



Contract Number

19-525

SAP Number

4400012302

San Bernardino County Flood Control District

Department Contract Representative
Telephone Number

Brendon Biggs
(909) 387-8040

Contractor
Contractor Representative
Telephone Number
Contract Term
Original Contract Amount
Amendment Amount
Total Contract Amount
Cost Center

Cutting Edge Parts, Inc.
Cy Kellar
(909) 721-0943
08/06/2019-06/30/2022
\$150,000
\$150,000
1970002510

IT IS HEREBY AGREED AS FOLLOWS:

WHEREAS, the San Bernardino County Flood Control District (District) is required to maintain the District road system and flood control facilities and heavy equipment rental services are needed to perform said maintenance; and

WHEREAS, District desires that Cutting Edge Parts, Inc.(Contractor) provide heavy equipment rental services to various sites within the District, and Contractor agrees to provide the heavy equipment rental services as desired by District, and as set forth below; and

WHEREAS, District issued "Request for Qualifications (RFQ) PWG 119-OPERA-3335 On-call Heavy Equipment Rental Services" which the District amended through the issuance of Addendum No. 1 during the RFQ period and Contractor responded to said amended RFQ by submitting a proposal; and

WHEREAS, District found Contractor qualified to provide said services under the terms of the RFQ and, therefore, desires such services be provided by the Contractor and the Contractor agrees to provide Heavy Equipment Rental Services as set forth below under the Scope of Work, Section III; and

WHEREAS, Contractor is aware that District reserves the right to award contracts as well as work to multiple contractors or no particular contractor, as it deems to be in the best interest of District.

NOW THEREFORE, Contractor and District mutually agree to the following terms and conditions:

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I. DISTRICT RESPONSIBILITIES

- A. The District, through its Chief Flood Control Engineer / Director of the Department of Public Works (hereinafter "Director"), or the Director's designees, is responsible for providing the Contractor with a central point of contact to facilitate the terms of the Contract. At the time of Contract commencement, the central point of contact is:

**San Bernardino County Flood Control District
Department of Public Works
Attn: Brendon Biggs
825 East Third Street, Room 120
San Bernardino, CA 92415-0835
Fax: (909) 387-8050**

- B. The District, through its Director, or the Director's designees, reserves the right to:
1. Select the next lowest bidder until the District's requirements are met, if the preceding Contractor is unable to provide the services as needed.
 2. Postpone jobs if in the best interest of the District.
 3. Reject services that do not meet job specifications.
 4. Cancel award of bid, prior to performance of service, if District requirements change.
 5. Negotiate or solicit competitive proposal from any company on new technology, products and services as they become available and of application or economic benefits as determined by the District.
 6. Dismiss a Contractor from the remaining work on a project in the event the Contractor does not perform services in a satisfactory manner or perform in a timely manner.
 7. Accept bids any time during this contract from vendors currently under contract and not currently under contract.
 8. Issue Addenda or Amendments to Request for Qualifications (RFQ) PWG 119-OPERA-3335.
 9. To invoice Contractor for all costs incurred by the District, or collect against the bond of surety, for Contractor's incorrect, late, or non-performance of obligations under an accepted job assignment. These costs may also be offset from any amounts due the Contractor under this Contract or otherwise.

II. CONTRACTOR RESPONSIBILITIES

- A. Contractor shall have the following responsibilities:
1. Adhering to all requirements of this Contract, the RFQ from which this Contract resulted, and the Request for Bid (RFB). All of the terms and conditions of the RFQ and the RFB are hereby incorporated into this Contract by this reference.
 2. Maintaining a current fax, telephone number, and email address with the District. **Failure to do so may result in the loss of bid opportunities on jobs.**
 3. Providing the District with a name and telephone number of a single point of contact for questions regarding materials or services. Contractor must supply the District with an emergency 24-hour contact and telephone number.
 4. Notifying the District in writing, of any change in mailing address within ten (10) business days of the change.
 5. Providing the District with the names, titles and signatures of all employees authorized to sign RFB. Only bids signed by authorized individual will be considered valid bids.
 6. Responding to the bid, whether providing prices or declining, within the required time frame specified in the RFB, upon receipt of faxed or e-mailed RFB form from the District. **Failure to respond in the required time frame is considered a "Non-Responsive" bid.**
 7. Providing the bid in the format specified in the RFB and with the signature of an authorized signer (referred to in this Section). The bid price must include all labor, equipment, materials and supplies, licenses and permits required to perform Contractor obligations under an accepted job assignment. Taxes shall be excluded from Contractor's bid price.
 8. Obtaining and maintaining valid and applicable license and permits at the time of bid and during any time work is performed pursuant to a Contract with the District. In terms of the contractors

and business license, Contractor shall have a valid State of California A license or C-8 or C-12 (if applicable) and business license (if applicable) in the Contractor's own name. A specific license may also be required for a particular project. Contractor must maintain the valid applicable license at the time it bids on a project and during the entire time of performance under the Contract.

9. Warrant all services provided for one (1) year.

10. Providing the District with the following completed signed items:

Heavy Equipment Rental Services Schedules (Appendix A)
Current Insurance Certification (as per Section V, B.2)

11. Bids must include a fully executed non-collusion declaration in the form identified in Public Contracts Code Section 7106.

B. Contractor reserves the right to cancel this Contract, for any reason, with a sixty (60) calendar days' written notice of cancellation.

III. SCOPE OF WORK

A. Contractor shall provide heavy equipment rental services to the District for maintenance projects as jobs are scheduled for performance. For purposes of this Contract, the term "Heavy Equipment Rental Services" shall include, but is not limited to, labor, tools, equipment, materials, supplies, and the rental of equipment with or without an operator (bare). The applicable service schedules are incorporated into this Contract and identified in Appendix A:

Amended General Equipment Schedule
Paving Schedule
Snow Removal Schedule
Amended Street Sweeping Schedule
Truck Hauling Schedule
Traffic Striping Schedule

B. Service Requirements

1. All equipment shall be of good commercial quality, in good working order, meet CAL-OSHA safety and insurance certification requirements, Vehicle Code and air quality regulations, and is subject to District approval.
2. All equipment shall arrive at jobsite safety inspected, in good working order and ready to perform.
3. Contractor's employees, agents, or representatives, charged with performing Contractor obligations under an accepted job assignment must be trained in their assigned tasks and in the operation and safe handling of the required equipment and materials. Work performed for the District shall be in a good and professional manner, subject to the reasonable satisfaction of the District, and subject to the provisions herein.
4. Contractor's employees, agents, or representatives must wear safety and protective gear according to CAL-OSHA standards and any applicable laws.
5. Contractors shall be responsible for all required traffic control, including, but not limited to: signs, flagging, arrow/message boards, equipment crossings, and supervision of Contractor's personnel.
6. Contractor shall be responsible for any required notification to Dig Alert (telephone number 811) as well as compliance with Government Code section 4216 *et seq.*
7. Beginning of work and time of completion. The Contractor shall begin work within the timeframe specified on the RFB and shall diligently perform the work to completion before the expiration of the time limit specified after the first working day in the RFB.
8. Contractor shall comply with the requirements identified in Section V, Paragraph A.36 entitled "Prevailing Wage Requirements". When an individual project is bid out, the District will advise the bidders whether the project is subject to the Prevailing Wage Laws. If the individual project is subject to the Prevailing Wage Laws, the Contractor must be registered with the Department of Industrial Relations (DIR) in order to bid on the project and perform the work. The Contractor will

also be responsible for complying with the Prevailing Wage Laws during the performance of the work.

9. Complete Exhibit B (if applicable) to report Environmentally Preferable Goods and Services per District Policy 11-08.

IV. FISCAL AND PROGRAM PROVISIONS

A. Contract Term

1. The term of this contract is from August 6, 2019 through June 30, 2022, unless terminated earlier as provided herein.

B. Contract Amount

1. The amount of this Contract shall not exceed \$150,000.
2. The District, through the Director, or the Director's designee reserve the right to accept or reject any or all bids if the District determines it is in its own best interest to do so. The District will notify all Contractors, in writing, if all bids are rejected.
3. Conditions other than price are important and will be taken into account when necessary. The District reserves the option to make award(s) as it deems to be in the best interest of the District.

C. Heavy Equipment Rental Services and areas governed by and for the term of this Contract are defined in Appendix A.

D. The Process

1. Except for emergency projects, at the time a job (all maintenance projects and public projects not exceeding the amount identified in Public Contract Code section 22032(a) is scheduled for performance:
 - a. The District, through the Director, or the Director's designee, shall mail, fax, or email a RFB form to all Contractors authorized to provide the material or service for the specific job as need arises.
 - b. The RFB form will:
 - 1) Identify the requesting District employee by name and position title.
 - 2) Give specifications for the job/ project.
 - 3) Give the date, time, and location for the work to be performed.
 - 4) Specify the bid submission deadline, date and time.
 - 5) Identify any job walk requirement(s).
 - 6) Give a fax number and/or email address to which to respond.
 - 7) State where a performance bond is required (and amount).
 - c. Contractors shall submit bid responses before the deadline noted on the RFB.
 - d. If Contractor intends to subcontract any of the work, Contractor shall provide in the bid, name, the location of the place of business, and the California contractor's license number, and Department of Industrial Relations registration number of each subcontractor who will provide the equipment to Contractor in excess of one-half of one (1) percent of Contractor's total bid or \$10,000, whichever is greater
 - e. Bids may be submitted as follows:
 - 1) Facsimile or email to the contact person specified on the RFB.
 - 2) Submitted in person must be in a sealed packaged with bid number on package to the contact person on the RFB.
 - 3) Per Section II, A.11, bids must include a fully executed non-collusion declaration in the form identified in Public Contract Code section 7106.
 - 4) Bids that are not responsive to the RFB may be rejected.

- f. The District will award the project to the lowest responsive and responsible bidder (subject to the District's Local Preference policy described below) and notify all bidders, via fax or email, of the Contractor and bid amount selected within five (5) working days of the bid submission deadline. However, conditions other than price are sometimes important and will be taken into account when necessary. Such conditions will be identified in the Request for Bid. Except for emergency projects, all maintenance projects and public projects not exceeding the amount identified in Public Contract Code section 22032(a) will be subject to the District's Local Preference Policy. More specifically the District has adopted a preference for Vendors whose principal place of business is located within the boundaries of the District. A five percent (5%) preference may be applied prior to approval of the purchase or acquisition of services, equipment, goods or supplies. For purpose of the application of the local preference policy (District Policy 11-12). "principal place of business" is defined as the Vendor's main office (or headquarters) or a major regional office. A "major regional office" is defined as a business location apart from the Vendor's main office (or headquarters) which:
- 1) Has been issued a business license, if required, and has been established and opened for a minimum of six (6) months prior to the date that the approval authority authorized the circulation of an LOS/RFQ/Quote for any contract, agreement, or purchase order to which it responds; and
 - 2) Can demonstrate on-going business activity in the field of endeavor on which the Contractor is proposing, from that office during the preceding six months; and
 - 3) Has a minimum of twenty-five percent (25%) of the Contractor's full time management employees and twenty-five percent (25%) of its full time regular employees working from the San Bernardino District location(s).
- The District's Local Preference Policy means for example. If two Contractors are responding to a RFB or bid(s) and services and ability to meet District's needs are equal, District staff must determine if one of the Contractors is a local contractor. If one of the Contractor is a local Contractor, and its quoted price or cost for services, equipment, goods or supplies does not exceed five percent (5%) of the Contractor's quoted price or cost, unless it is determined that an exemption applies, staff should recommend the local Contractor for the contract award.
- g. A Bid Acceptance form shall be faxed to the successful bidder.
- h. The successful bidder shall sign the Bid Acceptance and submit it to the contact noted on the RFB normally within one (1) business day, unless otherwise directed or during emergencies were a reasonable turnaround time will be specified.
- i. A Bid Summary will be faxed to all participating Contractors on the bid.
- j. Contractors in default of their Contract or an accepted job assignment, as determined by the District, may:
- 4) Be disallowed from bidding on subsequent job assignments for a period of time.
 - 5) Have award of other accepted job assignments revoked.
 - 6) Have the Heavy Equipment Rental Services Contract cancelled.
- k. Any bidder submitting a bid may file a protest of the District's proposed award of the project, provided that each and all of the following are complied with:
- 1) The bid protest is in writing.
 - 2) The bid protest is submitted to and received by the Department of Public Works, 825 East Third Street, Room 207, before 4:00PM of the third business day following the bid opening or issuance of the Bid Summary, whichever is later. Failure to timely submit a written protest shall constitute grounds for the District's denial of the bid protest without consideration of the grounds stated in the bid protest waived of the right to protest. Untimely protests will not be accepted or considered.
 - 3) The written bid protest shall set forth, in detail, all grounds for the bid protest (including without limitations all facts, supporting documentation, legal authorities' required and

the legal basis for such relief. Any grounds not set forth in the bid protest shall be deemed waived. All factual contentions must be supported by competent, admissible and credible evidence. Any bid protest not conforming to the foregoing shall be rejected as invalid.

If a valid protest is timely filed and complies with the above requirements, the Department Director shall review and evaluate the bid protest. All bidders, including the protesting bidder, shall have three (3) business days to respond to the Department and to provide any information requested by the Department. The Department shall respond to the protesting bidder and state the Department's findings regarding the bid protest. The Department Director's decision shall be final.

2. For emergency projects, District reserves the right to contact any contractor or vendor, including Contractor, directly in order to promptly respond to such emergency and protect life and property. Price will be negotiated at the time of contact.

E. Payment Terms

1. Invoices shall be submitted in the appropriate format to:

**Department of Public Works
Attn: Administrative Services
825 East Third Street, Room 207
San Bernardino, CA 92415-0835**

2. For settlement, an invoice must include the following information:
 - a. The name of Contractor and complete remittance address.
 - b. The contract number, LV, PR, Purchase Order number or bid number.
 - c. A unique number identified (invoice number).
 - d. An itemized list of services and dates performed.
 - e. If required by law, Contractor shall submit certified payroll for employees charged with performing Contractor obligations under an accepted job assignment weekly and upon invoice.
 - f. Supporting tickets signed by District staff. **Stand by time must be documented on the tickets and original invoice in order to be paid. Contractor shall forfeit payment for stand-by time not recorded on tickets and submitted on invoices prior to District's payment disbursement to Contractor.**
 3. For work performed and described in Public Contracts Code section 20104.50, standard payment terms shall be 30 days, upon receipt of invoices; otherwise for all other work, standard payment terms shall be 60 days, upon receipt of invoice.
 4. Contractor shall accept all payments from District via electronic funds transfers (EFT) directly deposited into the Contractor's designated checking or other bank account. Contractor shall promptly comply with directions and accurately complete forms provided by District required to process EFT payments.
- F. Both the District and Contractor agree to comply with any and all applicable laws and regulations, including but not limited to, the Public Contract Code provisions identified in Exhibit C, if applicable.
- G. District, through its Director, or the Director's designee, reserves the right to:
1. Invoice Contractor for all costs incurred by District, including assessed fines and or penalties, for Contractor's incorrect, late, or non-performance of obligations under an accepted job assignment. These costs may be offset from any amounts due the Contractor under this Contract or otherwise.
 2. Assess liquidated damages in the amount of \$500.00 against Contractor for each and every calendar day's delay in finishing the work in excess of the number of working days prescribed in the Request for Bid in the amount identified in the Request for Bid.

3. Immediately dismiss a contractor from a job if work is found to be deficient in any manner or exercise any rights described in this Contract.
4. Hold in retention up to 5% of the total value of work performed and any other amount authorized in Public Contract Code section 7201.

The retention will be held for 30 days following completion of the project. Contractor shall invoice for release of the retained amount.

District shall not retain any monies due the Contractor if unconditional releases and waivers from all subcontractors and a certification from the Contractor stating that said subcontractors are the only subcontractors performing work on the project are submitted upon invoice.

The actual required retention amount shall be established at the time of Bid.

Contractor may avail himself/herself to Public Contract Code section 22300 which allows substitute securities to be deposited in lieu of retention payments withheld to insure performance.

5. Require Contractor on all projects over \$25,000, to file a payment bond with and approved by the District Director, or the Director's designee, in accordance with Civil Code section 9550, in a penal sum equal to one hundred percent (100%) of the contract price.
6. Require Contractor to file a performance bond as directed by the Director, or the Director's designee, in a Request for Bid in a penal sum equal to one hundred percent (100%) of the contract price.
7. Depending on the funding source for the work, require Contractor to comply with any other federal, state, District or municipal law, regulation and/or contractual requirement, including, but not limited to, the laws, regulations and/or requirements of the State Department of Transportation (Caltrans), the Federal Highway Administration (FHWA), the California Governor's Office of Emergency Services (Cal OES) or the Federal Emergency Management Agency (FEMA).
8. To require at the time of bid on an individual project, a specific State of California Contractor's License.

V. GENERAL CONTRACT TERMS

A. General

1. Contract Amendments

Contractor agrees any alterations, variations, modifications, or waivers of the provisions of the Contract, shall be valid only when reduced to writing, executed and attached to the original Contract and approved by the person(s) authorized to do so on behalf of Contractor and San Bernardino County Flood Control District.

2. Contract Assignability

Without the prior written consent of San Bernardino County Flood Control District, the Contract is not assignable by Contractor either in whole or in part.

3. Contract Exclusivity

This is not an exclusive Contract. San Bernardino County Flood Control District reserves the right to enter into an agreement with other Contractors for the same or similar services. San Bernardino County Flood Control District does not guarantee or represent that the Contractor will be permitted to perform any minimum amount of work, or receive compensation other than on a per order basis, under the terms of this Contract.

4. Attorney Fees and Costs

If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorneys' fees, regardless of who is the prevailing party. This paragraph shall not apply to those

costs and attorney fees directly arising from a third-party legal action against a party hereto and payable under Paragraph B of this Section, Indemnification and Insurance Requirements.

5. Background Checks for Contractor Personnel

Contractor shall ensure that its personnel (a) are authorized to work in the jurisdiction in which they are assigned to perform Services; (b) have not been convicted of a felony and re not proven substance abusers; and (c) are not otherwise disqualified from performing the Services under applicable Law. If requested by District and not in violation of applicable Law, Contractor shall conduct a background check on all its personnel providing Services to verify compliance with the preceding requirements and shall review the results of the background check of each individual to verify that he individual meets Contractor's standards for employment. Such background check shall be in the form generally used by Contractor in its initial hiring of employees or contracting for contractors or, as applicable, during the employment-screening process but must, at a minimum, have been performed within the preceding 12-month period. Contractor personnel who do not meet criteria acceptable to District, in District's sole discretion, shall not be assigned to work on District property, and District shall have the right, at its sole option, to refuse access to any Contract personnel to any District facility.

6. Change of Address

Contractor shall notify San Bernardino County Flood Control District in writing of any change in mailing address within ten (10) business days of the change.

7. Choice of Law

This Contract shall be governed by and construed according to the laws of the State of California.

8. Compliance with District Policy

In performing the Services and while at any District facilities, Contractor personnel (including subcontractors) shall (a) conduct themselves in a businesslike manner; (b) comply with the policies, procedures, and rules of District regarding safety and health and personal, professional and ethical conduct; (c) comply with the finance, accounting, banking, Internet, security, and/or other applicable standards, policies, practices, processes, procedures, and controls of the District; and (d) abide by all Laws applicable to the District facilities and/or the provision of the Services, and all additions and modifications to each of subsections (b),(c), and (d) (collectively, "District Policies"). District Policies, and additions or modifications thereto, may be communicated orally or in writing to Contractor or Contractor personnel or may be made available to Contractor or Contractor personnel by conspicuous posting at a District facility, electronic posting, or other means generally used by District to disseminate such information to its employees or contractors. Contractor shall be responsible for the promulgation and distribution of District Policies to Contractor personnel to the extent necessary and appropriate.

District shall have the right to require Contractor's employees, agents, representatives and subcontractors to exhibit identification credentials issued by District in order to exercise any right of access under this Contract.

9. Reserved

10. Contractor Primary Contact

The Contractor will designate an individual to serve as the primary point of contact for the Contract. Contractor or designee must respond to District inquires within two (2) business days. Contractor shall not change the primary contact without written notification and acceptance of San Bernardino County Flood Control District. Contractor will also designate a back-up point of contact in the event the primary contact is not available.

11. District Representative

The Director of Public Works or his/her designee shall represent San Bernardino County Flood Control District in all matters pertaining to the services to be rendered under this Contract, including termination and assignment of this Contract, and shall be the final authority in all matters pertaining

to the Services/Scope of Work by Contractor. If this contract was initially approved by the San Bernardino County Flood Control District Board of Supervisors, then the Board of Supervisors must approve all amendments to this Contract.

12. Damage to District Property, Facilities, Buildings or Grounds

Contractor shall repair, or cause to be repaired, at its own cost, all damage to District vehicles, facilities, buildings or grounds caused by the willful or negligent acts of Contractor or employees or agents of the Contractor. Such repairs shall be made immediately after Contractor becomes aware of such damage, but in no event later than thirty (30) days after the occurrence.

If the Contractor fails to make timely repairs, San Bernardino County Flood Control District may make any necessary repairs. Contractor, as determined by San Bernardino County Flood Control District, for such repairs shall repay all costs incurred by San Bernardino County Flood Control District, by cash payment upon demand or District may deduct such costs from any amounts due to the Contractor from San Bernardino County Flood Control District.

13. Drug and Alcohol-Free Workplace

In recognition of individual rights to work in a safe, healthful and productive work place, as a material condition of this Contract, Contractor agrees that the Contractor and the Contractor's employees, while performing service for San Bernardino County Flood Control District, on District property, or while using District equipment:

- a. Shall not be in any way impaired because of being under the influence of alcohol or a drug.
- b. Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal drug.
- c. Shall not sell, offer, or provide alcohol or a drug to another person.

This shall not be applicable to a Contractor or Contractor's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

Contractor shall inform all employees that are performing service for San Bernardino County Flood Control District on District property, or using District equipment, of San Bernardino County Flood Control District's objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for San Bernardino County Flood Control District.

San Bernardino County Flood Control may terminate for default or breach of this Contract and any other agreement the Contractor has with San Bernardino County Flood Control District, if the Contractor or Contractor's employees are determined by San Bernardino County Flood Control District not to be in compliance with above.

14. Duration of Terms

This Contract, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties, provided no such assignment is in violation of the provisions of this Contract.

15. Employment Discrimination

During the term of the Contract, Contractor shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, or military and veteran status. Contractor shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, 13672, Title VI and Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act and other application Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

16. Environmental Preference

Contractor shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, which apply to the work performed pursuant to this contract.

17. Ethical Behavior

Contractor shall make all reasonable efforts to ensure that no District officer or employee, whose position in San Bernardino County Flood Control District enables him/her to influence any award of this contract or any competing offer, shall have any direct or indirect financial interest resulting from the award of this contract or shall have any relationship to the Contractor or officer or employee of the Contractor.

Contractor shall/not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of San Bernardino County Flood Control District in an attempt to secure favorable treatment regarding this Contract.

San Bernardino County Flood Control District, by written notice, may immediately terminate any Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of San Bernardino County Flood Control District with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once an Contract has been awarded.

Contractor shall immediately report any attempt by a District officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from Contractor. The report shall be made to the supervisor or manager charged with supervision of the employee or to the San Bernardino County Flood Control District Administrative Office. In the event of a termination under this provision, San Bernardino County Flood Control District is entitled to pursue any available legal remedies.

18. Informal Dispute Resolution

In the event San Bernardino County Flood Control District determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this Contract or breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

19. Legality and Severability

The parties' actions under the Contract shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. If a provision of the Contract is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.

20. Licenses, Permits, and/or Certifications

Contractor shall ensure that it has all necessary licenses, permits and/or certifications required by the laws of Federal, State, County, and municipal laws, ordinances, rules and regulations. Contractor shall maintain these licenses, permits, and/or certifications in effect for the duration of this Contract. Contractor will notify District immediately of loss or suspension of any such licenses, permits, and/or certifications. Failure to maintain required licenses, permits, and/or certifications may result in immediate termination of this Contract.

21. Mutual Covenants

The parties to this Contract mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".

22. Nondisclosure

Contractor shall hold as confidential and use reasonable care to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, confidential information that is either: (1) provided by San Bernardino County Flood Control District to Contractor or an agent of Contractor or otherwise made available to Contractor or Contractor's agent in connection with this Contract; or, (2) acquired, obtained, or learned by Contractor or an agent of Contractor in the performance of this Contract. For purposes of this provision, confidential information means any data, files, software, information or materials in oral, electronic, tangible or intangible form and however stored, compiled or memorialize and includes, but is not limited to: technology infrastructure, architecture, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data.

23. Notice of Delays

Except as otherwise provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this contract, that party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other party.

24. Release of Information

No news releases, advertisements, public announcements or photographs arising out of this Contract or Contractor's relationship with District may be made or used without prior written approval of San Bernardino County Flood Control District.

25. Representation of San Bernardino County Flood Control District

In the performance of the Contract, Contractor, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of the San Bernardino County Flood Control District.

26. Strict Performance

Failure by a party to insist upon the strict performance of any of the provisions of this Contract by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Contract thereafter.

27. Subcontracting

Contractor agrees not to enter into any subcontracting agreements for work contemplated under the Contract without first obtaining written approval from the District. Any subcontracting shall be subject to the same terms and conditions as Contractor. Contractor shall be fully responsible for the performance and payments of any subcontractor's contract.

Contractor shall obtain District's written consent, which District may withhold in its sole discretion, before entering into agreements with or otherwise engaging any subcontractors who may supply any part of the deliverables and/or services to District. At District's request, Contractor shall provide information regarding the subcontractor's qualifications and a listing of a subcontractor's key personnel including, if requested by the District, resumes of proposed subcontractor personnel. Contractor shall remain directly responsible to District for its subcontractors and shall indemnify District for the actions or omissions of its subcontractors under the terms and conditions specified in Paragraph B of this Section. All approved subcontractors shall be subject to the provision of this contract applicable to Contractor Personnel.

For any subcontractor, Contractor shall:

- 27.1 Be responsible for subcontractor compliance with the contract and the subcontract terms and conditions; and
- 27.2 Ensure that the subcontractor follows District's reporting formats and procedures as specified by District.
- 27.3 Include in the subcontractor's subcontract substantially similar terms as are provided in Section III, Scope of Work.

Upon expiration or termination of this Contract for any reason, District will have the right to enter into direct agreements with any of the Subcontractors. Contractor agrees that its arrangements with Subcontractors will not prohibit or restrict such Subcontractor's from entering into direct agreements with District.

28. Subpoena

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Deliverables or Services provided pursuant to this Contract is served upon Contractor or District, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. Contractor and District further agree to cooperate with the other party in any lawful effort by such other party to contest the legal validity of such subpoena or other legal process commenced by a third party as may be reasonably required and at the expense of the party to whom the legal process is directed, except as otherwise provided herein in connection with defense obligations by Contractor for District.

29. Termination for Convenience

San Bernardino County Flood Control District for its convenience may terminate this Contract in whole or in part upon thirty (30) calendar day's written notice. Such adjustment shall provide for payment to the Contractor for services rendered and expenses incurred prior to the effective date of termination. Upon receipt of termination notice Contractor shall promptly discontinue services unless the notice directs otherwise. Contractor shall deliver promptly to District and transfer title (if necessary) all completed work, and work in progress, including drafts, documents, plans, forms, data, products, graphics, computer programs and reports.

30. Time of the Essence

Time is of the essence in performance of this Contract and of each of its provisions.

31. Uniform Commercial Code

Except to the extent the Sections of this Contract are clearly inconsistent, the Uniform Commercial Code shall govern this Contract. To the extent this Contract entails delivery or performance of services, such services shall be deemed "goods" within the meaning of the Uniform Commercial Code, except when to do so would result in an absurdity. In the event of any clear inconsistency or contradiction between this Contract and the Uniform Commercial Code, the terms and conditions of this Contract shall take precedence and shall prevail unless otherwise provided by law.

32. Venue

The venue of any action or claim brought by any party to this Contract will be the Superior Court of California, San Bernardino County, San Bernardino District. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Contract is brought by any third-party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, San Bernardino County, and San Bernardino District.

33. Work Product

District shall have a royalty-free, non-exclusive and irrevocable license to publish, disclose, copy, translate, and otherwise use, copyright or patent, now and hereafter, all reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other materials or properties developed under this contract including those covered by copyright, and reserves the right to authorize others to use or reproduce such material. All such materials developed under the terms of this contract shall acknowledge the San Bernardino County Flood Control District as the funding agency and Contractor as the creator of the publication. No such materials or properties produced in whole or in part under this contract shall be subject to private use, copyright or patent right by Contractor in the United States or in any other country without the express written consent of District. Copies of all educational and training materials, curricula, audio/visual aids, printed material, and

periodicals, assembled pursuant to this contract must be filed with San Bernardino County Flood Control District prior to publication.

All artwork, proofs and/or negatives in either print or digital format for this product are the property of the San Bernardino County Flood Control District. These items must be returned to the San Bernardino County Flood Control within ten (10) days, upon written notification to the Contractor. In the event of a failure to return the documents, San Bernardino County Flood Control District is entitled to pursue any available legal remedies. In addition, the Contractor will be barred from all future solicitations, for a period of at least six (6) months.

34. Claims

If the work is a public works project and is provided by a contractor as defined in the following sections of the Public Contract Code, claims shall be filed by the Contractor and processed by the District as provided for in Public Contract Code section 9204 (which is a new law and applies to all public works contracts entered on or after January 1, 2017), as well as Public Contract Code sections 20104, 20104.2, 20104.4 and 20104.6 (if applicable). The entire text of Public Contract Code sections 9204, 20104, 20104.2, 20104.4 and 20104.6 is incorporated herein and is identified in the attached Exhibit C. Please note that pursuant to Public Contract Code section 9204(c) (1), a "claim" means the following:

a separate demand by a contractor sent by registered mail or certified mail with return receipt requested, for one or more of the following: (A) A time extension, including, without limitation, for relief from damages or penalties for delay assessed by a public entity under a contract for a public works project. (B) Payment by the public entity of money or damages arising from work done by, or on behalf of, the contractor pursuant to the contract for a public works project and payment for which is not otherwise expressly provided or to which the claimant is not otherwise entitled. (C) Payment of an amount that is disputed by the public entity.

35. Additional Terms and Conditions of the San Bernardino County Flood Control District:

All of the San Bernardino County Flood Control District's revenues as defined below, have been pledged to secure the payment of the principal and interest on certain bonds and refunding bonds ("Bonds") issued by the San Bernardino County Flood Control District in May 2007. The pledge constitutes a first lien on the revenues for the payment of the Bonds. Any payments under this Contract are subject to the prior pledge of revenues described above. San Bernardino County Flood Control District payments pursuant to this Contract will be made to the extent there are sufficient funds available after payment of the Bonds. For purposes of this paragraph, "revenues" shall mean all income and revenue received by the San Bernardino County Flood Control District from the operation or ownership of the flood and storm water control and conservation facilities ("Flood Control System") of the San Bernardino County Flood Control District (including but not limited to, all real and personal property, or any interest therein, and all additions, improvements, betterments and extensions thereto), determined in accordance with Generally Accepted Accounting Principles, including all ad valorem property taxes received by the San Bernardino County Flood Control District pursuant to Article XIII A of the Constitution of the State of California and Section 95 et seq. of the California Revenue and Taxation Code, all rents, royalties and license and permit fees and charges received by the San Bernardino County Flood Control District, investment income and all other money howsoever derived by the San Bernardino County Flood Control District from the operation or ownership of the Flood Control System or arising from the Flood Control System, but excluding (a) ad valorem property taxes levied to pay any voter approved general obligation indebtedness of the San Bernardino County Flood Control District, (b) assessments levied pursuant to Section 43-7 or Section 43-26.9 of the San Bernardino County Flood Control Act (Cal. Water Code App. Sect. 43-1 et seq.), and (c) grants, advances or contributions in aid of construction, except to the extent such grants are unrestricted and available for any expenditure of the San Bernardino County Flood Control District.

36. Prevailing Wage Laws

By its execution of this Contract, Contractor certifies that it is aware of the requirements of California Labor Code Sections 1720 et seq. and 1770 et seq. as well as California Code of Regulations, Title 8, Section 16000 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. Section 1720 of the California Labor Code states in part: "For purposes of this paragraph, 'construction' includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work." If the Services/Scope of Work are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services/Scope of Work available to interested parties upon request, and shall post copies at the Contractor's principal place of business and at the project site. Contractor will also adhere to any other applicable requirements, including but not limited to, those regarding the employment of apprentices, travel and subsistence pay, retention and inspection of payroll records, workers compensation and forfeiture of penalties prescribed in the Labor Code for violations. Contractor shall defend, indemnify and hold the District, its elected officials, officers, employees and agents free and harmless from any claims, liabilities, costs, penalties or interest arising out of any failure or alleged failure to comply with Prevailing Wage Laws. See Exhibit A for additional information regarding Prevailing Wage Laws, which Exhibit A is attached hereto and incorporated herein by this reference.

37. Travel

Contractor shall adhere to the District's Travel Management Policy (08-02 and 08-02SP1) when travel is pursuant to this Contract and for which reimbursement is sought from the District. In addition, Contractor is encouraged to utilize local transportation services, including but not limited to, the Ontario International Airport.

38. Iran Contracting Act

In accordance with Public Contract Code section 2204(a), the Contractor certifies that at the time the Contract is signed, the Contractor signing the Contract is not identified on a list created pursuant to subdivision (b) of Public Contract Code section 2203 as a person (as defined in Public Contract Code section 2202(e) engaging in investment activities in Iran described in subdivision (a) of Public Contract Code section 2202.5, or as a person described in subdivision (b) of Public Contract Code section 2202.5, as applicable.

Contractor is cautioned that making a false certification may subject the Contractor to civil penalties, termination of existing agreement, and ineligibility to bid on a contract for a period of three (3) years in accordance with Public Contract Code section 2205.

39. Employment of Former District Officials

Contractor agrees to provide or has already provided information on former District of San Bernardino administrative officials (as defined below) who are employed by or represent Contractor. The information provided includes a list of former county administrative officials who terminated county employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of Contractor. For purposes of this provision, "county administrative official" is defined as a member of the Board of Supervisors or such officer's staff, Chief Executive Officer or member of such officer's staff, county department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

40. Debarment and Suspension

Contractor certifies that neither it nor its principals or subcontracts is presently disbarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency as required by Executive Order 12549.

B. Indemnification and Insurance Requirements

1. Indemnification

Contractor agrees to indemnify, defend (with counsel reasonably approved by District) and hold harmless the District and its authorized officers, employees, agents and volunteers (Indemnitees) from any and all claims, actions, losses, damages, and/or liability arising out of this Contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the Indemnitees on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of Indemnitees. The Contractor's indemnification obligation applies to the Indemnitees' "passive" negligence but does not apply to the Indemnitees' "sole" or "active" negligence or "willful misconduct" within the meaning of Civil Code section 2782.

Additional Insured

All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming San Bernardino County Flood Control District and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for San Bernardino County Flood Control District to vicarious liability but shall allow coverage for San Bernardino County Flood Control District to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

Waiver of Subrogation Rights

The Contractor shall require the carriers of the above-required coverage's to waive all rights of subrogation against San Bernardino County Flood Control District, its officers, employees, agents, volunteers, Contractors, and Subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Contractor and Contractor's employees or agents from waiving the right of subrogation prior to a loss or claim. The Contractor hereby waives all rights of subrogation against San Bernardino County Flood Control District.

Policies Primary and Non-Contributory

All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by San Bernardino County Flood Control District.

Severability of Interests

The Contractor agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Contractor and San Bernardino County Flood Control District or between San Bernardino County Flood Control District and any other insured or additional insured under the policy.

Proof of Coverage

The Contractor shall furnish Certificates of Insurance to San Bernardino County Flood Control District Department administering the contract evidencing the insurance coverage at the time the contract is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Contractor shall maintain such insurance from the time Contractor commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Contractor shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

Acceptability of Insurance Carrier

Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A-VII".

Deductibles and Self-Insured Retention

Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.

Failure to Procure Coverage

In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or is canceled and not replaced, San Bernardino County Flood Control District has the right but not the obligation or duty to cancel the contract or obtain insurance if it deems necessary and any premiums paid by San Bernardino County Flood Control District will be promptly reimbursed by the Contractor or District payments to the Contractor(s)/Applicant(s) will be reduced to pay for District purchased insurance.

Insurance Review

Insurance requirements are subject to periodic review by San Bernardino County Flood Control District. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interest of San Bernardino County Flood Control District. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against San Bernardino County Flood Control District, inflation, or any other item reasonably related to San Bernardino County Flood Control District's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Contractor agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of San Bernardino County Flood Control District to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of San Bernardino County Flood Control District.

2. Insurance Specifications

The Contractor agrees to provide insurance set forth in accordance with the requirements herein. If the Contractor uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Contractor agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.

Without in anyway affecting the indemnity herein provided and in addition thereto, the Contractor shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

Workers' Compensation/Employers Liability

A program of Workers' Compensation insurance or a State-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits, covering all persons providing services on behalf of the Contractor and all risks to such persons under this Contract.

If Contractor has no employees, it may certify or warrant to District that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by District's Director of Risk Management.

With respect to Contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

Commercial/General Liability Insurance

The Contractor shall carry General Liability Insurance covering all operations performed by or on behalf of the Contractor providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- a. Premises operations and mobile equipment.
- b. Products and completed operations.
- c. Broad form property damage (including completed operations)
- d. Explosion, collapse and underground hazards.
- e. Personal Injury
- f. Contractual liability
- g. \$2,000,000 general aggregate limit

Automobile Liability Insurance

Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If the Contractor is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

If the Contractor owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

Umbrella Liability Insurance

An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

Environmental Agreements

- a. Environmental Liability Insurance with a combined single limit of not less than five million (\$5,000,000) per claim or occurrence and a separate aggregate for the agreement project. The required additional insured endorsement shall protect San Bernardino County Flood Control District without any restrictions.
- b. If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the start of the agreement work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after contract completion.

Subcontractor Insurance Requirements

The Contractor agrees to require all parties or subcontractors, including architects or others it hires or contracts with related to the performance of this contract to provide insurance covering the contracted operations with the basic requirements for all contracts in Paragraph B1 of this Section and the insurance specifications for all contracts in Paragraph B2 of this Section, (including waiver of subrogation rights) and naming the District as an additional insured. The Contractor agrees to monitor and review all such coverage and assumes all responsibility ensuring that such coverage is provided as required here.

C. Right to Monitor and Audit

1. Right to Monitor

San Bernardino County Flood Control District shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of Contractor in the delivery of services provided under this Contract. Contractor shall give full cooperation, in any auditing or monitoring conducted. Contractor shall cooperate with San Bernardino County Flood Control District in the implementation, monitoring and

evaluation of this Contract and comply with any and all reporting requirements established by San Bernardino County Flood Control District.

In the event San Bernardino County Flood Control District determines that Contractor's performance of its duties or other terms of this contract are deficient in any manner, District will notify Contractor of such deficiency in writing or orally, provided written confirmation is given five (5) days thereafter. Contractor shall remedy any deficiency within forty-eight (48) hours of such notification, or District at its option, may terminate this contract immediately upon written notice, or remedy deficiency and offset the cost thereof from any amounts due the Contractor under this contract or otherwise.

2. Availability of Records

Contractor shall maintain all records and books pertaining to the delivery of services under this Contract and demonstrate accountability for agreement performance. All records shall be complete and current and comply with all Contract requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of Contract.

All records relating to the Contractor's personnel, Contractors, Subcontractors, Service/Scope of Work and expenses pertaining to this Contract shall be kept in generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars which state the administrative requirements, cost principles and other standards for accountancy.

D. Correction of Performance Deficiencies

1. In the event of a problem or potential problem that could impact the quality or quantity of work, services, or the level of performance under this Contract, the Contractor shall notify San Bernardino County Flood Control District within one (1) working day, in writing and by telephone.
2. Failure by Contractor to comply with any of the provisions, covenants, requirements or conditions of this Contract shall be a material breach of this Contract.
3. Contractor Primary Contact and District Representative shall attempt in good faith to promptly resolve any dispute, controversy or claim arising out of this Contract. If these representatives are unable to resolve a dispute, controversy or claim with ten days after the initial request for a meeting, then the dispute shall be submitted to an executive-level performance review.

If the Primary Contact and District Representative are not successful in resolving the dispute, negotiations shall be conducted by the County Executive Office, or designee and the highest level executive for Contractor. If these representatives are unable to resolve the dispute within ten days after the representative have commenced negotiations, or 20 days have passed since the initial request for negotiations at this level, the Parties may agree in writing to submit the dispute to mediation.

4. In the event of a non-cured breach, District may, at its sole discretion and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract.
 - a. Afford Contractor thereafter a time period within which to cure the breach, which period shall be established at the sole discretion of District; and/or
 - b. Withhold funds pending duration of the breach; and/or
 - c. Offset against any monies billed by Contractor but yet unpaid by San Bernardino County Flood Control District; and/or
 - d. Terminate this Contract immediately and be relieved of the payment of any consideration to Contractor. In the event of such termination, San Bernardino County Flood Control District may proceed with the work in any manner deemed proper by San Bernardino County Flood Control District. The cost to San Bernardino County Flood Control District shall be deducted

from any sum due to the Contractor under this Contract and the balance, if any, shall be paid by the Contractor upon demand.

5. Unless a remedy is specifically designated as exclusive, no remedy conferred by any of the specific provision of the Contract is intended to be exclusive of any other remedy, and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder, now or hereafter existing at law or in equity or by statute or otherwise. The election of any one or more remedies by either party shall not constitute a waiver of the right to pursue other available remedies.

VI. CONCLUSION

1. This Contract incorporates by reference the terms of Appendix A, Exhibit A Prevailing Wage Requirements, Exhibit B Report of Environmentally Preferable Goods and Services, Exhibit C Public Contract Resolution of Claims, the RFQ 119-OPERA-3335, including Addendum No. 1, the Request for Bids, the bid submitted by the Contractor, and the Bid Acceptance Forms.
2. This Contract is the full and complete document describing services and materials to be rendered by Contractors to District including all covenants, conditions and benefits.
3. The signatures of the parties affixed to this Contract affirm that they are fully authorized to commit and bind their respective institutions to the terms and conditions set forth in this document.
4. In event of conflict between the provisions of this Contract and the RFQ, the RFB, the bid submitted by Contractor, and the Bid Acceptance forms, the provisions of this Contract shall control.

IN WITNESS WHEREOF, the Board of Supervisors of the San Bernardino County Flood Control District has caused this Contract to be subscribed to by the Clerk thereof, and the Contractor has caused this Contract to be subscribed in its behalf by its duly authorized officers, the day, month and year written.

**SAN BERNARDINO COUNTY
FLOOD CONTROL DISTRICT**

► Curt Hagman
Curt Hagman, Board Chairman

Dated: 8-6-19

SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

Lynna Monell, Clerk of the Board

By [Signature]
Deputy



SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED
TO THE CHAIRMAN OF THE BOARD
LYNNA MONELL
Clerk of the Board of Supervisors
of the County of San Bernardino
By [Signature]
Deputy



CUTTING EDGE PARTS INC.
(Print or type name of corporation, company, contractor, etc.)

By ► [Signature]
(Authorized signature - sign in blue ink)

Name CY KELMAN
(Print or type name of person signing contract)

Title PRESIDENT
(Print or Type)

Dated: 7/18/19

Address 34075 AVENUE T
YUCCA VALLEY, CA 92399

Approved as to Legal Form

► [Signature]
Sophie A. Akins, Deputy County Counsel

Date 7-25-19

Reviewed by Contract Compliance

► [Signature]
Mohammad Ali, P.E. Chief

Date 7-25-19

HA

Presented to Board for Signature

► [Signature]
Kevin Brakeslee, Chief Flood Control Engineer

Date 7/25/19

**APPENDIX A
AMENDED GENERAL EQUIPMENT SCHEDULE**

Contractor Name: Cutting Edge Parts, Inc.

YES ___ **NO** ___ **X** ___ I wish to bid on the following equipment bare or operated and maintained (OM) as jobs are scheduled

Please check all that apply:

	Foothills (San Gabriel, San Bernardino, Highland, Redlands, Ranch Cucamonga)		High Desert (Apple Valley, Baker, Barstow, Hesperia, Victorville, Wrightwood)		Low Desert (Big River, Needles, Trona, 29 Palms, Yucca Valley)		Mountains (Big Bear, Blue Jay, Crestline, Running Springs)		Valley (Chino, Fontana, East Valley, -San Bernardino, Yucaipa)	
	Bare	OM	Bare	OM	Bare	OM	Bare	OM	Bare	OM
Air Compressor										
Arrow Board										
Backhoe										
Concrete Pump										
Crane										
Dozer										
Excavator										
Flail Mower										
Generator										
Hand Tamper										
Hydraulic Hammer										
Hydrovactor										
Jackhammer										
Light Tower										
Loader										
Message Board										
Motor Grader										
Scraper, push & pull										
Sheep Foot Tow										
Trash Pump										
Trench Equipment										
Power Screener										

Representative Signature: _____

Print Name: Cy Kellam

Date: 7/19/19

PAVING SCHEDULE

Contractor Name: Cutting Edge Parts, Inc.

YES _____ **NO** **X** I wish to bid on the following equipment bare or operated (OM) as jobs are scheduled.

Please check all that apply:	Asphalt Emulsion Distributor Truck	*Berm Builders	Cold Planers	*Paving Machines			Rollers	
				Track Type	Wheel Type	Asphalt Spreader (Bare)	Vibratory Steel Drum	Pneumatic
Bare								
OM								

Service Area

Apple Valley								
Baker								
Baldy Mesa								
Barstow								
Big Bear								
Big River								
Blue Jay								
Crestline								
East Valley								
Fontana								
Joshua Tree								
Needles								
Rancho Cucamonga								
Running Springs								
San Bernardino								
Trona								
29 Palms								
Wrightwood								

* Paving Machines must be self-propelled & include 1 operator and 2 screed operators, if operated & maintained.

*Berm Builders: AC & Traversable dikes must meet District Standards and Specifications, Drawing # 115, 116, and 117.

Representative Signature: _____

Print Name: _____

Date: 7/19/19

SNOW REMOVAL SCHEDULE

Contractor Name: Cutting Edge Parts, Inc.

YES ☐ **NO** ☒ I wish to bid on the following equipment bare or operated (OM) as jobs are scheduled.

Equipment Type	Size	Requirements	HP	Bare	OM
Motor Graders	12'-14'	mold board& front push blade, AWD	125hp		
	12'-14'	mold board	125hp		
	12'-14'	mold board & front push blade, AWD	150hp		
	12'-14'	mold board	150hp		
Snow Blower			100hp		
Wheel Loaders	2-1/4 CY	Bucket	100hp		
	3-1/2 CY	Bucket	170hp		
	5-1/2 CY	Bucket	250hp		
	3 CY	Bucket	140hp		
	4-1/2 CY	Bucket	200hp		
		w/hydraulic angel blade	140hp		
		w/hydraulic angel blade	200hp		
		w/hydraulic angel blade	100hp		
		w/hydraulic angel blade	170hp		
		w/hydraulic angel blade	250hp		

Service Area

Apple Valley	
Baker	
Baldy	
Mesa/Phelan	
Big Bear	
Blue Jay	
Crestline	
East Valley	
Joshua Tree	
Running Springs	
San Bernardino	
Twenty-nine Palms	
Wrightwood	
Forest Falls	
Oak Glen	
Angeles Oaks	

Check all that apply to equipment

Trained and Licensed operators	
All-Wheel Drive and Chains	
Operator Cabs with Heater	
Work Lights, Flashes or Strobes	
Back up Alarms	
Wipers, Seat Belts	
Rollover Protection Devices (ROPS)	
Smooth Cutting Edges	
Street Legal	

Authorized Representative Signature:

 **Date:** 7/19/19

Print Name:

Cy Korman

AMENDED STREET SWEEPER SCHEDULE

Contractor Name: Cutting Edge Parts, Inc.

YES _____ **NO** **X** I wish to bid on the following equipment as jobs are scheduled.

Street Sweeper Specifications: Contractors operating within the jurisdiction of the South Coast Air Quality Management District (AQMD) must comply with AQMD Rules 1186 and 1186.1.

Please provide the following AQMD 1186 and 1186.1 compliant Street Sweeper Information:

Make & Model	Fuel Type	License Number	Unit Number
	Diesel		

Street Sweeper 3-5 CY

Service Area (Check all that apply)	High Dump	Side Dump	High Dump w/ Rear Roller Assembly	Low Dump w/ Rear Roller Assembly
Apple Valley				
Baker				
Baldy Mesa/Victorville				
Barstow				
Big Bear Lake*				
Big River				
Blue Jay*				
Crestline*				
East Valley*				
Fontana*				
Joshua Tree/29 Palms				
Needles				
Rancho Cucamonga*				
Running Springs*				
San Bernardino*				
Trona				
Wrightwood				
Yucaipa*				

Authorized Representative Signature:  **Date:** 7/19/19

Print Name: Cy Vernon

TRUCK HAULING SCHEDULE

Contractor Name: Cutting Edge Parts, Inc.

YES X NO I wish to bid on the following equipment in the indicated services areas as jobs are scheduled.

Equipment (Check all that apply)									
Service Area	Bottom Dump	Dump Trucks	Dump Truck Spreader Bar/Chip Bar	End Dump Low Sides	22-Yard Super Dump	Low Bed & Tractor	Truck & Transfer Trailer	Water Truck 3,000-4,000 Gallons	
								6X4	6x6
Apple Valley						X			
Baker						X			
Baldy Mesa/Victorville						X			
Barstow						X			
Big Bear						X			
Big River						X			
Blue Jay						X			
Crestline						X			
East Valley						X			
Fontana						X			
Joshua Tree						X			
Needles						X			
Rancho Cucamonga						X			
Running Springs						X			
San Bernardino						X			
Trona						X			
29 Palms						X			
Wrightwood						X			

Explanation:

Authorized Representative Signature:  Date: 7/19/19

Print Name: Cy Verlin

TRAFFIC STRIPING SCHEDULE

Contractor Name: Cutting Edge Parts, Inc.

YES ☐ **NO** ☒ I wish to bid on the following equipment operated and maintained as jobs are scheduled.

Service Area	Traffic Striping	Pavement Markings	Removal/ Installation Raised Pavement Markers	Removal/ Installation Recessed Pavement Markers	Paint or Thermoplastic Striping/ Marking Removal	Thermal Plastic Pavement Marking
Apple Valley						
Baker						
Baldy Mesa/Victorville						
Barstow						
Big Bear						
Big River						
Blue Jay						
Crestline						
East Valley						
Fontana						
Joshua Tree						
Needles						
Rancho Cucamonga						
Running Springs						
San Bernardino						
Trona						
29 Palms						
Wrightwood						

Explanation

Authorized Representative Signature:  **Date:** 7/19/19

Print Name: CY KELLER

PREVAILING WAGE REQUIREMENTS

A. All or a portion of the Scope of Work in the Contract requires the payment of prevailing wages and compliance with the following requirements:

1. Determination of Prevailing Rates:

Pursuant to Labor Code sections 1770, et seq., the County has obtained from the Director of the Department of Industrial Relations (DIR) pursuant to the California Labor Code, the general prevailing rates of per diem wages and the prevailing rates for holiday and overtime work in the locality in which the Scope of Work is to be performed. Copies of said rates are on file with the County, will be made available for inspection during regular business hours, may be included elsewhere in the specifications for the Scope of Work, and are also available online at www.dir.ca.gov. The wage rate for any classification not listed, but which may be required to execute the Scope of Work, shall be commensurate and in accord with specified rates for similar or comparable classifications for those performing similar or comparable duties. In accordance with Labor Code section 1773.2, the Contractor shall post, at appropriate and conspicuous locations on the job site, a schedule showing all applicable prevailing wage rates and shall comply with the requirements of Labor Code sections 1773, et seq.

2. Payment of Prevailing Rates

Each worker of the Contractor, or any subcontractor, engaged in the Scope of Work, shall be paid not less than the general prevailing wage rate, regardless of any contractual relationship which may be alleged to exist between the Contractor or any subcontractor, and such worker.

3. Prevailing Rate Penalty

The Contractor shall, as a penalty, forfeit two hundred dollars (\$200.00) to the County for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of the DIR for such work or craft in which such worker is employed by the Contractor or by any subcontractor in connection with the Scope of Work. Pursuant to California Labor Code section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day, or portion thereof, for which each worker was paid less than the prevailing wage rate, shall be paid to each worker by the Contractor.

4. Ineligible Contractors:

Pursuant to the provisions of Labor Code section 1777.1, the Labor Commissioner publishes and distributes a list of contractors ineligible to perform work as a contractor or subcontractor on a public works project. This list of debarred contractors is available from the DIR website at <http://www.dir.ca.gov/Public-Works/PublicWorks.html>. Any contract entered into between a contractor and a debarred subcontractor is void as a matter of law. A debarred subcontractor may not receive any public money for performing work as a subcontractor on a public works contract, and any public money that may have been paid to a debarred subcontractor by a contractor on the project shall be returned to the County. The Contractor shall be responsible for the payment of wages to workers as a debarred subcontractor who has been allowed to work on the Scope of Work.

5. Payroll Records:

a. Pursuant to California Labor Code section 1776, the Contractor and each subcontractor, shall keep accurate certified payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by them in connection with the Scope of Work. The payroll records enumerated herein shall be verified by a written declaration made under penalty of perjury that the information contained in the payroll record is true and correct and that the Contractor or subcontractor has complied with the requirements of the California Labor Code sections 1771, 1811, and 1815 for any Scope of Work performed by his or her employees. The payroll records shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

- i. A certified copy of an employee's payroll record shall be made available for inspection or furnished to such employee or his/her authorized representative on request;
- ii. A certified copy of all payroll records shall be made available for inspection or furnished upon request to the County, the Division of Labor Standards Enforcement of the DIR;
- iii. A certified copy of payroll records shall be made available upon request to the public for inspection or copies thereof made; provided, however, that a request by the public shall be made through either the County or the Division of Labor Standards Enforcement. If the requested payroll records have not been previously provided to the County or the Division of Labor Standards Enforcement, the requesting party shall, prior to being provided the records, reimburse the cost of preparation by the Contractor, subcontractor and the entity through which the request was made; the public shall not be given access to such records at the principal office of the Contractor;

- iv. The Contractor shall file a certified copy of the payroll records with the entity that requested such records within ten (10) days after receipt of a written request; and
 - v. Copies provided to the public, by the County or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address and social security number. The name and address of the Contractor or any subcontractor, performing a part of the Scope of Work shall not be marked or obliterated. The Contractor shall inform the County of the location of payroll records, including the street address, city and county and shall, within five (5) working days, provide a notice of a change of location and address.
- b. The Contractor shall have ten (10) days from receipt of the written notice specifying in what respects the Contractor must comply with the above requirements. In the event Contractor does not comply with the requirements of this section within the ten (10) day period, the Contractor shall, as a penalty to the County, forfeit one-hundred dollars (\$100.00) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, such penalty shall be withheld from any portion of the payments then due or to become due to the Contractor.
- 6. Limits on Hours of Work:**
- Pursuant to California Labor Code section 1810, eight (8) hours of labor shall constitute a legal day's work. Pursuant to California Labor Code section 1811, the time of service of any worker employed at any time by the Contractor or by a subcontractor, upon the Scope of Work or upon any part of the Scope of Work, is limited and restricted to eight (8) hours during any one calendar day and forty (40) hours during any one calendar week, except as provided for under Labor Code section 1815. Notwithstanding the foregoing provisions, work performed by employees of Contractor or any subcontractor, in excess of eight (8) hours per day and forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day at not less than one and one-half (1½) times the basic rate of pay.
- 7. Penalty for Excess Hours:**
- The Contractor shall pay to the County a penalty of twenty-five dollars (\$25.00) for each worker employed on the Scope of Work by the Contractor or any subcontractor, for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any calendar day and forty (40) hours in any one calendar week, in violation of the provisions of the California Labor Code, unless compensation to the worker so employed by the Contractor is not less than one and one-half (1½) times the basic rate of pay for all hours worked in excess of eight (8) hours per day.
- 8. Senate Bill 854 (Chapter 28, Statutes of 2014) and Senate Bill 96 (Chapter 28, Statutes of 2017) Requirements:**
- a. Contractor shall comply with Senate Bill 854 and Senate Bill 96. The requirements include, but are not limited to, the following:
- i. No contractor or subcontractor may be listed on a bid proposal (submitted on or after March 1, 2015) for a public works project unless registered with the DIR pursuant to Labor Code section 1725.5, with limited exceptions from this requirements for bid purposes only as allowed under Labor Code section 1771.1(a).
 - ii. No contractor or subcontractor may be awarded a contract for public work or perform work on a public works project (awarded on or after April 1, 2015) unless registered with the DIR pursuant to Labor Code section 1725.5.
 - iii. This project is subject to compliance monitoring and enforcement by the DIR.
 - iv. As required by the DIR, Contractor is required to post job site notices, as prescribed by regulation, regarding compliance monitoring and enforcement by the DIR.
 - v. Contractors and all subcontractors must submit certified payroll records online to the Labor Commissioner for all new public works projects issued on or after April 1, 2015, and for all public works projects, new or ongoing, on or after January 1, 2016.
 - 1) The certified payroll must be submitted at least monthly to the Labor Commissioner.
 - 2) The County reserves the right to require Contractor and all subcontractors to submit certified payroll records more frequently than monthly to the Labor Commissioner.
 - 3) The certified payroll records must be in a format prescribed by the Labor Commissioner.
 - vi. Registration with the DIR and the submission of certified payroll records to the Labor Commissioner are not required if the public works project is \$25,000 or less when the project is for construction, alteration, demolition, installation or repair work, or if the public works project is \$15,000 or less when the project is for maintenance work.
- b. Labor Code section 1725.5 states the following:

"A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, "contractor" includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) (A) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee of four hundred dollars (\$400) to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The annual renewal fee shall be in a uniform amount set by the Director of Industrial Relations, and the initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(B) Beginning June 1, 2019, a contractor may register or renew according to this subdivision in annual increments up to three years from the date of registration. Contractors who wish to do so will be required to prepay the applicable nonrefundable application or renewal fees to qualify for the number of years for which they wish to preregister.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work

as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2).

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work."

c. Labor Code section 1771.1 states the following:

"(a) A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.

(b) Notice of the requirement described in subdivision (a) shall be included in all bid invitations and public works contracts, and a bid shall not be accepted nor any contract or subcontract entered into without proof of the contractor or subcontractor's current registration to perform public work pursuant to Section 1725.5.

(c) An inadvertent error in listing a subcontractor who is not registered pursuant to Section 1725.5 in a bid proposal shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive, provided that any of the following apply:

(1) The subcontractor is registered prior to the bid opening.

(2) Within 24 hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in subparagraph (E) of paragraph (2) of subdivision (a) of Section 1725.5.

(3) The subcontractor is replaced by another registered subcontractor pursuant to Section 4107 of the Public Contract Code.

(d) Failure by a subcontractor to be registered to perform public work as required by subdivision (a) shall be grounds under Section 4107 of the Public Contract Code for the contractor, with the consent of the awarding authority, to substitute a subcontractor who is registered to perform public work pursuant to Section 1725.5 in place of the unregistered subcontractor.

(e) The department shall maintain on its Internet Web site a list of contractors who are currently registered to perform public work pursuant to Section 1725.5.

(f) A contract entered into with any contractor or subcontractor in violation of subdivision (a) shall be subject to cancellation, provided that a contract for public work shall not be unlawful, void, or voidable solely due to the failure of the awarding body, contractor, or any subcontractor to comply with the requirements of Section 1725.5 or this section.

(g) If the Labor Commissioner or his or her designee determines that a contractor or subcontractor engaged in the performance of any public work contract without having been registered in accordance with this section, the contractor or subcontractor shall forfeit, as a civil penalty to the state, one hundred dollars (\$100) for each day of work performed in violation of the registration requirement, not to exceed an aggregate penalty of eight thousand dollars (\$8,000) in addition to any penalty registration fee assessed pursuant to clause (ii) of subparagraph (E) of paragraph (2) of subdivision (a) of Section 1725.5.

(h)(1) In addition to, or in lieu of, any other penalty or sanction authorized pursuant to this chapter, a higher tiered public works contractor or subcontractor who is found to have entered into a subcontract with an unregistered lower tier subcontractor to perform any public work in violation of the requirements of Section 1725.5 or this section shall be subject to forfeiture, as a civil penalty to the state, of one hundred dollars (\$100) for each day the unregistered lower tier subcontractor performs work in violation of the registration requirement, not to exceed an aggregate penalty of ten thousand dollars (\$10,000).

(2) The Labor Commissioner shall use the same standards specified in subparagraph (A) of paragraph (2) of subdivision (a) of Section 1775 when determining the severity of the violation and what penalty to assess, and may waive the penalty for a first time violation that was unintentional and did not hinder the Labor Commissioner's ability to monitor and enforce compliance with the requirements of this chapter.

(3) A higher tiered public works contractor or subcontractor shall not be liable for penalties assessed pursuant to paragraph (1) if the lower tier subcontractor's performance is in violation of the requirements of Section 1725.5 due to the revocation of a previously approved registration.

(4) A subcontractor shall not be liable for any penalties assessed against a higher tiered public works contractor or subcontractor pursuant to paragraph (1). A higher tiered public works contractor or subcontractor may not require a lower tiered subcontractor to indemnify or otherwise be liable for any penalties pursuant to paragraph (1).

(i) The Labor Commissioner or his or her designee shall issue a civil wage and penalty assessment, in accordance with the provisions of Section 1741, upon determination of penalties pursuant to subdivision (g) and subparagraph (B) of paragraph (1) of subdivision (h). Review of a civil wage and penalty assessment issued under this subdivision may be requested in accordance with the provisions of Section 1742. The regulations of the Director of Industrial Relations, which govern proceedings for review of civil wage and penalty assessments and the withholding of contract payments under Article 1 (commencing with Section 1720) and Article 2 (commencing with Section 1770), shall apply.

(j)(1) Where a contractor or subcontractor engages in the performance of any public work contract without having been registered in violation of the requirements of Section 1725.5 or this section, the Labor Commissioner shall issue and serve a stop order prohibiting the use of the unregistered contractor or the unregistered subcontractor on all public works until the unregistered contractor or unregistered subcontractor is registered. The stop order shall not apply to work by registered contractors or subcontractors on the public work.

(2) A stop order may be personally served upon the contractor or subcontractor by either of the following methods:

(A) Manual delivery of the order to the contractor or subcontractor personally.

(B) Leaving signed copies of the order with the person who is apparently in charge at the site of the public work and by thereafter mailing copies of the order by first class mail, postage prepaid to the contractor or subcontractor at one of the following:

(i) The address of the contractor or subcontractor on file with either the Secretary of State or the Contractors' State License Board.

(ii) If the contractor or subcontractor has no address on file with the Secretary of State or the Contractors' State License Board, the address of the site of the public work.

(3) The stop order shall be effective immediately upon service and shall be subject to appeal by the party contracting with the unregistered contractor or subcontractor, by the unregistered contractor or subcontractor, or both. The appeal, hearing, and any further review of the hearing decision shall be governed by the procedures, time limits, and other requirements specified in subdivision (a) of Section 238.1.

(4) Any employee of an unregistered contractor or subcontractor who is affected by a work stoppage ordered by the commissioner pursuant to this subdivision shall be paid at his or her regular hourly prevailing wage rate by that employer for any hours the employee would have worked but for the work stoppage, not to exceed 10 days.

(k) Failure of a contractor or subcontractor, owner, director, officer, or managing agent of the contractor or subcontractor to observe a stop order issued and served upon him or her pursuant to subdivision (j) is guilty of a misdemeanor punishable by imprisonment in county jail not exceeding 60 days or by a fine not exceeding ten thousand dollars (\$10,000), or both.

(l) This section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work entered into on or after April 1, 2015. This section shall also apply to the performance of any public work, as defined in this chapter, on or after January 1, 2018, regardless of when the contract for public work was entered.

(m) Penalties received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(n) This section shall not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work."

d. Labor Code section 1771.4 states the following:

"a) All of the following are applicable to all public works projects that are otherwise subject to the requirements of this chapter:

(1) The call for bids and contract documents shall specify that the project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

(2) The awarding body shall post or require the prime contractor to post job site notices, as prescribed by regulation.

(3) Each contractor and subcontractor shall furnish the records specified in Section 1776 directly to the Labor Commissioner, in the following manner:

(A) At least monthly or more frequently if specified in the contract with the awarding body.

(B) In a format prescribed by the Labor Commissioner.

(4) If the contractor or subcontractor is not registered pursuant to Section 1725.5 and is performing work on a project for which registration is not required because of subdivision (f) of Section 1725.5, the unregistered contractor or subcontractor is not required to furnish the records specified in Section 1776 directly to the Labor Commissioner but shall retain the records specified in Section 1776 for at least three years after completion of the work.

(5) The department shall undertake those activities it deems necessary to monitor and enforce compliance with prevailing wage requirements.

(b) The Labor Commissioner may exempt a public works project from compliance with all or part of the requirements of subdivision (a) if either of the following occurs:

(1) The awarding body has enforced an approved labor compliance program, as defined in Section 1771.5, on all public works projects under its authority, except those deemed exempt pursuant to subdivision (a) of Section 1771.5, continuously since December 31, 2011.

(2) The awarding body has entered into a collective bargaining agreement that binds all contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.

(c) The requirements of paragraph (1) of subdivision (a) shall only apply to contracts for public works projects awarded on or after January 1, 2015.

(d) The requirements of paragraph (3) of subdivision (a) shall apply to all contracts for public work, whether new or ongoing, on or after January 1, 2016."

B. STATE PUBLIC WORKS APPRENTICESHIP REQUIREMENTS

1. State Public Works Apprenticeship Requirements:

- a. The Contractor is responsible for compliance with Labor Code section 1777.5 and the California Code of Regulations, title 8, sections 230 – 230.2 for all apprenticeable occupations (denoted with "#" symbol next to craft name in DIR Prevailing Wage Determination), whether employed by the Contractor, subcontractor, vendor or consultant. Included in these requirements is (1) the Contractor's requirement to provide notification (i.e. DAS-140) to the appropriate apprenticeship committees; (2) pay training fund contributions for each apprenticeable hour employed on the Contract; and (3) utilize apprentices in a minimum ratio of not less than one apprentice hour for each five journeyman hours by completion of Contract work (unless an exception is granted in accordance with Labor Code section 1777.5) or request for the dispatch of apprentices.
- b. Any apprentices employed to perform any of the Scope of Work shall be paid the standard wage to apprentices under the regulations of the craft or trade for which such apprentice is employed, and such individual shall be employed only for the work of the craft or trade to which such individual is registered. Only apprentices, as defined in California Labor Code section 3077, who are in training under apprenticeship standards and written apprenticeship agreements under California Labor Code sections 3070 et seq. are eligible to be employed for the Scope of Work. The employment and training of each apprentice shall be in accordance with the provisions of the apprenticeship standards and apprentice agreements under which such apprentice is training.

2. Compliance with California Labor Code section 1777.5 requires all public works contractors to:

- a. Submit Contract Award Information (DAS-140):
 - i. Although there are a few exemptions (identified below), all Contractors, regardless of union affiliation, must submit contract award information when performing on a California public works project.
 - ii. The DAS-140 is a notification "announcement" of the Contractor's participation on a public works project—*it is not a request for the dispatch of an apprentice*.
 - iii. Contractors shall submit the contract award information (you may use form DAS 140) within 10 days of the execution of the prime contract or subcontract, but in no event later than the first day in which the Contractor has workers employed on the public work.

- iv. Contractors who are already approved to train apprentices (i.e. check "Box 1" on the DAS-140) shall only be required to submit the form to their approved program.
 - v. Contractors who are NOT approved to train apprentices (i.e. those that check either "Box 2" or "Box 3" on the DAS-140) shall submit the DAS-140 TO EACH of the apprenticeship program sponsors in the area of your public works project. For a listing of apprenticeship programs see <http://www.dir.ca.gov/Databases/das/pwaddrstart.asp>.
- b. Employ Registered Apprentices
- i. Labor Code section 1777.5 requires that a contractor performing work in an "apprenticeable" craft must employ one (1) hour of apprentice work for every five (5) hours performed by a journeyman. This ratio shall be met prior to the Contractor's completion of work on the project. "Apprenticeable" crafts are denoted with a pound symbol "#" in front of the craft name on the prevailing wage determination.
 - ii. All Contractors who do not fall within an exemption category (see below) must request for dispatch of an apprentice from an apprenticeship program (for each apprenticeable craft or trade) by giving the program actual notice of at least 72 hours (business days only) before the date on which apprentices are required.
 - iii. Contractors may use the "DAS-142" form for making a request for the dispatch of an apprentice.
 - iv. Contractors who are participating in an approved apprenticeship training program and who did not receive sufficient number of apprentices from their initial request must request dispatch of apprentices from ALL OTHER apprenticeship committees in the project area in order to fulfill this requirement.
 - v. Contractor should maintain and submit proof (when requested) of its DAS-142 submittal to the apprenticeship committees (e.g. fax transmittal confirmation). A Contractor has met its requirement to employ apprentices only after it has successfully made a dispatch request to all apprenticeship programs in the project area.
 - vi. Only "registered" apprentices may be paid the prevailing apprentice rates and must, at all times work under the supervision of a Journeyman (Cal. Code Regs., tit 8, § 230.1).
- c. Make Training Fund Contributions
- i. Contractors performing in apprenticeable crafts on public works projects, must make training fund contributions in the amount established in the prevailing wage rate publication for journeymen and apprentices.
 - ii. Contractors may use the "CAC-2" form for submittal of their training fund contributions.
 - iii. Contractors who do not submit their training fund contributions to an approved apprenticeship training program must submit their contributions to the California Apprenticeship Council (CAC), PO Box 420603, San Francisco, CA 94142-0603.
 - iv. Training fund contributions to the CAC are due and payable on the 15th day of the month for work performed during the preceding month.
 - v. The "training" contribution amount identified on the prevailing wage determination shall not be paid to the worker, unless the worker falls within one of the exemption categories listed below.

3. Exemptions to Apprenticeship Requirements:

- a. The following are exempt from having to comply with California apprenticeship requirements. These types of contractors do not need to submit a DAS-140, DAS-142, make training fund contributions, or utilize apprentices:
 - i. When the Contractor holds a sole proprietor license ("Owner-Operator") and no workers were employed by the Contractor. In other words, the contractor performed the entire work from start to finish and worked alone.
 - ii. Contractors performing in non-apprenticeable crafts. "Apprenticeable" crafts are denoted with a pound symbol "#" in front of the craft name on the prevailing wage determination.
 - iii. When the Contractor has a direct contract with the Public Agency that is under \$30,000.
 - iv. When the project is 100% federally-funded and the funding of the project does not contain any city, county, and/or state monies (unless the project is administered by a state agency in which case the apprenticeship requirements apply).
 - v. When the project is a private project not covered by the definition of public works as found in Labor Code section 1720.

4. Exemption from Apprenticeship Ratios:

- a. The Joint Apprenticeship Committee shall have the discretion to grant a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the Contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions are met:

- i. Unemployment for the previous three-month period in such area exceeds an average of fifteen percent (15%); or
 - ii. The number of apprentices in training in such area exceeds a ratio of 1-to-5 in relation to journeymen; or
 - iii. The Apprenticeable Craft or Trade is replacing at least one-thirtieth (1/30) of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis; or
 - iv. If assignment of an apprentice to any work performed under the Contract Documents would create a condition which would jeopardize such apprentice's life or the life, safety or property of fellow employees or the public at large, or if the specific task to which the apprentice is to be assigned is of such a nature that training cannot be provided by a journeyman.
- b. When such exemptions from the 1-to-5 ratio between apprentices and journeymen are granted to an organization which represents contractors in a specific trade on a local or statewide basis, the member contractors will not be required to submit individual applications for approval to local Joint Apprenticeship Committees, provided they are already covered by the local apprenticeship standards.

5. Contractor's Compliance:

- a. The responsibility of compliance with this Section for all Apprenticeable Trades or Crafts is solely and exclusively that of the Contractor. All decisions of the Joint Apprenticeship Committee(s) under this Section are subject to the provisions of California Labor Code section 3081 and penalties are pursuant to Labor Code section 1777.7 and the determination of the Labor Commissioner.

EXAMPLES OF GREEN ATTRIBUTES	EXAMPLES OF CERTIFICATION AND/OR ACCREDITATION
Biobased Biodegradable Carcinogen-free Chlorofluorocarbon (CFC)-free Compostable Energy efficiency Lead-free Less hazardous Low toxicity Mercury-free Persistent bioaccumulative toxin (PBT)-free Rapidly renewable Rechargeable Recyclable Recycled content Reduced greenhouse gas emissions Reduced packaging Refill/refillable Remanufactured/refurbished Renewable materials Responsible forestry Upgradeable Water efficiency	Certified Approved Product (AP) Non-Toxic Ecologo Certified Energy Star Electronic Product Environmental Assessment Tool (EPEAT) program Forest Stewardship Council Certified Green Seal Certified Greenguard Certified Scientific Certification Systems (SCS)

EXHIBIT C- PUBLIC CONTRACT CODE RESOLUTION OF CONSTRUCTION CLAIMS
SECTIONS 9204, 20104, 20104.2, 20104.4, 20104.6, AND 20104.50

9204

(a) The Legislature finds and declares that it is in the best interests of the state and its citizens to ensure that all construction business performed on a public works project in the state that is complete and not in dispute is paid in full and in a timely manner.

(b) Notwithstanding any other law, including, but not limited to, Article 7.1 (commencing with Section 10240) of Chapter 1 of Part 2, Chapter 10 (commencing with Section 19100) of Part 2, and Article 1.5 (commencing with Section 20104) of Chapter 1 of Part 3, this section shall apply to any claim by a contractor in connection with a public works project.

(c) For purposes of this section:

(1) "Claim" means a separate demand by a contractor sent by registered mail or certified mail with return receipt requested, for one or more of the following:

(A) A time extension, including, without limitation, for relief from damages or penalties for delay assessed by a public entity under a contract for a public works project.

(B) Payment by the public entity of money or damages arising from work done by, or on behalf of, the contractor pursuant to the contract for a public works project and payment for which is not otherwise expressly provided or to which the claimant is not otherwise entitled.

(C) Payment of an amount that is disputed by the public entity.

(2) "Contractor" means any type of contractor within the meaning of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code who has entered into a direct contract with a public entity for a public works project.

(3) (A) "Public entity" means, without limitation, except as provided in subparagraph (B), a state agency, department, office, division, bureau, board, or commission, the California State University, the University of California, a city, including a charter city, county, including a charter county, city and county, including a charter city and county, district, special district, public authority, political subdivision, public corporation, or nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.

(B) "Public entity" shall not include the following:

(i) The Department of Water Resources as to any project under the jurisdiction of that department.

(ii) The Department of Transportation as to any project under the jurisdiction of that department.

(iii) The Department of Parks and Recreation as to any project under the jurisdiction of that department.

(iv) The Department of Corrections and Rehabilitation with respect to any project under its jurisdiction pursuant to Chapter 11 (commencing with Section 7000) of Title 7 of Part 3 of the Penal Code.

(v) The Military Department as to any project under the jurisdiction of that department.

(vi) The Department of General Services as to all other projects.

(vii) The High-Speed Rail Authority.

(4) "Public works project" means the erection, construction, alteration, repair, or improvement of any public structure, building, road, or other public improvement of any kind.

(5) "Subcontractor" means any type of contractor within the meaning of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code who either is in direct contract with a contractor or is a lower tier subcontractor.

(d) (1) (A) Upon receipt of a claim pursuant to this section, the public entity to which the claim applies shall conduct a reasonable review of the claim and, within a period not to exceed 45 days, shall provide the claimant a written statement identifying what portion of the claim is disputed and what portion is undisputed. Upon receipt of a claim, a public entity and a contractor may, by mutual agreement, extend the time period provided in this subdivision.

(B) The claimant shall furnish reasonable documentation to support the claim.

(C) If the public entity needs approval from its governing body to provide the claimant a written statement identifying the disputed portion and the undisputed portion of the claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a claim sent by registered mail or certified mail, return receipt requested, the public entity shall have up to three days following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide the claimant a written statement identifying the disputed portion and the undisputed portion.

(D) Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after the public entity issues its written statement. If the public entity fails to issue a written statement, paragraph (3) shall apply.

(2) (A) If the claimant disputes the public entity's written response, or if the public entity fails to respond to a claim issued pursuant to this section within the time prescribed, the claimant may demand in writing an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand in writing sent by registered mail or certified mail, return receipt requested, the public entity shall schedule a meet and confer conference within 30 days for settlement of the dispute.

(B) Within 10 business days following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, the public entity shall provide the claimant a written statement identifying the portion of the claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after the public entity issues its written statement. Any disputed portion of the claim, as identified by the contractor in writing, shall be submitted to nonbinding mediation, with the public entity and the claimant sharing the associated costs equally. The public entity and claimant shall mutually agree to a mediator within 10 business days after the disputed portion of the claim has been identified in writing. If the parties cannot agree upon a mediator, each party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the claim. Each party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator. If mediation is unsuccessful, the parts of the claim remaining in dispute shall be subject to applicable procedures outside this section.

(C) For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

(D) Unless otherwise agreed to by the public entity and the contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Section 20104.4 to mediate after litigation has been commenced.

(E) This section does not preclude a public entity from requiring arbitration of disputes under private arbitration or the Public Works Contract Arbitration Program, if mediation under this section does not resolve the parties' dispute.

(3) Failure by the public entity to respond to a claim from a contractor within the time periods described in this subdivision or to otherwise meet the time requirements of this section shall result in the claim being deemed rejected in its entirety. A claim that is denied by reason of the public entity's failure to have responded to a

claim, or its failure to otherwise meet the time requirements of this section, shall not constitute an adverse finding with regard to the merits of the claim or the responsibility or qualifications of the claimant.

(4) Amounts not paid in a timely manner as required by this section shall bear interest at 7 percent per annum.

(5) If a subcontractor or a lower tier subcontractor lacks legal standing to assert a claim against a public entity because privity of contract does not exist, the contractor may present to the public entity a claim on behalf of a subcontractor or lower tier subcontractor. A subcontractor may request in writing, either on his or her own behalf or on behalf of a lower tier subcontractor, that the contractor present a claim for work which was performed by the subcontractor or by a lower tier subcontractor on behalf of the subcontractor. The subcontractor requesting that the claim be presented to the public entity shall furnish reasonable documentation to support the claim. Within 45 days of receipt of this written request, the contractor shall notify the subcontractor in writing as to whether the contractor presented the claim to the public entity and, if the original contractor did not present the claim, provide the subcontractor with a statement of the reasons for not having done so.

(e) The text of this section or a summary of it shall be set forth in the plans or specifications for any public works project that may give rise to a claim under this section.

(f) A waiver of the rights granted by this section is void and contrary to public policy, provided, however, that (1) upon receipt of a claim, the parties may mutually agree to waive, in writing, mediation and proceed directly to the commencement of a civil action or binding arbitration, as applicable; and (2) a public entity may prescribe reasonable change order, claim, and dispute resolution procedures and requirements in addition to the provisions of this section, so long as the contractual provisions do not conflict with or otherwise impair the timeframes and procedures set forth in this section.

(g) This section applies to contracts entered into on or after January 1, 2017.

(h) Nothing in this section shall impose liability upon a public entity that makes loans or grants available through a competitive application process, for the failure of an awardee to meet its contractual obligations.

(i) This section shall remain in effect only until January 1, 2020, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2020, deletes or extends that date.

20104.

(a)(1) This article applies to all public works claims of three hundred seventy-five thousand dollars (\$375,000) or less which arise between a contractor and a local agency.

(2) This article shall not apply to any claims resulting from a contract between a contractor and a public agency when the public agency has elected to resolve any disputes pursuant to Article 7.1 (commencing with Section 10240) of Chapter 1 of Part 2.

(b)(1) "Public work" means "public works contract" as defined in Section 1101 but does not include any work or improvement contracted for by the state or the Regents of the University of California.

(2) "Claim" means a separate demand by the contractor for (A) a time extension, (B) payment of money or damages arising from work done by, or on behalf of, the contractor pursuant to the contract for a public work and payment of which is not otherwise expressly provided for or the claimant is not otherwise entitled to, or (C) an amount the payment of which is disputed by the local agency.

(c) The provisions of this article or a summary thereof shall be set forth in the plans or specifications for any work which may give rise to a claim under this article.

(d) This article applies only to contracts entered into on or after January 1, 1991.

20104.2 For any claim subject to this article, the following requirements apply:

(a) The claim shall be in writing and include the documents necessary to substantiate the claim. Claims must be filed on or before the date of final payment. Nothing in this subdivision is intended to extend the time limit or supersede notice requirements otherwise provided by contract for the filing of claims.

(b)(1)

(2) If additional information is thereafter required, it shall be requested and provided pursuant to this subdivision, upon mutual agreement of the local agency and the claimant.

(3) The local agency's written response to the claim, as further documented, shall be submitted to the claimant within 15 days after receipt of the further documentation or within a period of time no greater than that taken by the claimant in producing the additional information, whichever is greater.

(c)(1) For claims of over fifty thousand dollars (\$50,000) and less than or equal to three hundred seventy-five thousand dollars (\$375,000), the local agency shall respond in writing to all written claims within 60 days of receipt of the claim, or may request, in writing, within 30 days of receipt of the claim, any additional documentation supporting the claim or relating to defenses to the claim the local agency may have against the claimant.

(2) If additional information is thereafter required, it shall be requested and provided pursuant to this subdivision, upon mutual agreement of the local agency and the claimant.

(3) The local agency's written response to the claim, as further documented, shall be submitted to the claimant within 30 days after receipt of the further documentation, or within a period of time no greater than that taken by the claimant in producing the additional information or requested documentation, whichever is greater.

(d) If the claimant disputes the local agency's written response, or the local agency fails to respond within the time prescribed, the claimant may so notify the local agency, in writing, either within 15 days of receipt of the local agency's response or within 15 days of the local agency's failure to respond within the time prescribed, respectively, and demand an informal conference to meet and confer for settlement of the issues in dispute. Upon a demand, the local agency shall schedule a meet and confer conference within 30 days for settlement of the dispute.

(e) Following the meet and confer conference, if the claim or any portion remains in dispute, the claimant may file a claim as provided in Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the claimant submits his or her written claim pursuant to subdivision (a) until the time that claim is denied as a result of the meet and confer process, including any period of time utilized by the meet and confer process.

(f) This article does not apply to tort claims and nothing in this article is intended nor shall be construed to change the time periods for filing tort claims or actions specified by Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code.

20104.4 The following procedures are established for all civil actions filed to resolve claims subject to this article:

(a) Within 60 days, but no earlier than 30 days, following the filing or responsive pleadings, the court shall submit the matter to nonbinding mediation unless waived by mutual stipulation of both parties. The mediation process shall provide for the selection within 15 days by both parties of a disinterested third person as mediator, shall be commenced within 30 days of the submittal, and shall be concluded within 15 days from the commencement of the mediation unless a time requirement is extended upon a good cause showing to the court or by stipulation of both parties. If the parties fail to select a mediator within the 15-day period, any party may petition the court to appoint the mediator.

(b)(1) If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding

Section 1141.11 of that code. The Civil Discovery Act (Title 4 (commencing with Section 2016.10) of Part 4 of the Code of Civil Procedure) shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.

(2) Notwithstanding any other provision of law, upon stipulation of the parties, arbitrators appointed for purposes of this article shall be experienced in construction law, and, upon stipulation of the parties, mediators and arbitrators shall be paid necessary and reasonable hourly rates of pay not to exceed their customary rate, and such fees and expenses shall be paid equally by the parties, except in the case of arbitration where the arbitrator, for good cause, determines a different division. In no event shall these fees or expenses be paid by state or county funds.

(3) In addition to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, any party who after receiving an arbitration award requests a trial de novo but does not obtain a more favorable judgment shall, in addition to payment of costs and fees under that chapter, pay the attorney's fees of the other party arising out of the trial de novo.

(c) The court may, upon request by any party, order any witnesses to participate in the mediation or arbitration process.

20104.6

(a) No local agency shall fail to pay money as to any portion of a claim which is undisputed except as otherwise provided in the contract.

(b) In any suit filed under Section 20104.4, the local agency shall pay interest at the legal rate on any arbitration award or judgment. The interest shall begin to accrue on the date the suit is filed in a court of law.

ARTICLE 1.7

Modification; Performance, Payment

20104.50

(a) (1) It is the intent of the Legislature in enacting this section to require all local governments to pay their contractors on time so that these contractors can meet their own obligations. In requiring prompt payment by all local governments, the Legislature hereby finds and declares that the prompt payment of outstanding receipts is not merely a municipal affair, but is, instead, a matter of statewide concern.

(2) It is the intent of the Legislature in enacting this article to fully occupy the field of public policy relating to the prompt payment of local governments' outstanding receipts. The Legislature finds and declares that all government officials, including those in local government, must set a standard of prompt payment that any business in the private sector which may contract for services should look towards for guidance.

(b) Any local agency which fails to make any progress payment within 30 days after receipt of an undisputed and properly submitted payment request from a contractor on a construction contract shall pay interest to the contractor equivalent to the legal rate set forth in subdivision (a) of Section 685.010 of the Code of Civil Procedure.

(c) Upon receipt of a payment request, each local agency shall act in accordance with both of the following:

(1) Each payment request shall be reviewed by the local agency as soon as practicable after receipt for the purpose of determining that the payment request is a proper payment request.

(2) Any payment request determined not to be a proper payment request suitable for payment shall be returned to the contractor as soon as practicable, but not later than seven days, after receipt. A request returned pursuant to this paragraph shall be accompanied by a document setting forth in writing the reasons why the payment request is not proper.

(d) The number of days available to a local agency to make a payment without incurring interest pursuant to this section shall be reduced by the number of days by which a local agency exceeds the seven-day return requirement set forth in paragraph (2) of subdivision (c).

(e) For purposes of this article:

(1) A "local agency" includes, but is not limited to, a city, including a charter city, a county, and a city and county, and is any public entity subject to this part.

(2) A "progress payment" includes all payments due contractors, except that portion of the final payment designated by the contract as retention earnings.

(3) A payment request shall be considered properly executed if funds are available for payment of the payment request, and payment is not delayed due to an audit inquiry by the financial officer of the local agency.

(f) Each local agency shall require that this article, or a summary thereof, be set forth in the terms of any contract subject to this article.