

DESIGN-BUILD AGREEMENT

FLOOR RESURFACING IN THE FLEET MANAGEMENT GARAGE (RFP No. 1614)

SPECIALTY FLOORING, INC.

This Agreement for Construction ("Agreement") is entered into on this _____ day of _____, 2016, by and between the CITY OF RIVERSIDE, a California charter city and a municipal corporation ("City") and SPECIALTY FLOORING, INC., a California corporation, 7525 Jurupa Ave., Suite E, Riverside, California 92504, State Contractor's License No. 933651 ("Design-Build Entity"). Hereinafter, the City and the Design-Build Entity may be referred to collectively as the "Parties."

ARTICLE 1 – SCOPE OF WORK AND DESIGN SERVICES

1.1 Scope of Work. Design-Build Entity shall furnish all engineering design, labor, equipment and materials for, and perform the work of Floor Resurfacing in the Fleet Management Garage located at 8095 Lincoln Avenue, Riverside, CA, 92504, which is covered in Design-Build Entity's Proposal (the "Work").

1.2 Contract Documents. Design-Build Entity shall perform the Work in accordance with the provisions and requirements of the following Contract Documents:

- (1) Request for Proposals No. 1614;
- (2) Addenda with later Addenda having priority over earlier Addenda issued as follows:

Addendum No. 1, issued May 12, 2016;

Addendum No. 2, issued May 19, 2016
- (3) Design-Build Entity's Proposal dated May 31, 2016;
- (4) This Agreement, as signed by the Parties, including Exhibit "A" – Workers' Compensation Certification, and all documents, maps, texts and items referred to in the foregoing documents;
- (5) Change Orders and other modifications issued after execution of this Agreement;
- (6) Permits from the City's Building, Fire, Planning, Public Works and Public Utilities Departments and similar governmental approvals for the Work required by applicable law; and

- (7) The 2012 Edition of the Standard Specifications for Public Works Construction (“Standard Specifications”) written by Public Works Standards, Inc., and any special provisions.

The provisions of the Special Provisions (“Special Provisions”) shall take precedence over any conflicting provisions in the Standard Specifications and the specific terms and conditions of this Agreement shall control and have precedence over any contradictory or inconsistent terms or conditions included in any of the Contract Documents and shall be controlling in questions of interpretation.

These Contract Documents are incorporated herein and are intended to be correlative and constitute Design-Build Entity’s performance obligations.

1.3. Project Design. City does not intend to contract for, pay for, or receive any design services which are in violation of any professional licensing laws, and by execution of this Agreement, Design-Build Entity acknowledges that City has no such intent. It is the intent of the Parties that Design-Build Entity is fully responsible for furnishing the design of the Project, although the fully licensed Design Consultant will perform the design services required by the Contract Documents. Nothing in this article shall create a contractual relationship between such persons and the City.

1.4. Standard of Care. All design Services to be performed by Design-Build Entity, its design consultant, subcontractors, and their employees identified by the Design-Build Entity or other persons approved by the City shall be performed in an expeditious and professional manner using architects, engineers and other professionals properly licensed and duly qualified in the jurisdiction in which the Project is located. The professional obligations of such persons shall be undertaken and performed in the interest of the Design-Build Entity. All design services performed pursuant to this Agreement shall be performed with the degree of skill and learning ordinarily possessed by architects and engineers in good standing in the community regularly engaged in the design and construction of an improvement such as this Project and must apply that knowledge with the diligence ordinarily exercised by reputable architects and engineers under similar circumstances (“Standard of Care”).

1.5 Interpretation. In the event of any conflict between any of the Contract Documents, the document highest in the order of precedent shall control. The order of precedent shall be the same as that set forth in Section 2.5-2 of the 2015 Edition of the Standard Specifications for Public Works Construction, unless otherwise revised in the Special Provisions.

1.6 Entire Agreement. This Agreement together with all other Contract Documents represents the entire and integrated agreement between City and Design-Build Entity and supersedes any prior written or oral agreements between them concerning the subject matter contained in the Contract Documents. There are no representations, agreements, arrangements or understandings, oral or written, between the Parties hereto, relating to the subject matter contained in the Contract Documents, which are not fully expressed herein.

ARTICLE 2 – CONTRACT PRICE AND PAYMENT

2.1 Contract Price. City shall pay Design-Build Entity the Contract Price of One Hundred Eighty Two Thousand Four Hundred Sixty One Dollars (\$182,461.00) which includes all California sales or use tax and County and City taxes, in consideration for the Design-Build Entity's full, complete and timely performance of all of the Work required by the Contract Documents. The Contract Price includes any Alternative/Additive Bid Items which were awarded with the Contract.

Design-Build Entity agrees to allocate the use tax derived from contracts or subcontracts of \$5 million or more directly to the job site location by obtaining a sub-permit of the Design-Build Entity's seller's permit for the jobsite and allocating the local tax to the jobsite address on Schedule C of applicable sales tax returns, in accordance with State Board of Equalization Operations Memo 1023. Design-Build Entity shall provide City with proof of such filing prior to City's issuance of the Notice to Proceed.

In accordance with Section 22300 of the California Public Contract Code, Design-Build Entity may substitute securities for any monies withheld by City to ensure performance of the Contract. Such substitution shall be made at the request and expense of Design-Build Entity. Securities equivalent to the amount withheld may be deposited with City or with a state or federally chartered bank as escrow agent. Securities eligible for substitution shall include those listed in Section 16430 of the Government Code, bank or saving and loan certificates of deposit, interest bearing demand deposit accounts, standby letters of credit, or any other security mutually agreed to by Design-Build Entity and City.

2.2 Changes to the Contract Price. Design-Build Entity shall not be compensated for any extra materials used or time expended over and above the Contract Price, unless prior written approval for the same has been granted by the City.

2.3 Payment Procedures. Within sixty (60) calendar days after City accepts final completion of the work and issues the Notice of Completion, excluding Plant Establishment, if applicable, City shall pay Design-Build Entity the amounts City deducted and retained from Design-Build Entity's progress payments, except such sums which are required by applicable law or authorized by the Contract to be further retained. In the event of a dispute between City and Design-Build Entity concerning the amount of final payment due, the City may withhold from final payment, including Liquidated Damages provided forth in the Contract Documents, together with an amount not to exceed 150% of the value of disputed amounts for incomplete or non-conforming work.

ARTICLE 3 – TIME FOR PERFORMANCE

3.1 Date of Commencement/Notice to Proceed. The date of commencement of the Work shall be established in a written Notice to Proceed issued by the City. The City will not issue a Notice to Proceed to the Design-Build Entity until this Agreement, bonds and insurance documents have been executed and/or approved by the City.

3.2 Contract Time. Design-Build Entity shall perform the Work in a diligent manner and shall complete all of the Work of the Contract, excluding any Plant Establishment, if applicable, within **twenty eight (28) calendar days** after the date specified to Design-Build Entity in the Notice to Proceed issued by City.

ARTICLE 4 – LIQUIDATED DAMAGES

4.1 Amounts of Liquidated Damages.

4.1.1 Delay in Substantial Completion of the Work. Failure of Design-Build Entity to complete the Work within the time allowed will result in damages being sustained by City. Such damages are, and will continue to be, impracticable and extremely difficult to determine. For each consecutive calendar day in excess of the time specified for the completion of Work, Design-Build Entity shall pay to City, or have withheld from monies due the Design-Build Entity, the sum of Five Hundred Dollars (\$500.00). Execution of this Agreement shall constitute agreement by City and Design-Build Entity that said sum is the minimum value of the costs and actual damage caused by the failure of Design-Build Entity to complete the Work within the allotted time. Such sum is liquidated damages and shall not be construed as a penalty, and may be deducted from payments due Design-Build Entity if such delay occurs.

ARTICLE 5 – CLAIMS AND DISPUTES

5.1 Notice of Claims. Design-Build Entity acknowledges and agrees that its failure to submit any claim arising under this Contract in accordance with the Special Provisions, shall constitute a waiver of Design-Build Entity's right to additional compensation and/or extension of time.

5.2 Government Code Claims Procedures. Design-Build Entity further acknowledges that notwithstanding Design-Build Entity's compliance with the claims procedures set forth in the Special Provisions, Design-Build Entity must also comply with the claims procedures set forth in Government Code sections 900 et seq. prior to filing a lawsuit against the City for any such claim. Failure to submit a Government Code claim or comply with the claims provision contained in the Special Provisions shall bar Design-Build Entity from bringing and maintaining a valid lawsuit against the City.

ARTICLE 6 – LOCAL BUSINESS LICENSE, TAXES AND FEES

6.1 Business Tax Certificate and Governmental Approvals. As a condition of the Contract, Design-Build Entity and all subcontractors shall, during the term of this Agreement, secure and annually renew business tax certificates pursuant to Chapter 5.04 of the Riverside Municipal Code to operate in the City of Riverside, and shall also secure and maintain at all times during performance of the Work, any other licenses, fees, permits or similar Governmental Approvals required by Applicable law.

6.2 Offsets. Design-Build Entity acknowledges and agrees that with respect to any business tax or penalties thereon, utility charges, invoiced fee or other debt which is owed, or which

becomes owed, by Design-Build Entity to City, City reserves the right to withhold and offset said amounts from any payments, refunds or reimbursements owed by City to Design-Build Entity under the Contract. Notice of such withholding and offset shall promptly be given to Design-Build Entity by City in writing. In the event of a dispute as to the amount owed or whether such amount is owed to City, City will hold such disputed amount until either the appropriate appeal process has been completed or until the dispute has been resolved.

ARTICLE 7 – BONDS

7.1 Performance and Payment Bonds. Prior to City's execution of this Agreement, Design-Build Entity shall furnish to the City two (2) duly executed surety bonds using the forms included within the Bidding Requirements, one (1) as security for the faithful performance of the Contract and one (1) as security for the payment of all persons performing labor and furnishing materials in connection with the Contract. Both bonds shall be in the amount of one hundred percent (100%) of the Contract Price and shall be subscribed by an Admitted Surety Insurer which is authorized to transact surety insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or larger. Should any bond or surety become insufficient, Design-Build Entity shall furnish City a new bond within ten (10) days after receiving notice from City. No payments will be due or paid under the Contract until any and all bond deficiencies have been remedied. Design-Build Entity, by execution of this Agreement acknowledges that the bonds are not Contract Documents, but are separate obligations.

ARTICLE 8 – WORKERS' COMPENSATION INSURANCE

8.1 Workers' Compensation Insurance Certificate. By executing this Agreement, Design-Build Entity certifies that Design-Build Entity is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation or to undertake self-insurance before commencing any of the Work. Design-Build Entity shall comply with Labor Code Section 1861 by signing and filing the workers' compensation certification attached hereto as Exhibit "A" and incorporated herein by reference.

8.2 Evidence of Coverage. Prior to the City's execution of this agreement, Design-Build Entity shall file with the City either 1) a certificate of insurance or self-insurance evidencing that such insurance is in effect, or that Design-Build Entity is self-insured for such coverage; or 2) a certified statement that Design-Build Entity has no employees, and acknowledging that if Design-Build Entity does employ any person, the necessary certificate of insurance will immediately be filed with City. Any Certificate filed with the City shall provide that City shall be given ten (10) days prior written notice before modification or cancellation thereof.

8.3 Carrier Rating. Design-Build Entity's workers' compensation insurance carrier shall be authorized to transact insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or larger.

8.4 Subcontractor Worker's Compensation Insurance. Design-Build Entity shall require each of its Subcontractors to obtain and maintain for the duration of this Agreement, complete

workers' compensation insurance, meeting or exceeding the coverage's and amounts that California law requires.

ARTICLE 9 – DESIGN-BUILD ENTITY'S LIABILITY INSURANCE

9.1 Minimum Scope. Prior to City's execution of this Agreement and Design-Build Entity's commencement of Work, Design-Build Entity shall secure, submit proof of and shall thereafter maintain without interruption, until completion of the Design-Build Entity, such commercial general, automobile liability, professional liability, builders risk and/or installation floater insurance as shall protect Design-Build Entity, its Subcontractors and the Additional Insured's from any and all claims for damages for personal injury, including accidental death, as well as any and all claims for property damage which may arise from or which may concern operations under the Contract, whether such operations be by or on behalf of Design-Build Entity, any subcontractor or anyone directly or indirectly employed by, connected with or acting for or on behalf of any of them.

9.2 Carrier Ratings. All liability insurance shall be issued by an insurance company or companies authorized to transact liability insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or larger.

9.3 Minimum Limits. Design-Build Entity shall maintain minimum limits of insurance as follows:

A. Commercial General Liability. Insurance Services Office Commercial General Liability Coverage (occurrence Form CG 0001). This coverage shall include:

- i. Manufacturers and Contractors liability,
- ii. Broad form property damage in any case where the Design-Build Entity has any property belonging to the City in the Design-Build Entity's care, custody, or control,
- iii. Owners and Contractors' protective liability,
- iv. Blanket contractual liability,
- v. Products and completed operations coverage, and
- vi. Coverage for collapse, explosion, and excavation.

B. Automobile Liability. Insurance Services Office Automobile Liability Coverage (Form CA 0001), covering Symbol 1 (any auto). This coverage shall include:

- i. Coverage for owned, non-owned, and hired automobiles.

9.3.1 Commercial General Liability. Design-Build Entity's commercial general liability insurance policy shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than \$1,000,000 per occurrence, an aggregate limit for products/completed operations in the amount not less than \$2,000,000.

9.3.2 Automobile Liability Insurance. Design-Build Entity's automobile liability policy shall cover both bodily injury and property damage in an amount not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$1,000,000. All of Design-Build Entity's automobile and/or commercial general liability insurance policies shall cover all vehicles used in connection with Design-Build Entity's performance of this Agreement, which vehicles shall include, but are not limited to, Design-Build Entity owned vehicles, Design-Build Entity leased vehicles, Design-Build Entity's employee vehicles, non-Design-Build Entity-owned vehicles and hired vehicles.

9.3.3. Installation Floater Insurance. Contractor shall obtain, at Contractor's expense, and keep in effect during the term of this Agreement, a Builder's Risk Installation Floater for coverage of Contractor's labor, materials and equipment to be used for completion of the work performed under this Agreement. The minimum amount of coverage to be carried shall be equal to the full amount of the Contractor's labor, equipment, materials, or fixtures to be installed, in transit, or stored off-site or on-site during the performance of this Agreement. The policy shall include as loss payee, the City of Riverside, the Contractor, and its sub-contractors as their interest may appear. The City shall not be responsible for the theft of any materials, equipment in the possession and control of Contractor.

9.3.4 Professional Liability.

9.3.4.1 The Design-Build Entity's professional liability policy must 1) Include professional malpractice, errors and omissions; and 2) Provide coverage for claims arising from acts, errors or omissions from professional services performed by or on behalf of Design-Build Entity, its Design Consultants, Subcontractors, or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable, including liability assumed under and arising from the Agreement.

The Design-Build Entity's professional liability policy must provide limits of liability in an amount not less than: One Million Dollars (\$1,000,000) per claim; and Two Million Dollars (\$2,000,000) in the aggregate. Design-Build Entity shall be responsible for the full amount of all deductibles/self-insured retention per claim for coverage under the Professional Liability Insurance policy. These minimum amounts of coverage shall not constitute any limitation or cap on Design-Build Entity's indemnification obligation.

The Design-Build Entity shall require that each Design Consultant maintain professional liability coverage. Each Design-Consultant's professional liability policy must provide coverage for claims arising from the negligent acts, errors or omissions from professional design services performed by Design Consultant, including liability assumed under and arising from the Agreement.

Each Design-Consultant's professional liability policy must provide limits of liability in an amount not less than: One Million Dollars (\$1,000,000) per claim; and Two Million Dollars (\$2,000,000) in the aggregate. Design Consultant shall be responsible for the full amount of all

deductibles/self-insured retention per claim for coverage under the Professional Liability Insurance policy.

9.4 Notice of Cancellation and Renewals. The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to City by certified or registered mail (this obligation may be satisfied in the alternative by requiring such notice to be provided by Design-Build Entity's insurance broker and set forth on its Certificate of Insurance provided to City). Design-Build Entity agrees that upon receipt of any notice of cancellation or alteration of the policies, Design-Build Entity shall procure within five (5) days, other policies of insurance similar in all respects to the policy or policies to be cancelled or altered. Design-Build Entity shall furnish to the City copies of any endorsements that are subsequently issued amending coverage or limits within fourteen (14) days of the amendment.

9.5 All Coverage's. The insurance policy or policies shall also comply with the following provisions:

- a. Policies shall include premises/operations, products completed operations, independent contractors, owners and contractors' protection, explosion, collapse, underground hazard, broad form contractual, personal injury with employment exclusion deleted, and broad form property damage.
- b. The policy shall be endorsed to waive any right of subrogation against the City and its subconsultants, employees, officers, agents and directors for work performed under this Agreement.
- c. If policies are written on a claims made basis, the certificate should so specify and the policy must continue in force for **five (5) years** after completion of the Project. The retroactive date of the coverage must also be listed.
- d. The policy shall specify that the insurance provided by Design-Build Entity will be considered primary and not contributory to any other insurance available to the City of Riverside. Design-Build Entity shall provide Form No. CG 20010413 to City.
- e. All policies of insurance shall name the City as an Additional Insured and shall contain the following language: "Solely with respect to work done by and on behalf of the name insured for the City of Riverside, it is agreed that the City of Riverside, and its officers and employees are added as additional insureds under this policy."

9.6 Certificates of Insurance, Additional Insured Endorsements and Deductibles. Prior to execution of the Agreement, and thereafter upon City's request, Design-Build Entity shall furnish City with original certificates of insurance and additional insured endorsements setting forth evidence of all insurance coverage required by this Article. Each certificate and endorsement is to be signed by a person authorized by that insurer to bind coverage on its behalf. The City of Riverside, its City Council and all of its respective officials, officers, directors, employees, managers, commission members, representatives, agents and council members shall be named as additional insured's under each policy.

9.7 Design-Build Entity's Failure to Provide Required Insurance. Failure to maintain required insurance at all times shall constitute a default and material breach. In such event, Design-Build Entity shall immediately notify City and cease all performance under this Contract until further directed by the City. In the absence of satisfactory insurance coverage, City may, at its discretion and sole option: (a) procure insurance with collection rights for premiums, attorneys' fees and costs against Design-Build Entity by way of set-off or recoupment from sums due Design-Build Entity; (b) immediately terminate or suspend Design-Build Entity's performance of the Contract; (c) pay Design-Build Entity's premiums for renewal of Design-Build Entity coverage; or (d) self-insure the risk, with all damages and costs incurred, by judgment, settlement or otherwise, including attorneys' fees and costs, being collectible from Design-Build Entity, by way of set-off or recoupment from any sums due Design-Build Entity. Upon demand, Design-Build Entity shall repay City for all sums that City paid to obtain, renew, reinstate or replace the insurance, or City may offset the cost against any monies that the City may owe Design-Build Entity.

9.8 Verification of Coverage. City shall have the right to obtain complete and certified copies of Design-Build Entity's and Subcontractors' insurance policies (including, but not limited to, the declarations page, form list and riders), endorsements or certificates required under the Design-Build Entity Documents, upon request (including, but not limited to, the declarations page, form list and riders).

9.9 Reassessment of Insurance Requirements. At any time during the duration of this Contract, the City may require that Design-Build Entity obtain, pay for, and maintain more or less insurance depending on the City's assessment of any one or more of the following factors: (1) the City's risk of liability or exposure arising out of, or in any way connected with, Design-Build Entity's services under this Contract; (2) the nature or number of accidents, claims, or lawsuits arising out of, or in any way connected with, Design-Build Entity's services under this Contract; or (3) the availability, or affordability, or both, of increased liability insurance coverage.

9.10 Design-Build Entity's Insurance for Other Losses. The Design-Build Entity and its Subcontractors of every tier shall assume full responsibility for all loss or damage from any cause whatsoever to any tools, Design-Build Entity's (or Subcontractors') employee owned tools, machinery, equipment, or motor vehicles owned or rented by the Design-Build Entity, or the Design-Build Entity's agents, suppliers or Subcontractors as well as to any temporary structures, scaffolding and protective fences.

9.11 No Limitation. Design-Build Entity's maintenance of insurance as required by the Contract Documents shall not be construed to limit the liability of the Design-Build Entity's or its Subcontractors of any tier to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

9.12 Subcontractors' Insurance. The Design-Build Entity's shall include in all subcontracts a requirement that the Subcontractors of every tier shall obtain and maintain, at a minimum, all insurance required by Articles 9 and 10 of this Agreement except that the limits of liability and deductibles shall be in amounts determined by the Design-Build Entity, based on the degree of hazardous exposure according to the Work performed by each Subcontractor and the size of each subcontract.

Design-Build Entity's shall ensure that any professional engineer retained on its behalf to provide supplemental plans and engineering calculations required in conjunction with the Work, maintains professional liability insurance during the entire term of this Agreement. Such insurance shall be in the minimum amount of \$1,000,000 to protect City from claims resulting from the engineer(s) activities. This minimum amount of coverage shall not constitute any limitation or cap on Design-Build Entity's indemnification obligations set forth herein.

The City reserves the right to request certificates of insurance from the Design-Build Entity for each Subcontractor. The Design-Build Entity acknowledges that regardless of insurance obtained by its Subcontractors, the Design-Build Entity will be responsible to the City for any and all acts of its Subcontractors.

ARTICLE 10 - INDEMNITY/DUTY TO DEFEND

10.1 Indemnity. Except as to the sole negligence, active negligence or willful misconduct of the City, Design-Build Entity assumes liability for and agrees, at Design-Build Entity's sole cost and expense, to promptly and fully indemnify and hold the City, its City Council, and all of its respective officials, officers, directors, employees, managers, commission members, representatives, agents, council members, ("Indemnitees"), harmless from and against any and all loss, damage, claims, allegations, actions, suits, arbitrations, administrative proceedings, regulatory proceedings, or other legal proceedings, causes of action, demands, costs, judgments, liens, stop notices, penalties, damages, losses, anticipated losses of revenue, expenses (including, but not limited to, any fees of accountants, attorneys, experts or other professionals, or investigation expenses), costs, including attorneys' fees, or losses of any kind or nature whatsoever, whether actual, threatened or alleged, arising out of, resulting from or is in any way (either directly or indirectly) related to, or is in any manner connected with, the performance of Work, the Project, activities, operations or duties of Design-Build Entity, or anyone employed by or working under Design-Build Entity, and from all claims by anyone employed by or working under Design-Build Entity for services rendered to Design-Build Entity in the performance of this Agreement ("Indemnity Claims"), notwithstanding that the City may have benefited from their services. This indemnification provision shall apply to any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of Design-Build Entity or of anyone employed by or working under Design-Build Entity.

The parties expressly agree that any payment, attorneys' fees, costs or expense that the City incurs or makes to or on behalf of an injured employee under the City's self-administered workers' compensation is included as a loss, expense or cost for the purposes of this Section, and that this Section shall survive the expiration or early termination of the Agreement.

10.2 Duty to Defend. Design-Build Entity agrees, at its sole cost and expense, to promptly defend the Indemnitees from all Indemnity Claims. The duty of the Design-Build Entity to indemnify and hold harmless the Indemnitees includes the separate and independent duty to defend the Indemnitees, which duty arises immediately upon receipt by Design-Build Entity of the tender of any Indemnity Claim from an Indemnitee. The Design-Build Entity's obligation to defend the Indemnitees shall be at Design-Build Entity's sole expense, and not be excused because of Design-Build Entity's inability to evaluate liability or because the Design-Build Entity evaluates liability

and determines that the Design-Build Entity is not liable. This duty to defend shall apply whether or not an Indemnity Claim has merit or is meritless, or which involves claims or allegations that any or all of the Indemnitees were actively, passively or concurrently negligent, or which otherwise assert that the Indemnitees are responsible, in whole or in part, for any Indemnity Claim. Design-Build Entity agrees to provide this defense immediately upon written notice from the City, and with well qualified, adequately insured and experienced legal counsel acceptable to the City.

10.3 Subcontractor Requirements. In addition to the requirements set forth hereinabove, Design-Build Entity shall ensure, by written subcontract agreement, that each of Design-Build Entity's Subcontractors of every tier shall protect, defend, indemnify and hold harmless the Indemnitees with respect to Indemnity Claims arising out of, in connection with, or in any way related to each such Subcontractors' Work on the Project in the same manner in which Design-Build Entity is required to protect, defend, indemnify and hold the Indemnitees harmless. In the event Design-Build Entity fails to obtain such defense and indemnity obligations from others as required herein, Design-Build Entity agrees to be fully responsible to the Indemnitees according to the terms of this Article.

10.4 No Limitation or Waiver of Rights. Design-Build Entity's obligations under this Article are in addition to any other rights or remedies which the Indemnitees may have under the law or under the Contract Documents. Design-Build Entity's indemnification and defense obligations set forth in this Article are separate and independent from the insurance provisions set forth in the Agreement and do not limit, in any way, the applicability, scope, or obligations set forth in such insurance provisions. The purchase of insurance by the Design-Build Entity with respect to the obligations required herein shall in no event be construed as fulfillment or discharge of such obligations. In any and all claims against the Indemnitees by any employee of the Design-Build Entity, any Subcontractor, any supplier of the Design-Build Entity or Subcontractors, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, the obligations under this Article shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Design-Build Entity or any Subcontractor or any supplier of either of them, under workers' or workmen's compensation acts, disability benefit acts or other employee benefit acts. Failure of the City to monitor compliance with these requirements imposes no additional obligations on the City and will in no way act as a waiver of any rights hereunder.

10.5 Withholding to Secure Obligations. In the event an Indemnity Claim arises prior to final payment to Design-Build Entity, the City may, in its sole discretion, reserve, retain or apply any monies due Design-Build Entity for the purpose of resolving such Indemnity Claims; provided, however, the City may release such funds if the Design-Build Entity provides the City with reasonable assurances of protection of the Indemnitees' interests. The City shall, in its sole discretion, determine whether such assurances are reasonable.

10.6 Survival of Indemnity Obligations. Design-Build Entity's obligations under this Article are binding on Design-Build Entity's and its Subcontractors' successors, heirs and assigns and shall survive the completion of the Work or termination of the Design-Build Entity's performance of the Work.

10.7 Independent Contractor. Design-Build Entity shall at all times during its performance of the Work retain its status as an independent contractor. Design-Build Entity's employees and agents shall under no circumstances be considered or held to be employees or agents of City and City shall have no obligation to pay or withhold state or federal taxes or provide workers' compensation or unemployment insurance for or on behalf of Design-Build Entity or its employees and agents.

ARTICLE 11 – PREVAILING WAGES

11.1 Public Work Project. This Project is a public work as defined in California Labor Code Section 1720. Design-Build Entity and all Subcontractors of any tier are required to pay all workers employed in the execution of the Work not less than the general prevailing wage rates of per diem wages and overtime and holiday wages determined by the Director of the Department of Industrial Relations ("DIR") under Section 1720 et seq. of the California Labor Code and implemented by Resolution No. 13346 of the City Council of the City of Riverside. The Director's determination of prevailing rates is available on-line at www.dir.ca.gov/dlsr/DPreWageDetermination.htm and is referred to and made a part hereof; the wage rates therein ascertained, determined and specified are referred to and made a part hereof as though fully set forth herein. Per Senate Bill 854 (2014), Design-Build Entity and subcontractors shall register with the Department of Industrial Relations (DIR) in order to bid and perform public works projects. Design-Build Entity and subcontractors on all public works projects shall submit electronic certified payrolls to the Labor Commissioner and City unless excused from this requirement.

11.2 California Labor Code. Design-Build Entity is aware of and stipulates that Design-Build Entity will also comply with the following sections of the California Labor Code:

- a. Section 1775 prescribing sanctions for failure to pay prevailing wage rates;
- b. Section 1776 requiring the making, keeping and disclosing of detailed payroll records and prescribing sanctions for failure to do so;
- c. Section 1777.5 prescribing the terms and conditions for employing registered apprentices;
- d. Section 1810 providing that eight hours of labor shall be a day's work;
- e. Section 1813 prescribing sanctions for violations of the provisions concerning eight-hour work days and forty-hour work weeks; and
- f. Sections 1725.5 and 1771.1 requiring all general contractors and subcontractors to be registered with DIR. Registration can be accomplished through the DIR website by using this link: <http://www.dir.ca.gov/Public-Works/PublicWorks.html>.

ARTICLE 12 – MISCELLANEOUS

12.1 Non-Discrimination. Except as provided in Section 12940 of the California Government Code, during Design-Build Entity's performance of the Agreement, Design-Build Entity shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical handicap, medical condition including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex or sexual orientation, genetic information, gender, gender identity, or gender expression, in the selection and retention of employees and subcontractors and the procurement of materials and equipment. Contractor shall also comply with the requirements of the Americans with Disabilities Act in the performance of the Agreement.

12.2 Notice. Whenever any provision of the Contract Documents requires the giving of written notice, including notices, bills, invoices or other documents required or permitted under this Agreement, service shall be sufficient if sent by one party to the other by overnight courier, or by registered, certified or United States first class mail, postage prepaid and addressed as follows:

City

City of Riverside
General Services Director
3900 Main Street
Riverside, CA 92522

Contractor

Specialty Flooring, Inc.
Fidel Acevedo
7525 Jurupa Ave., Suite E
Riverside, CA 92504

12.3 City's Right to Access and Audit Design-Build Entity's Project Documents.

12.3.1 If the Design-Build Entity submits a claim to the City for additional compensation, the City shall have the right, as a condition to considering the claim, and as a basis for evaluation of the claim, and until the claim has been settled, to audit the Design-Build Entity's books to the extent they are relevant. This right shall include the right to examine books, records, documents, and other evidence and accounting procedures and practices, sufficient to discover and verify all direct and indirect costs of whatever nature claimed to have been incurred or anticipated to be incurred and for which the claim has been submitted. The right to audit shall include the right to inspect the Design-Build Entity's plant, or such parts thereof, as may be or have been engaged in the performance of the Work. The Design-Build Entity further agrees that the right to audit encompasses all subcontracts and is binding upon Subcontractors. The rights to examine and inspect herein provided for shall be exercisable through such representatives as the City deems desirable during the Design-Build Entity's normal business hours at the office of the Design-Build Entity. The Design-Build Entity shall make available to the City for auditing, all relevant accounting records and documents, and other financial data, and upon request, shall submit true copies of requested records to the City.

12.3.2 The City and/or its authorized auditors or representatives, shall have access to and the right to examine, audit, excerpt, transcribe, and reproduce any of the Design-Build Entity's records for a period of at least three (3) years after termination of the Design-Build Entity and/or Final Payment. Such records include without limitation, journals, ledgers, records of accounts payable and receivable, profit and loss statements, bank statements, invoices, receipts, subcontracts, agreements, notes, correspondence, memoranda, and any documents generated and

received in Design-Build Entity's performance of this Contract. Upon written notice by the City, Design-Build Entity shall promptly make all such records available to Owner and/or its authorized auditors or representatives and cooperate with the Owner and its authorized auditors or representatives in examining, auditing, excerpting, transcribing and reproducing the records.

12.4 Venue. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

12.5 No Estoppel or Waiver by City. No action or failure to act by the City shall constitute a waiver of any right or duty afforded City under this Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically provided in this Agreement or as may be otherwise agreed in writing. The waiver by the City of any breach or violation of any term, covenant or condition of this Agreement or of any provision, ordinance, or law shall not be deemed to be a waiver of any other term, covenant, condition, ordinance, or law or of any subsequent breach or violation of the same or of any other term, covenant, condition, ordinance, or law. The subsequent payment of any monies or fee by the City which may become due hereunder shall not be deemed to be a waiver of any preceding breach or violation by Design-Build Entity or any term, covenant, condition of this Agreement or of any applicable law or ordinance.

12.6 Signature Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of Design-Build Entity each represent and warrant that they have the legal power, right and actual authority to bind Design-Build Entity to the terms and conditions hereof and thereof.

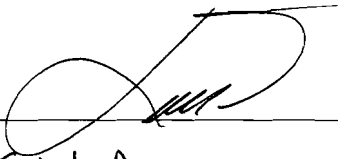
12.7 Severability. Each provision, term, condition, covenant and/or restriction, in whole and in part, in this Agreement shall be considered severable. In the event any provision, term, condition, covenant and/or restriction, in whole and/or in part, in this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant and/or restriction of this Agreement and the remainder of the Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Design-Build Agreement to be duly executed on the day and year first above written.

CITY OF RIVERSIDE, a California
charter city and municipal corporation

SPECIALTY FLOORING, INC.,
a California corporation

By: _____
City Manager

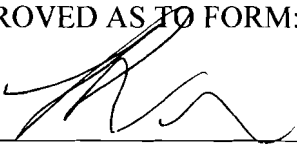
By:  _____
Fidel Acevedo - Vice President
[Printed Name and Title]

Attest: _____
City Clerk

By: _____

[Printed Name and Title]

APPROVED AS TO FORM:

By:  _____
Deputy City Attorney

16-1080
Rev: 07/28/16

EXHIBIT "A"

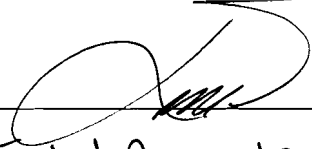
WORKERS' COMPENSATION CERTIFICATION

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.

DATED: 08/10/14

SPECIALTY FLOORING, INC.

By: _____


Fidel Acevedo - Vice President
[Printed Name and Title]

(Appropriate Certificate to be attached to Agreement for Construction if a Corporation)

CERTIFICATE

STATE OF California)
COUNTY OF Riverside)

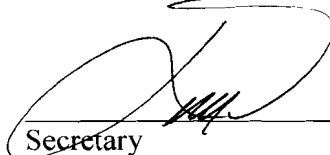
SS: 94-3443377

I, HEREBY, CERTIFY that during a meeting of the Board of Directors of the Specialty Flooring Inc., a corporation existing under the laws of the State of California, held on October 15, 2008, the following resolution was duly passed and adopted:

“RESOLVED, that Roberto Acevedo as President of the Corporation, be and is hereby authorized to execute the Agreement for Floor Resurfacing in the Fleet Management Garage between the City of Riverside and this corporation and that his execution thereof and with the Corporate Seal affixed, shall be the official act and deed of this Corporation.”

I further certify that said resolution is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the corporation this 10, day of August, 2014.


Secretary

(SEAL)