor shall plan its work in an efficient manner so as to allow for timely responses to RFIs.
- B. RFIs shall only be submitted by the Contractor on a RFI Form provided by the City or in a form acceptable to the City. The Contractor shall clearly and concisely set forth the issue for which clarification or interpretation is sought and why a response from the City is needed. In

the RFI, the Contractor shall set forth its own interpretation or understanding of the requirement along with reasons why it reached such an understanding.

- C. The City will review RFIs to determine whether they meet the requirements identified above in paragraph B to qualify as an RFI. If the City determines that the document is not an RFI it will be returned to the Contractor, un-reviewed as to content. When appropriate the Contractor may resubmit the RFI on the proper form, with all required information and in the proper manner.
- D. The City shall respond in writing with reasonable promptness to Contractor's RFI, which is defined to mean up to ten (10) Days unless the City concludes the RFI is sufficiently complex as to prohibit a reply with such period in which case the response will be provided within up to twenty (20) Days.
- E. If Contractor submits an RFI on an activity and reasonably believes that a response from City within up to ten (10) Days will cause a delay to the critical path of the Work, Contractor shall denominate such particular RFI as "Priority" and indicate Contractor's preferred reasonable response date which City does not warrant it will achieve but which City will in good faith attempt to attain.
- F. The City's response to a RFI shall not be considered a change to the Contract requirements. To the extent the Contractor believes that the City's response to the RFI constitutes changed work impacting Contract Price or Contract Time, the Contractor shall submit a Contractor's Request for a Change Order to the City in accordance with Section 5, *Changes to the Contract*.

4.6 Tests, Inspections, and Access to the Work

- A. The Contractor shall document and maintain an adequate testing and inspection program and perform such tests and inspections as are necessary or required to ensure that the Work conforms to the requirements of the Contract. The Contractor shall maintain all documentation related to testing and inspection and make such documentation available to the City at its request. Contractor shall be responsible for inspection and quality assurance of all its Work and all Work performed by any Subcontractor and all materials supplied by a Supplier. Unless otherwise provided, Contractor shall make arrangements for such tests, inspections, and approvals with an independent testing laboratory or entity acceptable to City, or with the appropriate public authority. If any governmental, regulatory, or permitting authority requires any portion of the Work to be inspected, tested, or approved, the Contractor shall make all arrangements for and cooperate with such inspections, tests, and approvals so as not to delay completion of the Contract Work. The Contractor shall bear all related costs of tests, inspections, and approvals. The Contractor shall give the City at least three (3) working days notice of: (1) when the work is ready to be tested and inspected and (2) when and where tests and inspections are to be made. Contractor shall maintain complete inspection records and make them available to City upon request.
- B. The Contractor shall cooperate with the City in the performance of any tests and inspections of the Work. The Contractor has the duty to coordinate all tests and inspections in a manner, which does not negatively impact Contractor's compliance with the Contract.
- C. If any Work required to be inspected, tested, or approved is covered by the Contractor, Subcontractors, Suppliers or any other person for whom the Contractor is responsible without such inspection, testing or approval being obtained, it shall, if requested by the City, be uncovered for observation and then subsequently recovered after inspection or repair, and such uncovering and recovering shall be at Contractor's expense.

- D. Upon request by the City, any Work not otherwise required to be inspected or tested shall be uncovered by the Contractor. If the Work is found to comply with the Contract the City will (1) pay the costs of testing and inspection; (2) pay the costs associated with the uncovering and recovering of the Works; and (3) adjust the contract Time to the extent the inspection and repair impacted the project schedule and delayed completion of the work; otherwise the Contractor shall bear such costs as well as all costs of correction and the Contractor shall not be entitled to an adjustment in Contract Time.
- E. The City may, at any reasonable time and at its own cost, conduct inspections and tests as it deems necessary to ensure that the Work is in accordance with the Contract. The City shall promptly notify Contractor if an inspection or test reveals that the Work is not in accordance with the Contract. The City inspection and tests are for the sole benefit of the City and do not:
 - 1. Constitute or imply acceptance;
 - 2. Relieve Contractor of responsibility for providing adequate quality control measures;
 - 3. Relieve Contractor of responsibility for risk of loss or damage to the Work, materials, or equipment;
 - 4. Relieve Contractor of its responsibility to comply with the requirements of the Contract; or,
 - 5. Impair City's right to reject defective or nonconforming items, or to avail itself of any other remedy to which it may be entitled.
- F. Neither observations by an inspector retained by the City, the presence or absence of such inspector on the Site, nor inspections, tests, or approvals by others, shall relieve Contractor from any requirement of the Contract. Inspectors are not agents of the City and they are not authorized to change any term or condition of the Contract.
- G. Contractor shall promptly furnish, without additional charge, all facilities, labor, material and equipment reasonably needed for performing such safe and convenient inspections and tests as may be required by the City. The City may charge Contractor any additional cost of inspection or testing when Work is not ready at the time specified by Contractor for inspection or testing, or when prior rejection makes reinspection or retest necessary. The City shall perform its inspections and tests in a manner that will cause no undue delay in the Work.

4.7 Correction of Work or Damaged Property

- A. If the City determines that material, equipment, workmanship, or Work proposed for, or incorporated into the Work, does not meet the Contract requirements or fails to perform satisfactorily, the City shall have the right to reject such Work by giving the Contractor written notice that such Work is either defective or non-conforming.
 - 1. The City, at its option, shall require the Contractor, within a designated time period as set forth by the City, to either:
 - a. Promptly repair, replace or correct all Work not performed in accordance with the Contract at no cost to the City or,
 - b. Provide a suitable corrective action plan at no cost to the City and subject to the approval of the City.
 - 2. Once the correcting action plan is reviewed and returned by the City with the annotation "No Exception Taken" or "Note Markings", the Contractor shall implement the corrective action plan.

- a. Review and providing comments on the correction action plan is not an acknowledgement by the City that such plan is adequate to remedy the defective or non-conforming work.
 - b. If the correcting action plan does not remedy the defective or non-conforming Work, the contractor shall remain responsible for remedying the defective or non-conforming Work to the City's satisfaction.
 3. The Contractor shall also be responsible for all repairs to any property and work damaged by the Contractor.
 4. Under no circumstances shall the Contractor be entitled to additional time or money for the correction of defective or non-conforming work, or for the repair of damaged property. The City shall not be responsible for any costs to prepare corrective action plans, correct work or repair damaged property.
- B. If the Contractor does not repair, replace or correct and/or remove defective or non-conforming Work or repair damaged property within the time specified and as required by the City, the City or City's designee may repair, replace or correct and/or remove it and deduct the cost of such effort from any payment due the Contractor.
1. Under this provision, the City reserves the right to make use of the Contractor's plant and equipment for this repair, replacement, correction or removed Work. If the remaining payments due the Contractor are not sufficient to cover the City's cost of remedying the defective or non-conforming work, the Contractor shall pay the difference to the City.
- C. The City may elect to retain work if the City determines that such defective or non-conforming work is not of sufficient magnitude or importance to make the work dangerous or undesirable or that removal of such work is impractical or will create conditions that are dangerous or undesirable.
1. Just and reasonable value for such defective or non-conforming work will be determined by the City and appropriate deductions will be made in the payments due or to become due to the Contractor.
 2. The City's exercise of the rights under this provision shall be without prejudice to any other remedy the City may have, and shall not constitute a termination of the Contract.
- D. The Contractor and its sureties shall be liable for all damages and costs incurred by the City caused by the Contractor's or its Subcontractors' and Suppliers' defective or non-conforming work or workmanship, including but not limited to all special, incidental, or consequential damages incurred by the City. The Contractor and its sureties agree to indemnify and hold the City harmless from any personal injury or property damage caused by the Contractor or its Subcontractors and Suppliers defective or non-conforming Work or workmanship.

4.8 Substitution of Products and Processes

- A. Substitutions requested by the Contractor will be subject to the City's prior written acceptance and at the City's sole discretion.
- B. Requests for substitution must specifically identify:
 1. Material, equipment, and labor costs included in the Contractor's bid associated with the original item to be substituted;
 2. All costs for material, equipment, labor associated with the proposed substitution, including any impact costs;
 3. Proposed change to the Contract Price and/or Contract Time;

4. The explanation for why the Contractor is proposing the substitution; and,
 5. Compatibility with or modification to other systems, parts, equipment or components of the Project and Contract Work.
- C. Contractor shall provide all documentation supporting its request as requested by the City.
- D. All costs of any redesign or modification to other systems, parts, equipment or components of the Project or Contract Work, which result from the substitution, shall be borne by the Contractor.
- E. When the City approves a substitution proposed by the Contractor, the Contractor shall guarantee the substituted article or materials to be equal to, or better than, those originally specified and shall be compatible with all other systems, parts, equipment or components of the Project and Contract Work. The City has the right to order an unaccepted, substituted article removed and replaced without additional cost to the City.
- F. The City has a right to a deductive Change Order if the substituted product or process is less costly than the contractually required product or process.
- G. If the City does not accept the substitution proposal the Contractor shall proceed, without delay or cost to the City, with the Contract Work as originally specified.

SECTION 5: CHANGES TO THE CONTRACT

5.0 General

- A. All changes to the Contract that involve a change in cost must be made in writing and submitted to the City for approval. Changes that do not involve a change in cost must be made in writing and submitted to the Construction Manager for approval. No oral statement by any person shall change or modify the Contract. All changes to the Contract shall be made in accordance with the provisions of this Section.
- B. All Change Order work shall be performed in accordance with the original Contract requirements unless modified in writing by the City.
- C. No Field Directive, response to Request For Information, or other directive, direction, instruction, interpretation or determination (hereinafter referred to as “direction” for the purposes of Section 5), provided by the City shall be considered a Change Order, a change to Contract requirements, or, in and of itself, entitlement to an adjustment in Contract Price and/or Contract Time.
- D. To the extent the Contractor believes it is entitled to any additional money or time for any reason, the Contract shall submit a Request for Change Order to the City.
1. If the Contractor believes any of the following events entitles the Contractor or its Subcontractors or Suppliers to additional money or time, the Contractor must file a Request for Change Order in accordance with the requirements set forth in the Contract.
 - a. Written Field Directive
 - b. Response to a Request for Information
 - c. Comments on a submittal
 - d. Differing Site Condition
 - e. Acceleration or constructive acceleration
 - f. Suspension of the Work

- g. Delay, inconvenience, disruption of schedule, loss of efficiency or productivity
 - h. City caused Stand-by
 - i. Force Majeure
 - j. Conflicts, ambiguities, inconsistencies, and/or problems arising from the Contract Documents
 - k. Any other directive or Direction, written or oral, from the City
 - l. Any other reason for which the Contractor believes it is entitled to additional money or time
- E. The Contractor shall not be entitled to any change in the Contract Price and/or Contract Time under the following conditions or events:
- 1. They were foreseeable at the time the Contractor submitted its bid;
 - 2. They were caused by the acts of the Contractor, Subcontractors and/or Suppliers, including but not limited to the choice of means, methods, techniques, sequences, or procedures for the Work, failure to provide labor, materials or equipment in a timely manner, and failure to take reasonable steps to mitigate delays, disruptions, or conditions encountered.
- F. The Contract requirements for time and price impacts related to Change Orders are set forth in Section 6, *Time and Price Adjustments*.

5.1 Contractor's Request for a Change Order

A. Notice of Intent to Submit a Request for Change Order

- 1. The Contractor shall provide the Project Representative with a written Notice of Intent to Submit a Request for Change Order that the Contractor intends to submit a Request For Change Order no later than seven (7) days, except as specified below for Differing Site Conditions, after any direction, instruction, interpretation, determination by the City and/or the onset of any event or impact to the Project.
- 2. The Contractor shall include the following information in the Notice of Intent to Request a Change Order:
 - a. The date, circumstances, and source of the direction, instruction, interpretation, determination by the City and/or the event or impact to the Project.
 - b. Reasonable order of magnitude estimate of the change to the Contract Price;
 - c. Reasonable order of magnitude estimate of the time impact to the Contract Time; and
 - d. Contractual provisions and substantive basis to support the Request.

B. Request for Change Order

- 1. Within twenty-one (21) days after the direction and/or the onset of the event or impact to the Project referenced in the Notice of Intent to Submit a Request for Change Order, the Contractor may request an extension of time for filing its Request for Change Order. The Contractor shall state the reasons for the request and identify a date certain when the Contractor shall provide all documentation required in its Request for Change Order.
- 2. Unless the Project Representative issues written Notice authorizing the Contractor additional time to submit the Request for Change Order, the Contractor shall provide, in writing, a detailed Request for Change Order to the Project Representative no later than

thirty-five (35) days after the direction and/or the onset of the event or impact to the Project.

3. The Request for a Change Order shall include:
 - a. Specific dollar amount covering all costs associated with the requested Change Order calculated in accordance with Section 6, *Time and Price Adjustments*;
 - b. Specific request for time extension (number of days);
 - c. A copy of the written Notice of intent, including all attachments; and
 - d. All documentation supporting the Request for a Change Order, including but not limited to all cost records, schedule analysis, and the documents identified in Section 3.12, *Maintenance and Inspection of Documents*, that are in any way relevant to the Contractor's Request for Change Order.

C. City's Response to Contractor's Request for Change Order.

1. The City will make a written determination with respect to the Contractor's Request for Change Order within thirty (30) days of receipt of said Request, unless one of the following activities occurs.
 - a. The City may request additional information and specify a time period for receipt of the information. The Contractor shall comply with the City's request for additional information.
 - b. The City may inform the Contractor that additional time is needed to review the Contractor's Request for Change Order and identify a date certain when a decision will be rendered.
2. If the City requests additional information, the City will make a written determination within thirty (30) days receipt of Contractor's additional information.
3. If the City does not make a determination within the applicable time period, the Request For Change Order is deemed denied.

D. Approval of Request for Change Order and Execution of Change Order. If the City determines that a Change Order is necessary, the parties may negotiate acceptable terms and conditions and execute a Bilateral Change Order or the City may issue a Unilateral Change Order.

E. Contractor Procedure upon Denial or Deemed Denial of a Request for a Change Order. If the Contractor disagrees with the denial, the Contractor's sole remedy shall be to file a fully documented Claim within thirty (30) days of deemed denial or the Contractor's receipt of the denial, in accordance with Section 9, *Claims and Litigation*.

F. Contractor's Obligation to Continue to Work. Pending resolution of the Contractor's Request for a Change Order, the Contractor shall continue to perform all Work including, at the written request of the City that work associated with the pending Request for Change Order. The Contractor shall maintain its progress with the Work.

G. Waiver. Failure to follow the provisions set forth herein shall constitute a waiver of the Contractor's right to receive any additional time or money as a result of any alleged direction, instruction, interpretation, determination by the City and/or the event or impact to the Project.

5.2 Differing Site Conditions

A. Immediate Written Notice to the City. If the Contractor encounters a Differing Site Condition the Contractor shall within no more than 24 hours, and before the conditions are disturbed, give written Notice to the City of such Differing Site Condition (Initial Notice). The Initial Notice

shall describe the nature and extent of the Differing Site Condition and its impact the progress of the Work. The Contractor must preserve and not discard or spoil all physical evidence related to the alleged Differing Site Condition.

- B. Forensic Tests. The Contractor and Owner shall have the right to conduct tests or examinations upon the condition constituting the alleged Differing Site Condition. No such tests or examinations shall occur except upon reasonable prior written notice to both Parties. The Parties may but need not share with one another the results of such tests or examinations.
- C. Request for Change Order based on Differing Site Condition. Unless otherwise agreed upon in writing by the Project Representative, within thirty (30) days of the Contractor's Initial Notice, the Contractor shall provide a Request for Change Order demonstrating:
 - 1. A detailed description of the alleged Differing Site Condition;
 - 2. The Contractual basis supporting the existence of the alleged Differing Site Condition;
 - 3. Causation between the alleged Differing Site Condition and any unavoidable negative impact to Contractor's work, operations or schedule;
 - 4. Costs solely attributable to the alleged Differing Site Condition inclusive of alleged Project Schedule delays, and
 - 5. Contractor's affirmative measures to avoid, work-around, prevent or mitigate the negative impact to its work, operation or schedule.
- D. Waiver.
 - 1. If the Contractor's actions disturb, discard, waste or destroy the Site such that the City or City's designee cannot adequately and fully investigate the alleged Differing Site Condition, the Contractor waives its right to receive any additional time or money as a result of the Differing Site Condition.
 - 2. Failure by the Contractor to provide either (a) the Initial Notice within the time prescribed above or (b) submit a fully documented Request for Change Order demonstrating the elements set forth above within the time prescribed above shall constitute a waiver of the Contractor's right to receive any additional time or money as a result of the alleged Differing Site Condition.
- E. City's Response to the Differing Site Condition Request for Change Order. The City reserves the right to investigate the alleged Differing Site Conditions and shall respond to the Contractor's Request for Change Order (if any) within the Section 5.1.B procedures
- F. Contractor's Obligation to Continue to Work. The Contractor shall not disturb the condition until receipt of written authorization from the Project Representative that work can resume at the location of the alleged Differing Site Condition. The Contractor shall continue with performance of all other Work.
- G. Compensation. Any Change Order, Claim or extra compensation of any kind caused by or related to any alleged Differing Site Condition shall be quantified only and strictly as set forth in the provisions of Section 6.2F.

5.3 Acceleration

A. Acceleration Directive.

- 1. The City reserves the right to direct the Contractor to accelerate Contract Work. In the event that the City directs acceleration, such directive will be in writing and specifically designated as "Acceleration Directive."

2. The Contractor shall keep cost and other Project records related to the Acceleration Directive separately from normal Project costs and records and shall provide a written record of acceleration to the City on a daily basis.
- B. Constructive Acceleration.
 1. In the event that the Contractor believes that some action or inaction on the part of the City constitutes acceleration, the Contractor shall notify the City in writing within seven (7) days that the Contractor considers the action or inaction an acceleration. This written notification shall detail the circumstances of the acceleration.
 2. The Contractor shall not accelerate the Work until the Project Representative responds in writing issuing an Acceleration Directive or denying the constructive acceleration.
 3. The Contractor shall keep cost and other Project records related to the constructive acceleration separately from normal Project costs and records and shall provide a written record of acceleration to the City on a daily basis.
- C. To the extent the Contractor believes an acceleration directive or constructive acceleration constitutes a change in the Work impacting Contract Price and/or Contract Time, the Contractor shall submit a Request for a Change Order to the City pursuant to Section 5, *Changes to the Contract*.
- D. Whether for actual or constructive acceleration, labor costs recoverable will be the Reasonable Cost of overtime or shift premium. Costs recoverable for Contractor Equipment will be only as set forth in Section 6.2F. Costs for rental of additional equipment necessarily mobilized to the Site to accomplish the accelerated Work effort will be paid as set forth in Section 6.2F.

5.4 Force Majeure

- A. To the extent the Contractor believes it is entitled to any additional Contract Time as a result of Force Majeure, Contractor shall submit a Request for Change Order to the City as more fully described in Section 5, *Changes to the Contract*.
- B. Contractor shall not be entitled to a change in Contract Price resulting from an act of Force Majeure.
- C. Contractor is not entitled to an adjustment in Contract Time if the act of Force Majeure did not impact progress of the Work on the Critical Path and delay the Contractor from completing Contract Work within the Contract Time.
- D. When a Contractor experiences Concurrent Delay caused by either the City or Contractor and an act of Force Majeure, the Contractor shall only be entitled to a change in Contract Time. No change to the Contract Price shall be allowed as a result of such Concurrent Delay.

5.5 Change Orders

- A. Bilateral Change Orders
 1. If the City and Contractor reach agreement on the terms and conditions of any change in the Work, including any adjustment in the Contract Price and Contract Time, such agreement shall be incorporated into a Change Order and signed by both Parties. Such Bilateral Change Orders shall represent full and complete payment and final settlement of all changes, Claims, damages or costs for all (a) time; (b) direct, indirect, and overhead costs; (c) profit; and (d) any and all costs or damages associated with delay, inconvenience, disruption of schedule, impact, ripple effect, loss of efficiency or productivity, acceleration of work, lost profits, stand-by, and any other costs or damages related to any work either covered or affected by the Change Order, or related to the events giving rise to the Bilateral Change Order.

B. Unilateral Change Order. City's Right to Issue Unilateral Change Order.

1. The City may unilaterally issue a Change Order at any time, without invalidating the Contract and without notice to the sureties, making changes within the general scope of this Contract.
2. If any such Change Order causes an increase or decrease in the cost of, or time required for, performance of any part of the Contract Work, the City may make an adjustment in the Contract Price, Contract Time, or both, in accordance with Sections 5, *Changes to the Contract*, and 6, *Time and Price Adjustments*.

C. Contractor Disagreement with Unilateral Change Order. If the Contractor disagrees with the adjustment to the Contract Price and/or Contract Time as indicated in the Unilateral Change Order, the Contractor's only remedy shall be to file a fully documented Claim in accordance with Section 9, *Claims and Litigation*.

D. Contractor's Obligation to Continue to Work. The Contractor is required to continue with performance of all Work, including work associated with the Unilateral Change Order.

5.6 City Request for a Change Proposal

A. Request. The City may request a written Change Proposal from the Contractor for a change in the Contract Work.

B. Contractor's Proposal. Contractor shall submit its written Change Proposal within the time specified in the City's request. The Change Proposal shall represent the Contractor's offer to perform the requested work, and the pricing set forth within the proposal shall represent full, complete, and final compensation for the proposed change and any impacts to any other Contract Work, including any adjustments in the Contract Time.

C. City's Acceptance of Contractor Proposal.

1. If the City accepts the Change Proposal as submitted by the Contractor or as negotiated by the parties, the City shall notify the Contractor in writing of its acceptance of the Proposal and direct that the change in the Work be performed.
2. Contractor shall not perform the work identified in the Change Proposal until receipt of written authorization from the Project Representative.
3. Both parties shall acknowledge acceptance of the terms of a negotiated Change Proposal in writing.
4. Once the City and Contractor have agreed on the terms of a negotiated Change Proposal, the negotiated Change Proposal shall represent full and complete compensation and final settlement of all Claims for all (1) time; (2) direct, indirect, and overhead costs; (3) profit; and (4) costs or damages associated with delay, inconvenience, disruption of schedule, impact, ripple effect, loss of efficiency or productivity, acceleration of work, lost profits, and/or any other costs or damages related to any work either covered or affected by the Change Proposal, or related to the events giving rise to the Change Proposal.

D. Execution of a Bilateral Change Order. After acceptance of the Change Proposal or acceptance of the negotiated Change Proposal, the City shall direct the Contractor to perform the work in accordance with the agreed upon terms; thereafter, the Parties shall execute a bilateral Change Order in accordance with the terms of the Change Proposal or negotiated Change Proposal.

E. Execution of Unilateral Change Order. If the City does not accept the Change Proposal or the Parties cannot agree upon the appropriate price or terms for the Change Proposal, the City may issue a unilateral Change Order.

SECTION 6: TIME AND PRICE ADJUSTMENTS

6.0 Change in the Contract Time

- A. The Contract Time shall only be changed by a Change Order.
- B. Contractor shall include any request for a change in the Contract Time in its Notice of Intent to submit a Request for Change Order, Request for Change Order, Change Proposal, Notice of Differing Site Conditions, or Claim.
- C. No change in the Contract Time shall be allowed to the extent the time of performance is changed due to the fault, act, or omission of Contractor, or anyone for whose acts or omissions the Contractor is responsible.
- D. Contractor is not entitled to a change in Contract Time unless the progress of the Work on the Critical Path is delayed and completion of the Contract Work within Contract Time is delayed.
- E. When a Contractor experiences Concurrent Delays which impact the Critical Path and are caused by: (1) the City and the Contractor; (2) the City and an act of Force Majeure; or, (3) the Contractor and an act of Force Majeure, the Contractor shall only be entitled to a change in Contract Time. No change to the Contract Price shall be allowed as a result of such concurrent delay.
- F. A Request for a Change Order that includes a request for an adjustment in the Contract Time shall:
 - 1. Be in writing and delivered to the City within the appropriate time period specified in Section 5, *Changes in the Contract*.
 - 2. Include a clear explanation of how the event or conditions specifically impacted the Critical Path and overall Project Schedule and the amount of the adjustment in Contract Time requested.
 - 3. Be limited to the change in the Critical Path of a Contractor's Project Schedule, and any updates, attributable to the event or conditions which caused the request for adjustment. No extension of time or compensation for damages resulting from delay will be granted unless the delay affects the timely completion of all Work under the Contract or timely completion of a portion of the Work for which time of completion is specific. Contractor shall be responsible for showing clearly on the Project Schedule, and any updates, that the event or conditions:
 - a. Had a specific impact on the Critical Path and was the sole cause of such impact;
 - b. Could not have been avoided by re-sequencing of the Work or other reasonable alternatives; and,
 - c. Will prevent the Contractor from completing the Project within the current Contract completion date.
 - 4. Contractor shall make all reasonable efforts to prevent and mitigate the effects of any delay, whether occasioned by an act of Force Majeure or otherwise.

6.1 Change in the Contract Price

- A. The Contract Price shall only be changed by a Change Order.
- B. Contractor shall include any request for a change in the Contract Price in its:
 - 1. Change Proposal;
 - 2. Notice of intent to submit a Request for Change Order;

3. Request For A Change Order; and,
 4. Claim provided the related Request for Change Order and/or Change Proposal included a request to adjust the Contract Price.
- C. No change in the Contract Price shall be allowed when:
1. Contractor's changed cost of performance is due to the fault, acts, or omissions of Contractor, or anyone for whose acts or omissions Contractor is responsible;
 2. The change is concurrently caused by Contractor and the City; or,
 3. The change is caused by an act of Force Majeure.
- D. The City shall not be responsible for, and the Contractor shall not be entitled to any compensation for unallowable costs. Unallowable costs include, but are not limited to:
1. Interest except only to the extent the sum is considered liquidated under Washington law. For this purpose, any sum computed in accordance with any provision of the Contract whereby recovery by the Contractor is measured on the basis of Reasonable Cost is considered unliquidated notwithstanding any rule or authority to the contrary.;
 2. Claim preparation or filing costs;
 3. The cost of preparing or reviewing Change Proposals or Requests for Change Orders;
 4. Lost profits, lost income or earnings;
 5. Rescheduling costs;
 6. Costs for idle equipment when such equipment is not at the Site, has not been employed in the Work, or is not scheduled to be used at the Site;
 7. Lost earnings or interest on unpaid retainage;
 8. Claims consulting costs, including without limitation testing;
 9. The costs of corporate officers or staff visiting the Site or participating in meetings with the City;
 10. Any compensation due to the increases in market rates for material/equipment costs or fluctuations in foreign currency conversions or exchange rates;
 11. Loss of other business; and/or,
 12. Any other special, consequential, or incidental damages incurred by the Contractor, Subcontractors or Suppliers.
 13. Attorneys' fees except only to the extent mandated by Washington state statute.
- E. A Request for Change Order that includes a request for an adjustment in the Contract Price shall:
1. Be in writing and delivered to the City within the applicable time period specified in Section 5, *Changes to the Contract*.
 2. Include the following information:
 - a. The event or condition which caused the Contractor to submit its request for an adjustment in the Contract Price;
 - b. The nature of the impacts to Contractor and its Subcontractors or Suppliers, if any; and,
 - c. The amount of the adjustment in Contract Price requested.
 3. Any requests by Contractor for an adjustment in the Contract Price and in the Contract Time that arise out of the same event or conditions shall be submitted together.

- F. The adjustments to the Contract Price provided for in this Section represent full, final, and complete compensation for all work done in connection with the request for an adjustment in Contract Price and all costs related to or resulting from, related to, or affected by such change in Work including, but not limited to, all Direct Costs and indirect costs, overhead, profit, and all costs or damages associated with delay, inconvenience, disruption of schedule, impact, dilution of supervision, inefficiency, ripple effect, loss of efficiency or productivity, acceleration of work, lost profits, and any other costs or damages related to any work either covered or affected by the change in the Work, or related to the events giving rise to the change.
- G. Pending final resolution of any request for a change in Contract Price, the Contractor shall proceed diligently with performance of all Work, including the work associated with such request and maintain its progress of the Work.
- H. If a City-caused delay for which Contractor seeks compensation is concurrent with a delay for which Contractor is responsible, City is responsible only for that portion of the delay which it caused in excess of the delay caused by Contractor, provided Contractor can prove such an apportionment.

6.2 Method to Calculate Adjustments to Contract Price

- A. One of the following methods is to be used to calculate damages and/or adjustments to the Contract Price that result from or relate to a Change Proposal, Request for Change Order, and/or Claim.
- B. Determination of the method to be used to calculate adjustments in the Contract Price shall be at the sole discretion of the City.
- C. One of the following methods shall be used:
 - 1. Unit Price Method;
 - 2. Firm Fixed Price Method (also known as Lump Sum); or,
 - 3. Time and Materials Method.
- D. Unit Price Method
 - 1. Whenever City authorizes Contractor to perform Work on a Unit Price basis, the City's authorization shall clearly state the:
 - a. Scope of work to be performed;
 - b. Applicable Unit Price; and,
 - c. Not to exceed amount of reimbursement as established by the City.
 - 2. The applicable Unit Price shall be deemed to include reimbursement for all Direct Costs and Indirect Costs of the Work, including Overhead and Profit as well as any impact, disruption, delay or inefficiency costs.
 - 3. Contractor shall only be paid under this method, up to the not to exceed amount, for the actual quantity of materials incorporated in or removed from the Work and such quantities must be supported by field measurement statements verified by the City.
- E. Firm Fixed Price Method
 - 1. The Contractor and the City may mutually agree on a fixed amount as the total compensation for the performance of changed work.
 - 2. The Contractor shall provide a detailed cost breakdown supporting the Contractor's requested adjustment to Contract Price and any other financial documentation requested by the Project Representative.

3. Any adjustments to the Contract Price using the Firm Fixed Price method shall include only Reasonable Costs for labor, equipment, material, Overhead and Profit.
4. Whenever the City authorizes Contractor to perform changed work on a Firm Fixed Price method, the City's authorization shall clearly state:
 - a. Scope of Work to be performed; and,
 - b. Total Fixed Price payment for performing such work.

F. Time and Materials Method

1. Whenever the City authorizes the Contractor to perform Work on a Time and Material basis, City's authorization shall clearly state:
 - a. Scope of Work to be performed; and,
 - b. A not to exceed amount of reimbursement as established by the City.
2. Contractor shall:
 - a. Cooperate with the City and assist in monitoring the Work being performed;
 - b. Substantiate the labor hours, materials, and equipment charge to the work under the Time and Materials Method by detailed time cards or logs completed on a daily basis before the close of business each working day.
 - c. Present the time card and/or log at the close of business each working day to the Project Representative for review and initial each time card/log;
 - d. Perform all Work in accordance with this provision as efficiently as possible;
 - e. Not exceed any cost limit(s) without City's prior written approval: and,
 - f. Maintain all records of the work, including all records of the Subcontractors, Suppliers, and Materialmen, and make such records available for inspection as required in Sections 3.9, *Record Documents*, 3.10, *Cost Records*, and 3.11, *Maintenance and Inspection of Documents*.
3. Contractor shall submit costs and any additional information requested by the City to support Contractor's requested price adjustment.
4. The Contractor shall only be entitled to be paid for Reasonable Costs actually incurred by the Contractor. The Contractor has a duty to control costs. If the City determines that the Contractor's claimed costs exceed those allowed as Reasonable Costs, the City, at its discretion, may determine the Reasonable Cost for payment. Any adjustments to the Contract Price using the Time and Materials method shall be measured by Reasonable Cost (as supplemented by this Section 6) and shall cover the following subsections (a) through (e). If the provisions of the following subsections (a) through (e) impose reimbursement limitations greater than those in contained in the definition of Reasonable Cost, the following greater limitations shall prevail.
 - a. **Labor.** For all labor, including foreman supervision, but excluding general superintendents, as may be necessary upon any particular operation, the Contractor shall be reimbursed for labor costs provided herein. The labor cost of an event or condition shall be calculated as the sum of the following:
 - i. **Labor Rate.** The Labor Rate is the actual and Reasonable Cost using Prevailing straight time wage paid to the individual plus the actual and Reasonable Costs incurred by the Contractor to covers costs associated with the Federal Insurance Compensation Act (FICA), Federal Unemployment Tax Act (FUTA), State

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Unemployment Tax Act (SUCA), industrial insurance, fringe benefits, and benefit paid on behalf of labor by the Contractor. The above items shall be combined into a single wage rate for each classification of labor used, which shall be designated as the "Labor Rate" for the identified class of labor. The applicable rates shall be multiplied by the number of hours reasonably expended in each labor classification because of the event or condition to arrive at a total cost of labor.

- ii. **Travel Allowance and/or Subsistence.** The labor calculation shall include the actual costs of travel and/or subsistence paid to the Contractor's employees engaged upon the Work when said payments are required by a labor agreement.
- b. **Materials.** The cost of materials resulting from an event or condition shall be calculated in one or more of the following methods, at the City's election:
 - i. **Invoice Cost.** The Contractor may be paid the actual invoice cost of materials including actual freight and express charges and applicable taxes less all available discounts, rebates, and back-charges, notwithstanding the fact that they may not have been taken by the Contractor. This method shall be considered only to the extent the Contractor's invoice costs are Reasonable Costs and the Contractor provides copies of vendor invoices, freight and express bills, and other evidence of cost accounting and payment satisfactory to the City. As to materials furnished from the Contractor's stocks for which an invoice is not available, the Contractor shall furnish an affidavit certifying its Actual Cost of such materials and such other information as the City may reasonably require;
 - ii. **Wholesale Price.** The Contractor may be paid the lowest current wholesale price for which the materials are available in the quantities required, including customary costs of delivery and all applicable taxes less all available discounts, rebates, and back-charges; or,
 - iii. **City-Furnished Material.** The City reserves the right to furnish such materials as it deems advisable, and the Contractor shall have no Claim for any costs, Overhead or profit on such materials.
- c. **Equipment.** The additional cost, if any, of machine-power tools and equipment usage shall be calculated in accordance with the following rules:
 - i. **Equipment in Use Rates.** Contractor Equipment in use shall be paid on the basis of Actual Equipment Cost. Except as provided above, Equipment in use rented by Contractor or Subcontractor on an arms-length basis from an unaffiliated lessor shall be paid on the basis of actual rental costs or the rates established according to the Rental Rate Blue Book for Construction Equipment, published by Machinery Information Division of PRIMEDIA Information Inc., whichever is less. For purposes of the preceding sentence, the Rental Rate Blue Book established rate shall be the monthly rate for the equipment plus the monthly rate for required attachments, divided by 176 hours per month, plus the hourly operating cost, multiplied by the appropriate area adjustment factor if appropriate, the rates shall apply for actual equipment usage up to eight hours per day and for all hours in excess of eight hours per day or 176 per month the established monthly rate shall be divided by 352 days per year, plus the hourly operating cost, multiplied by the area adjustment factor, if appropriate. Equipment in use rented from any affiliate or subsidiary substantially owned or

controlled by Contractor or Subcontractor shall be paid at Actual Equipment Cost.

- ii. **Transportation.** If the necessary equipment is not already at the Site and it is not anticipated that it would be required for the performance of other work under the terms of the Contract, the calculation shall include only Reasonable Costs of the necessary transportation of such equipment.
- iii. **Standby.** Equipment is considered to be on standby only if: (a) the equipment is ready, able, and available to do the Work at a moment's notice; (b) Contractor is required to have idle equipment because of an event or condition solely caused by the City; and (c) the Contractor can demonstrate that it could have and intended to use the equipment on other projects/jobs. Contractor Equipment on standby will be paid at 25% of Actual Equipment Cost. Equipment on standby rented by Contractor or Subcontractor on an arms-length basis from an unaffiliated lessor shall be paid on the basis of the lesser of actual rental costs or 25% of the adjusted hourly rate identified in the Rental Rate Blue Book for Construction Equipment, published by Machinery Information Division of PRIMEDIA Information Inc. Standby shall not be paid during periods of Contractor-caused delay, concurrent delay, Unusually Severe Weather Conditions, seasonal shutdown, routine maintenance, down-time or broken equipment, late delivery of equipment or supplies, or other anticipated occurrence specified in the Contract Documents. No payment shall be made for standby on any piece of equipment which has been used on the Project in any 24 hour period. No payment shall be made for standby on any piece of equipment after such piece of equipment has been unused on the Project for seven (7) or more calendar days. Standby costs shall not be paid for weekends, holidays, and any time the equipment was not intended to be used on the Project as demonstrated by the Project Schedule. Equipment on standby rented from any affiliate or subsidiary substantially owned or controlled by Contractor or Subcontractor shall be paid at 25% of Actual Equipment Cost.
- iv. **Actual Cost Determination.** Failure of Contractor or Subcontractor to maintain, keep and/or present cost records required by Section 3.10 or Section 3.11 sufficient to accurately establish Actual Equipment Cost shall operate to bar any right or remedy of Contractor for payment of additional compensation for any Contractor Equipment, whether in use or standby.
- d. **Subcontractor & Supplier.** Direct Costs associated with Subcontractors and Suppliers shall exclude Overhead and Profit markups and shall be calculated and itemized in the same manner as prescribed herein for Contractor. Contractor shall provide detailed breakdown of Subcontractors' and Suppliers' invoices.
- e. **Overhead and Profit Markup.**
 - i. In connection with any Change Order, Claim or other requested change to the Contract Price, the City will only pay Overhead and Profit pursuant to the Overhead and Profit Markups set forth herein. The Overhead and Profit Markups cover all Overhead regardless of how the Contractor chooses to account for various costs in its books of account.
 - ii. Overhead and Profit markups shall not be applied to Freight, delivery charges, express charges, and sales tax.

- iii. The allowed Overhead and Profit markup shall not exceed the following:
 - 1. If the Contractor is self performing work: 10% combined Overhead and Profit markup on the Contractor's Direct Costs; or
 - 2. If a Subcontractor or Supplier is performing work: 10% for the Subcontractor's Direct Cost for performing the work and 6% on the Direct Costs of the Subcontractors' or Suppliers'; provided that the 6% is to be divided among upper tier Subcontractors and the Contractor when a Subcontractor or Supplier is performing the work.
 - 3. If the value of material and equipment is greater than 50% of the total value of the change, the Overhead and Profit Markup shall only be 8% for material and equipment.
 - 4. In no event shall the total combined Overhead and Profit markup for the Contractor and all Subcontractors and Suppliers of any tier exceed 16% of the Direct Cost to perform the Change Order work.
- iv. Direct Costs shall include Labor (as defined in Section 6.2 F4a), Materials (as defined in Section 6.2 F4b), Equipment (as defined in Section 6.2 F4c), and Subcontractor and Supplier Costs (as defined in Section 6.2 F4d).
- v. Home Office Overhead as defined in Section 1.1.EE is not allowed and shall not be paid for any delay caused by Owner unless such delay put the Contractor on standby for an indefinite duration and Contractor was unable to take on other work.

G. Deductive Changes to the Contract Price

- 1. A deductive change to the Contract Price may be determined by taking into account:
 - a. Costs incurred and saved by the Contractor as a result of the change, if any;
 - b. The costs of labor, material, and equipment saved by the change. These costs shall be calculated following as closely as possible with the provisions identified in Section 6, *Time and Price Adjustments*. The City is entitled to adjustments for Overhead and Profit; and/or,
 - c. At the discretion of the City, costs set forth in the Contractor's bid documents.
- 2. Where the City has elected not to correct incomplete or defective Work, the adjustment in the Contract Price shall take into account:
 - a. The decreased value to the City resulting from the incomplete or defective Work; and,
 - b. The increased future costs which the City may incur by reason of the incomplete or defective Work.

H. Full Compensation

An adjustment calculated in accordance with the provisions of this Section shall be full and complete compensation and final settlement of all changes and claims for all (a) time; (b) direct, indirect, and overhead costs; (c) profit; and (d) any and all costs or damages associated with delay, inconvenience, disruption of schedule, impact, ripple effect, loss of efficiency or productivity, acceleration of work, lost profits, and/or any other costs or damages related to

any work either covered or affected by the changed work, or related to the events giving rise to the change.

SECTION 7: PAYMENT AND COMPLETION

7.0 Applications for Payment

- A. On or about the first business day of each month, the Contractor shall submit to the City an Application for Payment. Each application shall be on a form acceptable to the City and designated as an "Application for Payment." The Contractor shall include with each Application For Payment:
 - 1. Current Schedule of Values reflecting the work done since the last Application for Payment and the cumulative work completed to date;
 - 2. Project Schedule and the most current updates; and,
 - 3. Affidavits signed by all Subcontractors performing Work as of the last Application for Payment, stating that each of them has been paid, less earned retainage, as their interests appeared in the last Application For Payment.
- B. Inclusion of the required documentation is a condition precedent to payment. The Contractor is not entitled to payment for any work unless the Application for Payment includes all required documentation. The City reserves the right to withhold payment pursuant to Section 7.2, *Payments Withheld*, if it is subsequently determined that all required documentation was not provided by the Contractor or any of the documentation provided by the Contractor was inaccurate or otherwise objectionable. At the City's option, no payments will be made after the date of expiration of the Contract Time, as established in the Contract, until final payment.
- C. In the event the City terminates the Contract or Work in whole or part for default or for convenience, the City shall be entitled to reimbursement from Contractor of the difference between Mobilization Payments made as of the effective date of the termination minus the Reasonable Cost incurred by Contractor in performing the Mobilization. If Contractor fails to maintain and/or preserve records sufficient to determine the Reasonable Cost of such Mobilization, City shall be entitled to a full reimbursement of all Mobilization Payments made to Contractor prior to the effective date of the termination. The reimbursement allowed under this subsection may at City's option be paid by way of offset, withholding of sums otherwise due and/or from Contractor's Performance Bond, Section 10.0.
- D. The Application for Payment shall correlate the amount requested with the Schedule of Values and with the state of completion of the Work, as measured by the current Project Schedule. In addition to Work performed by the Contractor, Applications for Payment may include:
 - 1. The cost of major materials or equipment (major material or equipment to be identified on the Schedule of Values) suitably stored on the Site; and,
 - 2. With the City's consent, up to 75% of the cost of major materials or equipment suitably stored off the Site if the City's interest in those major materials or equipment is protected through insurance and the Contractor provides documentation of such insurance.

7.1 Payments

- A. The City shall comply with RCW 39.76, as amended, and promptly review each Application for Payment and identify in writing any cause for disapproval within eight (8) working days. In addition to withholding payment for unsatisfactory performance or failure to comply with Contract requirements, if the Contractor's Application for Payment fails to recognize any back-charges, off-sets, credits, change orders, or deductions in payment made in accordance with Section 7.2, *Payments Withheld*, the City shall have the right to revise or disapprove

Contractor's Application For Payment because the Application For Payment is not considered a properly completed invoice.

- B. If an Application for Payment is accepted by the City, it shall be paid within forty-five days of the City's receipt of the properly prepared invoice (Application for Payment).

7.2 Payment Withheld

- A. In addition to moneys retained pursuant to RCW 60.28 and without waiver of any other available remedies, the City has the right to recapture, withhold, nullify, or back-charge, in whole or in part, any payments due to Contractor or payments made to the Contractor as may be necessary for reasons including but not limited to:

1. Failure of the Contractor to submit or obtain acceptance of a Progress Schedule, Schedule of Values, and any updated Schedules;
2. Defective or non-conforming Work;
3. Costs incurred by the City to correct, repair or replace defective or non-conforming Work, or to complete the Work;
4. A reasonable doubt that the Contract can be completed for the balance then unpaid;
5. A reasonable concern by the City that the materials, equipment or component parts are not in proper operating condition;
6. Assessment of Liquidated Damages;
7. Failure to perform in accordance with the Contract;
8. Cost or liability that may occur to the City as the result of the Contractor's or Subcontractor's acts, omissions, fault, or negligence;
9. Deduction in Contract Work;
10. Failure of Contractor to repair damaged materials, equipment, property, or Work;
11. Failure of the Contractor to provide or obtain review of Submittals;
12. Failure to keep Record Documents up to date;
13. Failure to comply with all applicable federal, state, and local laws, statutes, regulations, codes, licenses, easements, and permits;
14. Failure to obtain and maintain applicable permits, insurance, and bonds;
15. Failure to provide Statement of Intent to Pay Prevailing Wage and/or Affidavits of Wages Paid;
16. Failure to comply with the Contract safety requirements; and,
17. Failure to pay Subcontractors or Suppliers.
18. Payments made by mistake.
19. Payments made erroneously and/or excess of the sum actually due under the Contract.

- B. The withholding, nullification, or back-charge of any payment(s) by the City shall in no way relieve the Contractor of any of its obligations under this Contract.

7.3 Title

- A. Title to all Work and materials covered by an accepted and paid Application for Payment shall pass to the City at the time of such payment, free and clear of all liens, claims, security interest, and encumbrances. Passage of title shall not, however, (1) relieve Contractor from any of its duties and responsibilities for the Work or materials, (2) waive any rights of the City to insist on full compliance by Contractor with the Contract requirements, or (3) constitute acceptance of the Work or materials.

7.4 Retainage

- A. RCW Chapter 60.28, concerning the rights and responsibilities of Contractor and the City with regard to retainage are made a part of the Contract by reference as though fully set forth herein.
- B. Pursuant to RCW 60.28.011 and RCW 39.08.030, claims or “liens” by Subcontractors and Suppliers against the retained fund or the retainage bond must be in writing and submitted to the Project Representative at the address given for notices in this Contract, for filing with the Project documents. The Project Representative will maintain a copy of all claims “liens” against the retainage in the Project document files.

7.5 Substantial Completion Procedure

- A. When the Contractor considers that all Work or Work associated with Contract milestones is substantially complete, the Contractor shall give notice to the City.
 - 1. The City shall promptly inspect the Work and, if the City does not agree that the Work is substantially complete, the City will prepare a Punch List (list of items to be completed or corrected).
 - a. The City reserves the right to add to, modify, or change the Substantial Completion Punch List as circumstances dictate.
 - b. Failure by the City to include any items on such list does not alter the responsibility of the Contractor to complete or correct the Work in accordance with the Contract.
- B. At the Contractor’s request, the City may identify those Punch List items that must be completed or corrected in order for the Contractor to achieve Substantial Completion.
 - 1. When the City determines that those Punch List items have been completed or corrected by the Contractor, the City shall make a determination that the Work is Substantially Complete.
 - 2. A Certificate of Substantial Completion will be issued by the City which shall establish the date of Substantial Completion.
 - 3. This Certificate of Substantial Completion shall state the responsibilities of the City and the Contractor for security, maintenance, heat, utilities, damage to the Work, insurance, and the time to complete remaining Punch List work before Liquidated Damages begin to accrue for the Contractor’s failure to achieve Physical Completion and Final Acceptance in a timely manner.
 - 4. The City shall assess Liquidated Damages for the Contractor’s failure to complete or correct the required Punch List items for Substantial Completion within the Contract Time.
- C. As provided in the Contract, the City may, at its sole discretion, grant Substantial Completion to specific subsystems or portions of the Work. The dates of Substantial Completion shall be determined, in writing, by the City.

7.6 Final Inspection and Final Punch List Procedure

- A. All remaining Punch List items that were not corrected prior to Substantial Completion shall be successfully completed by the Contractor prior to the Contractor’s request for Final Acceptance. When the Contractor considers that all Contract Work is ready for final inspection and Final Acceptance, the Contractor shall give written notice to the City.
- B. The City shall promptly perform a final inspection of the Work and, if necessary, prepare a Final Punch List (a list of items to be completed or corrected by the Contractor prior to the City granting Physical Completion and/or Final Acceptance).

- C. The Contractor shall complete or correct the items identified in the Final Punch List within the time period specified therein. Should the Contractor fail to complete or correct all remaining Final Punch List items within the required time, the City may assess Liquidated Damages against the Contractor for failure to achieve Physical Completion and/or Final Acceptance in a timely manner.
- D. After the Contractor completes all items identified in the Final Punch List(s), the Contractor shall notify the City that the Final Punch List items have been successfully completed. Thereafter, after verification by the City that such completion was satisfactory, the Contractor shall submit a Final Application for Payment.

7.7 Requirements for Final Application for Payment

- A. In addition to any other requirement identified in the Contract Documents, the Final Application for Payment shall include the following documents:
 - 1. Affidavit of Wages Paid for Contractor and all Subcontractors and Suppliers in accordance with state law;
 - 2. Release of Lien Certification for every Subcontractor and Supplier;
 - 3. Contractor's release of claims against the City, except for Claims specifically described in the release document and submitted in accordance with Section 9, *Claims and Litigation*;
 - 4. Copies of the warranties and guarantees required by the Contract;
 - 5. Permit approvals and Certificates of Occupancy;
 - 6. Operation and Maintenance Manuals;
 - 7. Record Set of Drawings and Specifications (The record set shall be accurate, readable, and orderly, and shall be submitted in computer format and/or hard copy as required by the City. The Record set shall carry the Contractor name, date submitted and a notation identifying it as the project record documents);
 - 8. Stamped permit set of documents and any other documents called for elsewhere in the Contract; and,
 - 9. Right of Way Agreement, Easements and Property Releases.

7.8 Final Acceptance

- A. Final Acceptance shall be achieved when all the obligations of the Contract have been successfully performed by the Contractor in accordance with the Contract and accepted by the City.
- B. Neither Final Acceptance, nor Final Payment, shall release Contractor or its sureties from any obligations under this Contract or the Performance and Payment Bonds, or constitute a waiver of any claims by the City arising from or related to Contractor's performance or failure to perform the Work and to meet all Contractual obligations in accordance with the Contract, including but not limited to:
 - 1. Unsettled liens, security interests or encumbrances;
 - 2. Damaged, non-conforming, or defective Work discovered by the City;
 - 3. Terms of any warranties or guarantees required by the Contract; and,
 - 4. Payments made in error.
- C. Except for any Claims properly submitted in accordance with Section 9, *Claims and Litigation*, acceptance of Final Payment by the Contractor shall, on behalf of itself and its Subcontractor and Suppliers or Sureties, forever and unconditionally release and discharge the City, its officers, agents, employees, from:

1. Any and all disputes or claims, including but not limited to claims for damages, fines, interest, taxes, attorney fees, or costs, demands, rights, actions or causes of actions, known or unknown, arising out of or in any way related to the parties' performance under the Contract and/or Project; and,
2. Any and all known and/or unknown liabilities, obligations, demands, actions, suits, debts, charges, causes of action, requests for money and/or payment under the Contract, outstanding invoices, or claims directly or indirectly arising out of or related to the Contract and/or Project.

7.9 Warranty and Guaranty

- A. In addition to any special warranties provided elsewhere in the Contract, Contractor warrants that all Work conforms to the requirements of the Contract and is free from any defect in equipment, material, design, or workmanship performed by Contractor or its Subcontractors and Suppliers.
- B. The warranty period shall be for a period of two (2) years from the date of Final Acceptance.
- C. With respect to all warranties, express or implied, for Work performed or materials furnished according to the Contract, Contractor shall:
 1. Obtain all warranties that would be given in normal commercial practice from the supplier and/or manufacturer;
 2. Prior to Final Acceptance require all warranties be executed, in writing, for the benefit of the City;
 3. Enforce all warranties for the benefit of the City.
- D. If, within an applicable warranty period, any part of the Work is found not to conform to the Contract, the Contractor shall correct it promptly after receipt of written notice from the City to do so. In the event the City determines that Contractor's corrective action is not satisfactory and/or timely performed, then the City has the right to either correct the problem itself or procure the necessary services, recommendations, or guidance from a third party. All damages incurred by the City and all costs for the City's remedy including consultants and attorneys' fees shall be reimbursed by the Contractor.
- E. The warranty provided in this provision shall be in addition to any other rights or remedies provided elsewhere in the Contract or by applicable law.

7.10 Prior Occupation

The City shall have the right to occupy such part or parts of the Project in or upon which the Work is being done, as it may see fit, before the Final Acceptance, and such occupation shall not be construed as acceptance by the City of the Work or constitute Substantial Completion of the Work.

SECTION 8: TERMINATION OR SUSPENSION OF THE WORK

8.0 City's Right to Terminate Contract

A. Termination for Default

1. In addition to grounds stated elsewhere in the Contract, the City may terminate, without prejudice to any right or remedy of the City, the Work, or any part of it, for cause upon the occurrence of any one or more of the following events:
 - a. Contractor fails to prosecute the Work or any portion thereof with sufficient diligence to ensure Substantial Completion of the Work within the Contract Time;

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- b. Contractor fails to prosecute the Work or any portion thereof with sufficient diligence to ensure Final Acceptance of the Work in a timely manner;
 - c. Contractor is insolvent, files a petition for bankruptcy protections, is adjudged bankrupt, makes a general assignment for the benefit of its creditors, or a receiver is appointed on account of its insolvency;
 - d. Contractor fails in a material way to timely repair, replace or correct Work not in conformance with the Contract;
 - e. Contractor repeatedly fails to supply skilled workers or proper materials or equipment;
 - f. Contractor repeatedly fails to make prompt payment to its employees or Subcontractors and Suppliers;
 - g. Contractor materially disregards or fails to comply with laws, ordinances, rules, regulations, permits, easements or orders of any public authority having jurisdiction;
 - h. Contractor fails to comply with any Contract safety requirement; or,
 - i. Contractor is otherwise in material breach of any provision of the Contract.
2. If the City reasonably believes that one of the aforementioned events has occurred, the City will provide the Contractor with written notice of default, specifying within such notice the ground(s) for such default termination. The City, at its option, shall require the Contractor to either promptly correct the deficiencies noted in the City's Default Notice or provide the City with a corrective action plan as to how such deficiencies will be remedied or cured in a timely fashion. If requested to do so by the City, the Contractor shall provide a detailed corrective action plan within fifteen (15) days of the request. However, if after receipt of the proposed remedy, the City has a reasonable basis for concluding that the Contractor has (a) failed or is unwilling to repair, replace or correct the deficiencies, or (b) failed or is unwilling to provide a reasonable and satisfactory corrective action plan, the City shall thereafter have the right to terminate this Contract for default.
3. Upon termination:
- a. The City shall call upon the Surety to perform its obligations under the Performance and Payment Bonds. The Surety shall, within fifteen (15) days of the date of notice of termination of Contractor from City, respond either in the affirmative or in the negative of Surety's intent to fully perform its obligations under the Performance and Payment Bonds under the same terms and conditions of this Agreement. Failure to respond within fifteen (15) days shall be deemed a response in the negative.
 - b. If the Surety responds in the negative to its obligations under Paragraph 8.0, A.3, the City shall:
 - i. Take possession of the Site and possession of or use of all materials, equipment, tools, and construction equipment and machinery thereon owned by Contractor; and/or
 - ii. Finish the Work by whatever other reasonable method it deems to be in its best interests.
4. The Contractor and its sureties shall be liable for all damages and costs, including but not limited to: (1) compensation for architect and engineering services and expenses made

necessary thereby; (2) any other costs or damages incurred by the City in completing and/or correcting the Work; and (3) any other special, incidental or consequential damages incurred by the City which results or arises from the breach or Termination for Default, provided, however, that any special, incidental or consequential damages under (3) shall not exceed \$1.0 Million Dollars.

5. In the event of Termination for Default the City shall only pay the Contractor for Work successfully completed and accepted by the City prior to the date of termination. The City shall not be responsible for any other Contractor costs, expenses, or damages including any consequential, special, or incidental damages or lost profits associated with this Contract. In no event shall the City reimburse the Contractor for any costs directly or indirectly related to the cause of this Termination for Default.
6. If, after Termination for Default, it is determined that the Contractor was not in default, the rights and obligations of the parties will be the same as if the termination had been issued for the convenience of the City.
7. The rights and remedies of the City in this provision are in addition to any other rights and remedies provided by law or under this contract, inclusive specifically of all audit rights.

B. Termination for Convenience

1. Upon written notice the City may terminate the Work, or any part of it, without prejudice to any right or remedy of the City inclusive of all audit rights in the Contract, for the convenience of the City.
2. If the City terminates the Work or any portion thereof for convenience, Contractor shall only be entitled to be paid for Adjusted Contract Work as follows:
 - a. Reasonable Direct Costs for all Adjusted Contract Work executed in conformance with the Contract and completed prior to the effective date of the termination; and
 - b. A reasonable allowance for Overhead and Profit for Adjusted Contract Work actually performed in conformance with the Contract and accepted by the City prior to the date of termination, at a rate not to exceed the percentage amount set forth in the Contract and in Sections 6.2, *Method to Calculate Adjustments to Contract Price*, subparagraph C4e, *Overhead and Profit*; and,
 - c. The term "Adjusted Contract Work" as used herein means the Contract Work as adjusted by any additive or deductive Change Orders executed prior to the effective date of the termination.
3. Termination for convenience shall not enlarge, expand, modify, alter or in any way subsume or convert the rights or remedies (if any) of Contractor with respect to any Claim, Change Proposal, Field Directive, Notice of Intent to Submit a Request for Change Order, Request for Change Order or other request for any revision to the Contract Price or Contract Time pending at the time of the termination (collectively, "Pending Requests"). Without limiting the foregoing, the termination for convenience shall not have the effect of converting the Pending Requests into no-fault or assumed liabilities of the City. Following any termination for convenience, Contractor's rights or remedies (if any) to any extra compensation, change in the Contract Price or additional Contract Time for any Pending Requests shall continue to be subject to and governed by the same Contract provisions, legal rules and processes, defenses and burdens of proof that would apply but for the termination.

4. Except as provided for herein, the Contractor shall not be entitled to any other costs or damages whatsoever (including without limitation Profit and Overhead on the terminated Work). The total sum payable upon termination shall not exceed the Contract Price reduced by prior payments. Contractor shall be required to make any request for adjustment related to reasonable Direct Costs of Adjusted Contract Work incurred prior to the termination or Pending Requests in accordance with Sections 5, *Changes to the Contract*, and 6, *Time and Price Adjustments*.
 5. If it appears that due any cause or reason the Contractor would have incurred a loss on the entire Contract had it been completed, the City shall not reimburse Contractor any Profit or Overhead for the Adjusted Contract Work completed and shall reduce the settlement to reflect the indicated rate of loss.
 6. If the payments made by the City prior to the effective date of the termination exceed the reasonable Direct Cost of the Adjusted Contract Work, the City shall at its option be entitled to a credit for the overpayment. The Contractor shall cooperate with any audit the City elects to conduct pursuant to the terms of the Contract.
 7. The rights and remedies of the City in this provision are in addition to any other rights and remedies provided by law or under this Contract, inclusive specifically of all audit rights.
- C. Contractor's Obligations During Termination. Unless the City directs otherwise, after receipt of a written notice of Termination for Default or Termination for Convenience, Contractor shall promptly:
1. Stop performing Work on the date and as specified in the notice of termination;
 2. Place no further orders or subcontracts for materials, equipment, services or facilities, except as may be necessary for completion of such portion of the Work not terminated;
 3. Cancel all orders and subcontracts, upon terms acceptable to the City, to the extent that they relate to the performance of Work terminated;
 4. Assign as specifically requested by the City all of the rights, title, and interest of Contractor in all orders and subcontracts;
 5. Take such action as may be necessary or as directed by the City to preserve and protect the Work, Site, and any other property related to this Project in the possession of Contractor in which the City has an interest;
 6. Continue performance of Work only to the extent not terminated; and,
 7. Take any other steps required by the City with respect to this Project.

8.1 Suspension of Work

A. City Issued Directive Suspending Work

1. The City may order the Contractor, in writing, to suspend all or any part of the Work of this Contract for the period of time that the City determines appropriate for the convenience of the City. The Contractor shall not suspend the Work without written direction from the City specifically authorizing the Suspension of Work.
2. Upon receipt of a written notice suspending the Work, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize costs attributable to such suspension. Within a period up to 120 days after the suspension notice is received by the Contractor, or within any extension of that period which the City requires, the City shall either:
 - a. Cancel the written notice suspending the Work; or
 - b. Terminate the Work for either Default or Convenience

3. If a written notice suspending the Work is canceled or the period of the Suspension or any extension thereof expires, the Contractor shall resume Work as required by the City.
4. If the performance of all or any part of the Work is, for an unreasonable period of time, suspended by the written direction of the City, the Contractor may be entitled to an adjustment in the Contract Time, or Contract Price, or both, for increases in the time or cost of performance directly attributable to such unreasonably long suspension and provided that the Contractor sufficiently documents all costs and time impacts attributable to the suspension. No adjustments to Contract Price and/or Contract Time shall be allowed unless the Contractor can demonstrate that the unreasonable period of suspension caused by the City impacted Critical Path work and delayed the Contractor from completing the Contract Work on time. The Contractor shall comply with the requirements of Sections 5, *Changes to the Contract*, and 6, *Time and Price Adjustments*, in seeking an adjustment. Sums paid to Contractor for labor, supervision, material, equipment (including standby) on account of suspension shall not exceed those allowed by Section 6.2F. Failure to comply with these requirements shall constitute a waiver of Contractor rights to any adjustment in Contract Time and/or Contract Price.
5. No adjustment shall be made under this provision for any suspension to the extent that Contractor's performance would have been suspended, delayed, or interrupted as a result of actions, omissions, fault or negligence caused, in whole or in part, by the Contractor or any of its Subcontractors and Suppliers. Any costs related to Contractor Equipment on standby during the suspension shall be paid only and strictly in accordance with Section 6.2F.

B. Constructive Suspension of Work

1. In the event that the Contractor believes that some action or omission on the part of the City constitutes constructive suspension of Work, the Contractor shall immediately notify the City in writing that the Contractor considers the actions or omission a constructive suspension of Work. This written notification shall detail the circumstances of the constructive suspension of Work.
2. The Contractor shall keep cost and other project records related to the constructive suspension separately from normal project costs. Except for potential payment of additional Overhead as described below in Section 5.4C.1, any payments to Contractor caused by or related to suspension shall be in accordance with Section 6.2F.
3. To the extent the Contractor believes it is entitled to any additional money or time as a result of the suspension of Work or constructive suspension, Contractor shall submit a Request for Change Order to the City as more fully described in Article 5, *Changes to the Contract*. The Contractor shall provide a Request for Change Order within thirty-five (35) days of (1) the City's Notice canceling the suspension or (2) termination of the Work.
4. The Contractor is compensated for Overhead, including unabsorbed home office overhead, through the Overhead and Profit markup described in Section 6.2, *Methods to Calculate Adjustments to Contract Price*. If the Contractor can demonstrate through verifiable cost records that the Overhead and Profit markup is insufficient to cover the Contractor's costs for unabsorbed home office overhead, which shall be limited to executive and administrative salaries, accounting expenses, home office rent and expenses, company insurance, utilities, telephone, fax and computers for the home office, the Contractor may be entitled to additional compensation for unabsorbed home office overhead provided the Contractor demonstrates full compliance with all of the following:
 - a. The Contractor shall demonstrate that the Work was suspended solely by actions for which the City is entirely responsible;

- b. The Contractor shall demonstrate that the Project's cash flow has been or will be substantially adversely impacted as a direct and sole result of such suspension;
 - c. The suspension was of an indefinite duration at the time the suspension arose;
 - d. The City required the Contractor to remain on standby during the suspension period;
 - e. The Contractor was unable to re-sequence or reorganize the Work in order to continue working and maintain cash flow for the Project;
 - f. The Contractor was ready, capable, and willing to perform Contract Work during the suspension;
 - g. The Contractor was unable to take on other work as a direct result of the suspension and the only reason the Contractor was unable to take on other work was because of the suspension; and,
 - h. That the suspension to the Project's completion date did not simply result from additional work caused by Change Orders which did not result in a substantial impact to the Project's cash flow.
- 5. The Contractor's recovery of additional Overhead as described above is limited to actual unabsorbed home office overhead (as defined in 5.4C.1) minus the Overhead and Profit markup calculated in accordance with Section 6.2, *Methods to Calculate Adjustments to Contract Price*.
 - 6. Failure to comply with these requirements shall constitute a waiver of Contractor's rights to any adjustment in Contract Time and/or Contract Price.
 - 7. No adjustment shall be made under this provision for any suspension to the extent that Contractor's performance would have been suspended, delayed, or interrupted as a result of actions, omissions, fault or negligence caused, in whole or in part, by the Contractor or any of its Subcontractors and Suppliers. Any costs related to Contractor Equipment on standby during the suspension shall be paid only and strictly in accordance with Section 6.2F.

8.2 City's Right to Stop the Work for Cause

If Contractor fails or refuses to perform its obligations in accordance with the Contract, the City may order Contractor, in writing, to stop the Work, or any portion thereof, until satisfactory corrective action has been taken. Contractor shall not be entitled to any adjustment in the Contract Time and/or Contract Price for any increased cost or time of performance attributable to Contractor's failure or refusal to perform its obligations under the Contract.

SECTION 9: CLAIMS AND LITIGATION

9.0 Contractor Claims

A. Condition Precedent to Filing a Claim.

- 1. The following actions are a mandatory condition precedent to filing a Claim:
 - a. A Request for Change Order is denied or deemed denied by the City; or
 - b. A Unilateral Change Order is issued by the City.

B. Failure to file a Timely Claim.

- 1. At least seven (7) days prior to the appropriate time to file a Claim specified herein, the Contractor may request an extension of time for filing its Claim. The Contractor shall state the reasons for the request and identify a date certain when the Contractor shall provide a fully documented Claim. Unless otherwise agreed to in writing by the Project

Representative, a fully documented Claim shall be received by the Project Representative within thirty (30) days after, the denial or deemed denial of a Request for Change Order, or Contractor's receipt of an Executed Unilateral Change Order.

2. Failure to comply with the time requirements set for filing a Claim shall constitute acceptance by the Contractor, on behalf of itself and its Subcontractors and Suppliers, of the Unilateral Change Order and/or the City's denial or deemed denial of a Request for Change Order. Such acceptance shall be considered complete, full, and final settlement of all costs, damages, and Claims related to or arising from the Request for Change Order and/or Unilateral Change Order.
- C. Contractor's Obligation to Continue to Work. Pending final decision of a Claim hereunder, the Contractor shall proceed diligently with the performance of the Contract Work, including that work associated with the Claim, and maintain its progress with the Work. Failure to proceed as required herein shall constitute grounds for termination under Section 8.0(A).
- D. Information required in a Fully Documented Claim. Every Claim must be submitted by the Contractor, in writing and clearly designated by the Contractor as a fully documented Claim. At a minimum, a fully documented Claim must contain the following information:
1. A detailed factual statement of the Claim providing all necessary details, locations, and items of Contract Work affected;
 2. The date on which facts arose that gave rise to the Claim;
 3. The name of each person employed or associated with the Contractor, Subcontractors, Suppliers, and/or the City with knowledge about the event or condition which gave rise to the Claim;
 4. Copies of documents and a written description of the substance of any oral communications that concern or relate to the Claim;
 5. The specific provisions of the Contract Documents on which the Claim is based;
 6. If an adjustment in the Contract Price is sought, the exact amount sought, calculated in accordance with the Contract and accompanied by (a) all records supporting the Claim and (b) all records meeting the requirements of Section 3.10 and Section 3.11;
 7. If an adjustment in the Contract Time is sought, the specific days and dates for which it is sought; the specific reason the Contractor believes an adjustment in the Contract Time should be granted; and the Contractor's analyses of its Progress Schedule, any specific Schedule analysis as required by the Contract Documents, and all updates to demonstrate the reason for the adjustment in Contract Time; and,
 8. A statement certifying, under penalty of perjury, that after the exercise or reasonable diligence and investigation the Claim is made in good faith, that the supporting cost and pricing data are true and accurate to the best of the Contractor's knowledge and belief, that the Claim is fully supported by the accompanying data, and that the amount requested accurately reflects the adjustment in the Contract Price or Contract Time for which the Contractor believes the City is liable.
- E. Contractor's Duty to Cooperate. The Contractor shall cooperate with the City or its designee in the evaluation of its Claim and provide all information and documentation requested by the City or its designee.
- F. The City's Evaluation of the Claim.
1. To assist the City in the review of the Contractor's Claim, the City or its designee may visit the Site, request additional information and/or documentation in order to fully evaluate the issues raised in the Claim and/or audit the Claim.

2. After the Contractor has submitted a fully documented Claim that complies with this provision, the City shall respond, in writing, to the Contractor within sixty (60) days from the date the fully documented Claim is received with either:
 - a. A decision regarding the Claim;
 - b. Written Notice extending for another thirty (30) days the City's time to respond to the Claim.
3. Absent a thirty (30) day extension, the Claim shall be deemed denied upon the sixty-first (61st) day following receipt of the Claim by the City. If the City had a thirty (30) day extension, the Claim shall be deemed denied upon the ninety-first (91st) day following receipt of the Claim by the City.

G. Appeal Process of a Denial or Deemed Denial of the Claim.

1. Contractor shall notify the City of its disagreement with the denial or deemed denial of the Contractor's Claim and file a fully documented Appeal to the City Engineer within twenty-one (21) days after the deemed denial or receipt of the denial.
2. Failure to notify the City and file a fully documented Appeal constitutes acceptance of the denial or deemed denial and the Contractor waives any right to any adjustment in Contract Price and/or Contract Time with respect to the Claim.
3. A fully documented Appeal shall contain the following information:
 - a. All documentation and information previously provided to the City in support of the Contractor's Claim including but not limited to the documentation identified in Section 9.0, *Contractor Claims*, paragraph D;
 - b. A copy of the City's denial of the Claim;
 - c. A detailed explanation why the Contractor believes the City's decision is incorrect and why the Claim should be granted; and
4. Any technical data or additional documentation supporting the Contractor's position.
5. At the discretion of the City Engineer, the City Engineer may request additional information or a meeting with the Contractor.
6. After the Contractor has submitted a fully documented Appeal that complies with this provision, the City Engineer shall respond, in writing, to the Contractor within sixty (60) days from the date the Appeal is received. Absent a written response by the City Engineer, the Appeal shall be deemed denied upon the sixty-first (61st) day following receipt of the Appeal by the City Engineer.
7. Contractor shall notify the City of its disagreement with the denial or deemed denial of the Contractor's Appeal within twenty-one (21) days after the deemed denial or receipt of the denial. Failure to notify the City constitutes acceptance of the denial or deemed denial and the Contractor waives any right to any adjustment in Contract Price and/or Contract Time with respect to the Appeal.

9.1 Contractor's Burden of Proof on Claim

- A. The Contractor shall have the burden of proof to demonstrate entitlement to and the amount of any damages as allowed by the Contract. In no event shall Contractor's recovery exceed the sums allowed by Section 6.2(F).
- B. If the Contractor, on behalf of itself or its Subcontractors and Suppliers seeks an adjustment in the Contract Price or Contract Time not supported by Project cost records meeting the requirements of Section 3.10 or Section 3.11, the Claim is waived.

- C. Compliance with the record keeping requirements set forth in this Contract is a mandatory condition precedent to recovery of any costs or damages related to or arising from performance of the Contract Work. If the City establishes non-compliance of the record-keeping requirement set forth in Section 3.11, *Cost Records*, no adjustment shall be allowed or made to the Contract Price and/or Contract Time with respect to that Claim.
- D. No Claim submitted to Alternate Dispute Resolution (ADR) or pursued by the Contractor in litigation shall seek damages greater than those set forth in the Contractor's Claim, except for accrual of any interest allowed under Section 6.1(D).

9.2 **Litigation**

- A. As a mandatory condition precedent to the initiation of litigation by the Contractor against the City, Contractor shall:
 - 1. Comply with all provisions set forth in this Contract;
 - 2. Enter into an Alternate Dispute Resolution (ADR) process agreeable to both parties at any time during Contract Time but no later than sixty (60) days after issuance of the Certificate of Substantial Completion for the entire Project or Final Acceptance if a Certificate of Substantial Completion for the entire Contract is not issued; and complete the ADR process within 240 days after issuance of Substantial Completion for the entire Project or Final Acceptance if no Certificate of Substantial Completion for the entire Contract is issued; and
 - 3. Receive the Certificate of Substantial Completion for the entire Contract or Final Acceptance if a Certificate of Substantial Completion for the entire Contract is not issued.
- B. Any litigation brought against the City shall be filed and served on the City within 365 days from either the issuance of the Certificate of Substantial Completion for the entire Contract or Final Acceptance if no Certificate of Substantial Completion of the entire Contract is issued. The requirement that the parties participate in ADR does not waive the requirements of this subparagraph.
- C. Venue and jurisdiction shall vest solely in the King County Superior Court.
- D. Failure to comply with these mandatory condition time requirements shall constitute a waiver of the Contractor's right to pursue judicial relief for any Claim arising from work performed under this Contract.

SECTION 10: MISCELLANEOUS

10.0 Contractor's Performance and Payment Bond

No later than ten days after notice of selection, the Contractor shall execute and deliver to the City a performance and payment bond for 100% of the Contract Price, on a form acceptable to the City with an approved surety company and in compliance with Chapter 39.08 RCW. The Contractor shall promptly furnish additional bond security to protect the City and persons supplying labor or materials required by the Contract if:

- 1. The City has a reasonable objection to any surety;
- 2. Any surety fails to furnish reports on its financial condition pursuant to City's request; or,
- 3. The Contract Price increases beyond the bond amount.

10.1 Indemnification/Hold Harmless

- A. The Contractor shall protect, defend, indemnify, and save harmless the City, its officers, officials, employees, and agents, from any and all claims, demands, suits, penalties, losses,

damages, judgments, or costs of any kind whatsoever (hereinafter "claims"), arising out of or in any way resulting from the Contractor's and/or Subcontractor's and Supplier's of all tiers acts or omissions, performance or failure to perform this Contract, to the maximum extent permitted by law or as defined by RCW 4.24.115, now enacted or as hereinafter amended.

- B. The Contractor's obligations under this section shall include, but not be limited to,
1. The duty to promptly accept tender of defense and provide defense to the City at the Contractor's own expense.
 2. The duty to indemnify and defend the City from any claim, demand, and/or cause of action brought by or on behalf of any of its employees, or agents. The foregoing duty is specifically and expressly intended to constitute a waiver of the Contractor's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the City with a full and complete indemnity and defense of claims made by the Contractor's employees. The parties acknowledge that these provisions were mutually negotiated upon by them.
 3. To the maximum extent permitted by law, the Contractor shall indemnify and defend the City from and be liable for all damages and injury caused to property or owners of property on or in the vicinity of the Work or which occurs to any person or persons or property whatsoever arising out of the performance of this Contract, whether or not such injury or damage is caused by negligence of the Contractor or caused by the inherent nature of the work specified.
- C. The City may, in its sole discretion, (1) withhold amounts sufficient to pay the amount of any claim for injury, and/or (2) pay any claim for injury of which the City may have knowledge, regardless of the formalities of notice of such claim, arising out of the performance of this Contract.
- D. Any amount withheld will be held until the Contractor secures a written release from the claimant, obtains a court decision that such claim is without merit, or satisfies any judgment on such claim. In addition, the Contractor shall reimburse and otherwise be liable for claims costs incurred by the City, including, without limitation, costs for claims adjusting services, attorneys, engineering, and administration.
- E. In the event the City incurs any judgment, award, and/or costs arising therefrom, including attorneys' fees, to enforce the provisions of this article, all such fees, expenses, and costs shall be recoverable from the Contractor.

10.2 Compensation, Wages, Benefits and Taxes

The City assumes no responsibility for the payment of any compensation, wages, benefits, or taxes owed by the Contractor by reason of this Contract. The Contractor shall indemnify and hold the City, its officers, agents, and employees, harmless against all liability and costs resulting from the Contractor's failure to pay any compensation, wages, benefits or taxes.

10.3 Successors and Assigns

The City and the Contractor each binds itself, its partners, successors, assigns and legal representatives to the other with respect to all covenants, agreements and obligations contained in the Contract. Neither party to the Contract shall assign the Contract or sublet it as a whole without the written consent of the other, nor shall the Contractor assign any moneys due or to become due to it hereunder, without the previous written consent of the City.

10.4 Third Party Agreements

Except as otherwise may be provided, the Contract shall not be construed to create a contractual relationship of any kind between: any architect or engineer, or any Subcontractor, or any persons other than the City and Contractor.

10.5 Nonwaiver of Breach

No action or failure to act by the City shall constitute a waiver of any right or duty afforded to the City under the Contract; nor shall any such action or failure to act by the City constitute an approval of or acquiescence in any breach hereunder, except as may be specifically stated by the City in writing.

10.6 Notice to the City of Labor Disputes

- A. If Contractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay timely performance in accordance with the Contract, Contractor shall immediately give notice, including all relevant information, to the City.
- B. Contractor agrees to insert a provision in its Subcontracts and Supply Contracts and to require insertion in all sub-subcontracts or sub-supply contracts, that in the event timely performance of any such contract is delayed or threatened by any actual or potential labor dispute, all Subcontractors, Suppliers or lower-tiered Subcontractor or Suppliers shall immediately notify the next higher tier or Contractor, as the case may be, of all relevant information concerning the dispute.

10.7 Liquidated Damages against Contractor

Liquidated Damages, in an amount set forth elsewhere in the Contract Documents, will be assessed for Contractor's failure to achieve a designated Contract Milestone, Substantial Completion, Physical Completion and/or Final Acceptance within the Contract Time. These Liquidated Damages are not a penalty, but will be assessed against the Contractor for failure to achieve these Contract requirements. These Liquidated Damage amounts are fixed and agreed upon by and between the Contractor and the City because of the impracticability and extreme difficulty of fixing and ascertaining the actual damages the City would in such events sustain. These amounts shall be construed as the actual amount of damages sustained by the City, and may be retained by the City and deducted from payments to the Contractor. Assessment of Liquidated Damages shall not release the Contractor from any further obligations or liabilities pursuant to the Contract.

- A. Failure to Achieve Substantial Completion. Timely performance and completion of the Work is essential to the City and the time limits stated in the Contract are of the essence. The City will incur serious and substantial damages if Substantial Completion of the Work does not occur within the Contract Time.
- B. Failure to Achieve Physical Completion. Timely performance and completion of the Work is essential to the City and the time limits stated in the Contract are of the essence. The City will incur serious and substantial damages if Physical Completion of the Work does not occur within the Contract Time
- C. Failure to Achieve Final Acceptance. Final Acceptance of the Work is essential to the City and the time limits as identified by the City are of the essence. The City will incur serious and substantial damages if Final Acceptance of the Work does not occur as the City requires.

10.8 Headings

The headings used in the Contract are for convenience only and shall not be considered a part of or affect the construction or interpretation of any contractual provision therein.

10.9 Choice of Law

In the event that either party shall bring a lawsuit or action related to or arising out of this Contract, such lawsuit or action shall be brought in the King County Superior Court, Washington. This Contract shall be governed by, and construed and enforced in accordance with the laws of the State of Washington.

10.10 Severability

The provisions of this Contract shall be effective in all cases unless otherwise prohibited by Washington State Law or applicable Federal Law. The provisions of this Contract are separate and severable. The invalidity of any sentence, paragraph, provision, section, Section, or portion of this Contract shall not affect the validity of the remainder of this Contract.

END OF SECTION 00 07 00