

## CONSTRUCTION AGREEMENT

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THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 2016 by the **SUCCESSOR AGENCY TO THE GARDEN GROVE AGENCY FOR COMMUNITY DEVELOPMENT**, a public body, ("SUCCESSOR AGENCY"), and **J&G INDUSTRIES, INC.**, hereinafter referred to as ("CONTRACTOR").

### RECITALS:

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to Successor Agency Board Authorization dated \_\_\_\_\_, 2016.
2. The CITY desires to utilize the services of CONTRACTOR to furnish material, equipment, and labor for the **Brookhurst Triangle Demolition Project – Phase I, Project No. 2562**, herein referred to as the "Project".
3. CONTRACTOR is qualified by virtue of experience, training, education, and expertise to accomplish services.

### AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

- 5.1 General Conditions.** CONTRACTOR certifies and agrees that all the terms, conditions and obligations of the Contract Documents as hereinafter defined, the location of the job site, and the conditions under which the work is to be performed have been thoroughly reviewed, and enters into this Contract based upon CONTRACTOR'S investigation of all such matters and is in no way relying upon any opinions or representations of SUCCESSOR AGENCY. It is agreed that this Contract represents the entire agreement. It is further agreed that the Contract Documents including the Notice Inviting Bids, Special Instructions to Bidders, if any, and CONTRACTOR's Proposal, are incorporated in this Contract by reference, with the same force and effect as if the same were set forth at length herein, and that CONTRACTOR and its subcontractors, if any, will be and are bound by any and all of said Contract Documents insofar as they relate in any part or in any way, directly or indirectly, to the work covered by this Contract.

*"Project"* as used herein defines the entire scope of the work covered by all the Contract Documents. If the Contract Documents include Plans and/or Specifications, anything mentioned in the Specifications and not indicated in the Plans, or indicated in the Plans and not mentioned in the Specifications, shall be of like effect as if indicated and mentioned in both. In case of discrepancy in the Plans or Specifications, the matter shall be immediately submitted to SUCCESSOR AGENCY 's Senior Real Property Agent, without whose decision CONTRACTOR shall not adjust said discrepancy save only at CONTRACTOR'S own risk and expense. The decision of the Senior Real Property Agent shall be final.

**5.2 Materials and Labor.** CONTRACTOR shall furnish, under the conditions expressed in the Plans and Specifications, at CONTRACTOR'S own expense, all labor and materials necessary, except such as are mentioned in the Specifications to be furnished by the SUCCESSOR AGENCY, to construct and complete the Project, in good workmanlike and substantial order.

If CONTRACTOR fails to pay for labor or materials when due, SUCCESSOR AGENCY may settle such claims by making demand upon the surety to this Agreement. In the event of the failure or refusal of the surety to satisfy said claims, SUCCESSOR AGENCY may settle them directly and deduct the amount of payments from the Contract price and any amounts due to CONTRACTOR. In the event SUCCESSOR AGENCY receives a stop notice from any laborer or material supplier alleging non-payment by CONTRACTOR, SUCCESSOR AGENCY shall be entitled to deduct all of its costs and expenses incurred relating thereto, including but not limited to administrative and legal fees.

**5.3 Project.** The Project is described as: **Brookhurst Triangle Demolition Project – Phase I, Project No. 2562.**

**5.4 Plans and Specifications.** The work to be done is shown in a set of detailed Specifications entitled: **Brookhurst Triangle Demolition Project – Phase I, Project No. 2562.**

Said Plans and Specifications and any revision, amendments or addenda thereto are attached hereto and incorporated herein as part of this Contract and referred to by reference. The work to be done must also be in accordance with the General Provisions, Standard Specifications (Caltrans and Greenbook 2012 Edition) and Standard Plans of the CITY, which are also incorporated herein and referred to by, reference.

**5.5 Time of Commencement and Completion.** CONTRACTOR agrees to commence the Project on date set forth in the "*Notice to Proceed*" issued by the SUCCESSOR AGENCY and shall diligently prosecute the work to completion within **fifty (50) working days** excluding delays caused or authorized by the SUCCESSOR AGENCY as set forth in Sections 5.7, 5.8 and 5.9 hereof.

**5.6 Time is of the Essence.** Time is of the essence of this Contract.

CONTRACTOR shall have seven **(7) calendar days from the award of the Contract** to execute the Contract and supply SUCCESSOR AGENCY with all of the documents and information required by the Instruction to Bidders and the other Contract Documents, including but not limited to, the necessary bonds and insurance certificates and endorsements. Once the SUCCESSOR AGENCY receives the executed Contract and all of the other properly drafted and executed documents and information, it may issue a Notice to Proceed to the CONTRACTOR. If CONTRACTOR refuses or fails to execute the Contract or refuses or fails to provide the required documents and information within the seven (7) calendar days, the SUCCESSOR AGENCY may then rescind the award of the Contract and then award the Contract to the next lowest responsive and responsible bidder.

As required by the Contract Documents, CONTRACTOR shall prepare and obtain approval of all shop drawings, details and samples, and do all other things necessary and incidental to the prosecution of CONTRACTOR'S work in conformance with an approved construction progress schedule. CONTRACTOR shall coordinate the work covered by this Contract with that of all other contractors, subcontractors and of the SUCCESSOR AGENCY, in a

manner that will facilitate the efficient completion of the entire work in accordance with Section 5.5 herein. SUCCESSOR AGENCY shall have complete control of the premises on which the work is to be performed and shall have the right to decide the time or order in which the various portions of the work shall be installed or the priority of the work of other subcontractors, and, in general, all matters representing the timely and orderly conduct of the work of CONTRACTOR on the premises.

- 5.7 Excusable Delays.** CONTRACTOR shall be excused for any delay in the prosecution or completion of the Project caused by acts of God; inclement weather; damages caused by fire or other casualty for which CONTRACTOR is not responsible; any act, neglect or default of SUCCESSOR AGENCY; failure of SUCCESSOR AGENCY to make timely payments to CONTRACTOR; late delivery of materials required by this CONTRACT to be furnished by SUCCESSOR AGENCY; combined action of the workers in no way caused by or resulting from default or collusion on the part of CONTRACTOR; a lockout by SUCCESSOR AGENCY; or any other delays unforeseen by CONTRACTOR and beyond CONTRACTOR'S reasonable control.

SUCCESSOR AGENCY shall extend the time fixed in Section 5.5 herein for completion of the Project by the number of days CONTRACTOR has thus been delayed, provided that CONTRACTOR presents a written request to SUCCESSOR AGENCY for such time extension within fifteen (15) calendar days of the commencement of such delay and SUCCESSOR AGENCY finds that the delay is justified. SUCCESSOR AGENCY decision will be conclusive on the parties to this Contract. Failure to file such request within the time allowed shall be deemed a waiver of the claim by CONTRACTOR.

No claims by CONTRACTOR for additional compensation or damages for delays will be allowed unless CONTRACTOR satisfies SUCCESSOR AGENCY that such delays were unavoidable and not the result of any action or inaction of CONTRACTOR and that CONTRACTOR took all available measures to mitigate such damages. Extensions of time and extra compensation as a result of incurring undisclosed utilities would be determined in accordance with the Standard Specifications for Public Works Construction 2012 edition (Greenbook). The SUCCESSOR AGENCY's decision will be conclusive on all parties to this Contract.

- 5.8 Extra Work.** The Contract price includes compensation for all work performed by CONTRACTOR, unless CONTRACTOR obtains a written change order signed by a designated representative of SUCCESSOR AGENCY specifying the exact nature of the extra work and the amount of extra compensation to be paid all as more particularly set forth in Section 5.9 hereof.

SUCCESSOR AGENCY shall extend the time fixed in Section 5.5 for completion of the Project by the number of days reasonably required for CONTRACTOR to perform the extra work, as determined by SUCCESSOR AGENCY's Finance Director. The decision of the Finance Director shall be final.

- 5.9 Changes in Project.**

**5.9.1** SUCCESSOR AGENCY may at any time, without notice to any surety, by written order designated or indicated to be a change order, make any change in the work within the general scope of the Contract, including but not limited to changes:

- a. In the Specifications (including drawings and designs);
- b. In the time, method or manner of performance of the work;
- c. In the City of Garden Grove - furnished facilities, equipment, materials, services or site; or
- d. Directing acceleration in the performance of the work.

If CONTRACTOR believes that the written order issued as part of this Section 5.9.1 has caused an increase in costs or time, the CONTRACTOR shall submit a written request for equitable adjustment to the SUCCESSOR AGENCY that includes a detailed cost breakdown and time impact analysis in sufficient detail to allow the SUCCESSOR AGENCY to analyze the request. Said notice shall be submitted via certified mail within twenty (20) calendar days of the CONTRACTOR's receipt of the written change order. CONTRACTOR's failure to submit the written request for equitable adjustment within the required twenty (20) calendar days shall constitute a waiver of any potential change order or claim for said alleged change. The SUCCESSOR AGENCY shall review CONTRACTOR's request and shall provide a written response within thirty (30) days of receipt of the request either approving or denying the request.

**5.9.2** A change may also be any other conflict, difficulty or issue which the CONTRACTOR believes caused any change to the CONTRACTOR's costs or project schedule, provided CONTRACTOR gives the SUCCESSOR AGENCY written notice and a request for equitable adjustment that includes a detailed cost breakdown and time impact analysis in sufficient detail to allow the SUCCESSOR AGENCY to analyze the request. The notice shall also state the date the CONTRACTOR became aware of the issue, circumstances and source of the issue and that CONTRACTOR regards the issue as a change order. Said written notice shall be delivered to the SUCCESSOR AGENCY via certified mail within twenty (20) calendar days of CONTRACTOR's first notice of the issue. CONTRACTOR's failure to submit the notice, which includes the written request for equitable adjustment within the required twenty (20) calendar days shall constitute a waiver of any potential change order or claim for said alleged change. The SUCCESSOR AGENCY shall review CONTRACTOR's request and shall provide a written response within thirty (30) calendar days of receipt of the request either approving or denying the request.

**5.9.3** Except as provided in this Section 5.9, no order, statement or conduct of the SUCCESSOR AGENCY or its representatives shall be treated as a change under this Section 5.9 or entitle CONTRACTOR to an equitable adjustment. Said written change order shall be delivered to the SUCCESSOR AGENCY via certified mail.

**5.9.4** If any change under this Section 5.9 causes an increase or decrease in CONTRACTOR'S actual, direct cost or the time required to perform any part of the work under this Contract, whether or not changed by any order, the SUCCESSOR AGENCY shall make an equitable adjustment and modify the Contract in writing. Except for claims based on defective specifications, no claim for any change under paragraph (5.9.2) above shall be allowed for any costs incurred more than 20 days before the CONTRACTOR gives written notice as required in paragraph (5.9.2). In the case of defective specifications for which the SUCCESSOR AGENCY is

responsible, the equitable adjustment shall include any increased direct cost CONTRACTOR reasonably incurred in attempting to comply with those defective specifications.

- 5.9.5** If CONTRACTOR intends to assert a claim for an equitable adjustment under this Section 5.9, it must, within thirty (30) days after receipt of a written change order under paragraph (5.9.1) or the furnishing of a written notice under paragraph (5.9.2), submit a written statement to the SUCCESSOR AGENCY setting forth the general nature and monetary extent of such claim. The SUCCESSOR AGENCY may extend the 30-day period. CONTRACTOR may include the statement of claim in the notice under paragraph (5.9.2) of this Section 5.9.
- 5.9.6** No claim by CONTRACTOR for an equitable adjustment shall be allowed if made after final payment under this Agreement.
- 5.9.7** CONTRACTOR hereby agrees to make all changes, furnish the materials, and perform the work that SUCCESSOR AGENCY may require without nullifying this Contract. CONTRACTOR shall adhere strictly to the Plans and Specifications unless the SUCCESSOR AGENCY therefrom authorizes a change in writing. Under no condition shall CONTRACTOR make any changes to the Project, either in additions or deductions, without the written order of the SUCCESSOR AGENCY and the SUCCESSOR AGENCY shall not pay for any extra charges made by CONTRACTOR that have not been agreed upon in advance in writing by the SUCCESSOR AGENCY. CONTRACTOR shall submit immediately to the SUCCESSOR AGENCY written copies of its firm's cost or credit proposal for change in the work. Disputed work shall be performed as ordered in writing by the SUCCESSOR AGENCY and the proper cost or credit breakdowns therefor shall be submitted without delay by CONTRACTOR to SUCCESSOR AGENCY.

**5.10** **Liquidated Damages for Delay.** The parties agree that if the total work called for under this Contract, in all parts and requirements, is not completed within the time specified in Section 5.5 herein, plus the allowance made for delays or extensions authorized under Sections 5.7, 5.8 and 5.9 herein, the SUCCESSOR AGENCY will sustain damage which would be extremely difficult and impractical to ascertain. The parties therefore agree that CONTRACTOR will pay to SUCCESSOR AGENCY the sum of five hundred dollars (\$500.00) per day for each calendar day during which completion of the Project is so delayed. CONTRACTOR agrees to pay such liquidated damages and further agrees that SUCCESSOR AGENCY may offset the amount of liquidated damages from any monies due or that may become due CONTRACTOR under the Contract.

**5.11** **Contract Price and Method of Payment.** SUCCESSOR AGENCY agrees to pay and the CONTRACTOR agrees to accept as full consideration for the faithful performance of this Contract, subject to any subsequent additions or deductions as provided in approved change orders, the sum of: **Three Hundred Thirty Eight Thousand Eight Hundred Seventy Eight Dollars (\$338,878.00)**, as itemized in the bid proposal.

Progress payments shall be made to the CONTRACTOR per month for each successive month as the work progresses. The CONTRACTOR shall be paid such sum as will bring the total payments received since the commencement of the work up to ninety-five percent (95%) of the value of the work completed, less all previous payments, provided that the CONTRACTOR submits the request for payment prior to the end of the day required to

meet the payment schedule. The SUCCESSOR AGENCY will retain five percent (5%) of the amount of each such progress estimate and material cost until 30 days after the recordation of the Notice of Completion.

Payments shall be made on demands drawn in the manner required by law, accompanied by a certificate signed by the SUCCESSOR AGENCY's Senior Real Property Agent, stating that the work for which payment is demanded has been performed in accordance with the terms of the Contract. Partial payments of the Contract price shall not be considered as an acceptance of any part of the work.

**5.12 Substitution of Securities in Lieu of Retention of Funds.** Pursuant to California Public Works Contract Code § 22300, the CONTRACTOR will be entitled to post approved securities with the SUCCESSOR AGENCY or an approved financial institution in order to have the SUCCESSOR AGENCY release funds retained by the SUCCESSOR AGENCY to ensure performance of the Contract. CONTRACTOR shall be required to execute an addendum to this Contract together with escrow instructions and any other documents in order to effect this substitution.

**5.13 Completion.** Within ten (10) working days after the contract completion date of the Project, CONTRACTOR shall file with the SUCCESSOR AGENCY's Senior Real Property Agent its affidavit stating that all workers and persons employed, all firms supplying materials, and all subcontractors upon the Project have been paid in full, and that there are no claims outstanding against the Project for either labor or material, except those certain items, if any, to be set forth in an affidavit covering disputed claims, or items in connection with Stop Notices which have been filed under the provisions of the statutes of the State of California. SUCCESSOR AGENCY may require affidavits or certificates of payment and/or releases from any subcontractor, laborer or material supplier.

**5.14 Contractor's Employees Compensation**

**5.14.1 General Prevailing Rate.**

SUCCESSOR AGENCY has ascertained that the prevailing wage requirements of the California Labor Code, including Sections 1770, 1771.5, 1773, 1777.5, and 1776, apply to this Project. CONTRACTOR shall comply with all applicable requirements of Division 2, Part 7, Chapter 1 of the California Labor Code and all applicable federal requirements respecting the payment of prevailing wages. If there is a difference between the minimum wage rates predetermined by the Secretary of Labor and the prevailing wage rates determined by the Director of the Department of Industrial Relations (DIR) for similar classifications of labor, the CONTRACTOR and its Sucontractors shall pay not less than the higher wage rate. The DIR will not accept lower State wage rates not specifically included in the Federal minimum wage determinations. This includes "helper" (or other classifications based on hours of experience) or any other classification not appearing in the Federal Wage determinations. Where Federal wage determinations do not contain the State wage rate determination otherwise available for use by the CONTRACTOR and Subcontractors, the CONTRACTOR and its Subcontractors shall pay not less than the Federal Minimum wage rate which most closely approximates the duties of the employees in question

- 5.14.2 Forfeiture for Violation.** CONTRACTOR shall, as a penalty to the SUCCESSOR AGENCY, forfeit one hundred dollars (\$100.00) for each calendar day or portion thereof for each worker paid (either by the CONTRACTOR or any subcontractor under it ) less than the prevailing rate of per diem wages as set by the Director of Industrial Relations, in accordance with Sections 1770 1780 of the California Labor Code for the work provided for in this Contract, all in accordance with Section 1775 of the Labor Code of the State of California.
- 5.14.3 Reserved.**
- 5.14.4 Apprentices.** Section 1777.5, 1777.6 and 1777.7 of the Labor Code of the State of California regarding the employment of apprentices is applicable to this Contract and the CONTRACTOR shall comply therewith; provided, however, that this requirement shall not apply if and/or to the extent that the Contract of the general CONTRACTOR, or the contracts of specialty contractors not bidding for work through a general or prime contractor involves less than thirty thousand dollars (\$30,000.00).
- 5.14.5 Workday.** In the performance of this Contract, not more than eight (8) hours shall constitute a day's work, and CONTRACTOR shall not require more than eight (8) hours of labor in a day from any person employed by him hereunder except as provided in paragraph (5.14.2) above. CONTRACTOR shall conform to Article 3, Chapter 1, Part 7 (Sections 1810 et seq.) of the Labor Code of the State of California and shall forfeit to the SUCCESSOR AGENCY as a penalty, the sum of twenty-five Dollars (\$25.00) for each worker employed in the execution of this Contract by CONTRACTOR or any subcontractor for each calendar day during which any worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one week in violation of said Article. CONTRACTOR shall keep an accurate record showing the name and actual hours worked each calendar day and each calendar week by each worker employed by CONTRACTOR in connection with the Project.
- 5.14.6 Record of Wages: Inspection.** CONTRACTOR agrees to maintain accurate 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 it in connection with the Project and agrees to require that each of its subcontractors does the same. The applicable contractor or subcontractor or its agent having authority over such matters shall certify all payroll records as accurate. CONTRACTOR further agrees that its payroll records and those of its subcontractors shall be available to the employee or employee's representative, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards and shall comply with all of the provisions of Labor Code Section 1776 in general. CONTRACTOR shall comply with all of the provisions of Labor Code Section 1776, and shall submit payroll records to the Labor Commissioner pursuant to Labor Code section 1771.4(a)(3). The CONTRACTOR shall submit copies of certified payroll reports **and cancelled checks** for laborers every week to the SUCCESSOR AGENCY. *If the certified payroll reports are not submitted, the contractor will be notified that compliance is required within five (5) working days or contract work must cease. The SUCCESSOR AGENCY will not be responsible for any delay or acceleration charges or any incurred costs or damages*

*as a result of the work stoppage due to contractor's failure to comply. Work shall be cease in an orderly, safe fashion with all vehicle access restored, should this not accrue, SUCCESSOR AGENCY will correct the deficiencies and deduct the cost from funds due to the contractor. In addition, no progress payment will be made until the copies of certified payroll reports are submitted.*

- 5.14.7 Contractor Registration.** CONTRACTOR and its subcontractors must be registered with the California Department of Industrial Relations pursuant to Labor Code Section 1725.5. This Agreement shall not be effective until CONTRACTOR provides proof of registration to the SUCCESSOR AGENCY.
- 5.14.8 Posting of Job Site Notices.** CONTRACTOR shall comply with the job site notices posting requirements established by the Labor Commissioner pursuant to Title 8, California Code of Regulations Section 16461(e) or other regulation promulgated pursuant to Labor Code Section 1771.4(a)(2).
- 5.14.9 Notice of DIR Compliance Monitoring and Enforcement.** Pursuant to Labor Code Section 1771.4, this Project is subject to compliance monitoring and enforcement by the California Department of Industrial Relations.
- 5.15 Surety Bonds.** CONTRACTOR shall, upon entering into performance of this Agreement, furnish bonds in the amount of one hundred percent (100%) of the Contract price bid, to guarantee the faithful performance of the work, and the other in the amount of one hundred percent (100%) of the Contract price bid to guarantee payment of all claims for labor and materials furnished. This Contract shall not become effective until such bonds are supplied to and approved by the SUCCESSOR AGENCY.
- 5.16 Insurance.**
- 5.16.1 COMMENCEMENT OF WORK.** CONTRACTOR shall not commence work under this Agreement until all certificates and endorsements have been received and approved by the SUCCESSOR AGENCY. CONTRACTOR shall be responsible to collect and maintain all insurance from all subcontractors. All subcontractors shall obtain and maintain the same insurance as required of CONTRACTOR. All insurance required by this Agreement shall contain a Statement of Obligation on the part of the carrier to notify the SUCCESSOR AGENCY of any material change, cancellation, or termination at least thirty (30) days in advance. CONTRACTOR is also aware of the provisions of Section 3700 of the Labor Code which requires every employer to be insured against liability for Workers' Compensation, or undertake self-insurance in accordance with the provisions of that Code, and will comply with such provisions before commencing the performance of the work of this Contract.
- 5.16.2 WORKERS COMPENSATION INSURANCE.** For the duration of this Agreement, CONTRACTOR and all subcontractors shall maintain Workers Compensation Insurance in the amount and type required by California law, if applicable for the protection of its employees during the progress of the work. The insurer shall waive its rights of subrogation against the City of Garden Grove, the City of Garden Grove as Successor Agency to the Garden Grove Agency for Community Development, and their respective officers, officials, employees, agents, and volunteers and shall issue a certificate to the policy evidencing the same. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to



SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

**5.16.3 INSURANCE AMOUNTS.** CONTRACTOR shall maintain the following insurance for the duration of this Agreement:

- (a) Commercial general liability, not excluding XCU, in an amount not less than \$5,000,000 per occurrence; (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to SUCCESSOR AGENCY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the SUCCESSOR AGENCY.
- (b) Automobile liability, including mobile equipment if applicable, in an amount not less than \$1,000,000 combined single limit; (**claims made and modified occurrence policies are not acceptable**); Insurance companies must be acceptable to SUCCESSOR AGENCY and have an AM Best's Guide Rating of A-, Class VII or better, as approved by the SUCCESSOR AGENCY.
- (c) Pollution liability in an amount not less than \$5,000,000; (**claims made and modified occurrence policies are not acceptable**) Insurance companies must be acceptable to SUCCESSOR AGENCY and have a Best's Guide Rating of A-Class VII or better, as approved by the SUCCESSOR AGENCY.
- (d) Excess liability coverage shall be provided for any underlying policy that does not meet the insurance requirements set forth herein; Excess liability coverage shall be Follows Form to the underlying policies. (**claims made and modified occurrence policies are not acceptable**) Insurance companies must be acceptable to SUCCESSOR AGENCY and have a Best's Guide Rating of A-Class VII or better, as approved by the SUCCESSOR AGENCY.

An Additional Insured Endorsement, **ongoing and completed operations**, for the policy under section 5.16.3 (a), shall designate the City of Garden Grove, Successor Agency to the Garden Grove Agency for Community Development, and their respective officers, officials, employees, agents, and volunteers as additional insureds for liability arising out of work or operations performed by or on behalf of the CONTRACTOR. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

An Additional Insured Endorsement for the policy under section 5.16.3 (b), including mobile equipment if applicable, shall designate the City of Garden Grove, Successor Agency to the Garden Grove Agency for Community Development, and their respective officers, officials, employees, agents, and volunteers as additional insureds for automobiles owned, leased, hired, or borrowed by the CONTRACTOR. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

An Additional Insured Endorsement for the policy under section 5.16.3 (c) shall designate the City of Garden Grove, the Successor Agency to the Garden Grove Agency for Community Development, and their respective officers, officials,

employees, agents, and volunteers as additional insured's for on-going and products-completed operations under the pollution liability policy. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

In the event any of CONTRACTOR'S underlying policies do not meet policy limits within the insurance requirements, CONTRACTOR shall provide the schedule of underlying polices for a Follows Form excess liability policy, state that the excess policy follows form on the insurance certificate, and an additional insured endorsement for the excess liability policy under 5.16.3(d) designating the City of Garden Grove, the Successor Agency to the Garden Grove Agency for Community Development, and it's respective officers, officials, employees, agents, and volunteers as additional insured's. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

For any claims related to this Agreement, CONTRACTOR'S insurance coverage shall be primary insurance as respects City of Garden Grove, Successor Agency to the Garden Grove Agency for Community Development and their respective officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City of Garden Grove, the Successor Agency to the Garden Grove Agency for Community Development, and their respective officers, officials, employees, agents, and volunteers shall be excess of the CONTRACTOR'S insurance and shall not contribute with it. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

All insurance policies must be endorsed to provide that the insurer will waive all rights of subrogation against the City of Garden Grove, the Successor Agency to the Garden Grove Agency for Community Development, and their respective officers, officials, employees, agents, and volunteers. CONTRACTOR shall provide to SUCCESSOR AGENCY proof of insurance and endorsement forms that conform to SUCCESSOR AGENCY's requirements, as approved by the SUCCESSOR AGENCY.

SUCCESSOR AGENCY or its representatives shall at all times have the right to inspect and receive the original or a certified copy of all said policies of insurance, including certificates. CONTRACTOR shall pay the premiums on the insurance hereinabove required.

If CONTRACTOR maintains higher insurance limits than the minimums shown above, CONTRACTOR shall provide coverage for the higher insurance limits otherwise maintained by the CONTRACTOR

**5.17 Risk and Indemnification.** All work covered by this Contract done at the site of construction or in preparing or delivering materials to the site shall be at the risk of CONTRACTOR alone. CONTRACTOR agrees to save, indemnify and keep the City of Garden Grove, the Successor Agency to the Garden Grove Agency for Community

Development, and their Officers, Agents, Employees, Engineers, and Consultants for this Contract, and all public agencies from whom permits will be obtained and their directors, Officers, Agents and Employees harmless against any and all liability, claims, judgments, costs and demands, including demands arising from injuries or death of persons (CONTRACTOR'S employees included) and damage to property, arising directly or indirectly out of the obligations herein undertaken or out of the operations conducted by CONTRACTOR, save and except claims or litigation arising through the active negligence or willful misconduct of CITY and Successor Agency, and will make good to reimburse CITY and Successor Agency for any expenditures, including reasonable attorneys' fees CITY and Successor Agency may incur by reason of such matters, and if requested by CITY and Successor Agency, will defend any such suits at the sole cost and expense of CONTRACTOR.

## **5.18 Termination.**

- 5.18.1** This Contract may be terminated in whole or in part in writing by the SUCCESSOR AGENCY for its convenience, provided that the CONTRACTOR is given (1) not less than ten (10) calendar days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination. Termination of contract shall conform to Section 8 of the California, Department of Transportation Standard Specifications.
- 5.18.2** If termination for default or convenience is effected by the SUCCESSOR AGENCY, an equitable adjustment in the price provided for in this Contract shall be made, but (1) no amount shall be allowed for anticipated profit on unperformed services or other work, and (2) any payment due to the CONTRACTOR at the time of termination may be adjusted to cover any additional costs to the SUCCESSOR AGENCY because of the CONTRACTOR'S default. The equitable adjustment for any termination shall provide for payment to the CONTRACTOR for services rendered and expenses incurred in accordance with Section 8 of the California, Department of Transportation Standard Specifications.
- 5.18.3** Upon receipt of a termination action under paragraph (5.18.1) or (5.18.2) above, the CONTRACTOR shall (1) promptly discontinue all affected work (unless the notice directs otherwise), and (2) deliver or otherwise make available to the SUCCESSOR AGENCY all data, drawings, specifications, reports, estimates, summaries and such other information and materials as may have been accumulated by the CONTRACTOR in performing this Contract whether completed or in process.
- 5.18.4** Upon termination under paragraphs (5.18.1) and (5.18.2) above, the SUCCESSOR AGENCY may take over the work and may award another party an agreement to complete the work under this Contract.

- 5.19 Warranty.** The CONTRACTOR agrees to perform all work under this Contract in accordance with the SUCCESSOR AGENCY'S designs, drawings and specifications.

The CONTRACTOR guarantees for a period of one (1) year from the date of the notice of completion of the work that the completed work is free from all defects due to faulty materials, equipment or workmanship and that he shall promptly make whatever adjustments or corrections which may be necessary to cure any defects, including repairs

or any damage to other parts of the system resulting from such defects. The SUCCESSOR AGENCY shall promptly give notice to the CONTRACTOR of observed defects. In the event that the CONTRACTOR fails to make adjustments, repairs, corrections or other work made necessary by such defects, the SUCCESSOR AGENCY may do so and charge the CONTRACTOR the cost incurred. The performance bond shall remain in full force and effect through the guarantee period.

The CONTRACTOR'S obligations under this clause are in addition to the CONTRACTOR's other express or implied assurances of this Contract or state law and in no way diminish any other rights that the SUCCESSOR AGENCY may have against the CONTRACTOR for faulty materials, equipment or work.

**5.20 Attorneys' Fees.** If any action at law or in equity is necessary to enforce or interpret the terms of this Contract, each party shall be responsible for their own attorneys' fees, costs and necessary expenses. If any action is brought against the CONTRACTOR or any subcontractor to enforce a Stop Notice or Notice to Withhold, which named the SUCCESSOR AGENCY as a party to said action, the SUCCESSOR AGENCY shall be entitled to all attorneys' fees, costs and necessary disbursements arising out of the defense of such action by the SUCCESSOR AGENCY. The SUCCESSOR AGENCY shall be entitled to deduct its costs for any Stop Notice filed, whether court action is involved or not.

**5.21 Notices.** Any notice required or permitted under this Contract may be given by ordinary mail at the address set forth below. Any party whose address changes shall notify the other party in writing.

To SUCCESSOR AGENCY:

City of Garden Grove  
Finance Department/Real Property Division  
Attention: Carlos Marquez  
11222 Acacia Parkway  
Garden Grove, CA 92842

TO CONTRACTOR:

J&G Industries, Inc.,  
Attention: Jim Cain  
18627 Brookhurst Street #302  
Fountain Valley, CA 92708

**5.22 Agreement Limitations.** CONTRACTOR understands and agrees that the implementation and effectiveness of this Agreement shall be subject to approval by the SUCCESSOR AGENCY Oversight Board and the provisions of ABX1-26 and AB 1484. CONTRACTOR further understands and agrees that any and all liability under this Agreement shall be solely that of the SUCCESSOR AGENCY and not the City of Garden Grove, and, in accordance with Health and Safety Code Section 34173(e), shall be limited in scope and amount to the actual property tax revenues received by, and the value of assets transferred to, the SUCCESSOR AGENCY pursuant to ABX1-26 AND AB 1484 for purposes of payment pursuant to this Agreement.

(SIGNATURES ON THE FOLLOWING PAGE)

**IN WITNESS THEREOF**, these parties have executed this Construction Agreement on the day and year first written above.

"SUCCESSOR AGENCY"  
SUCCESSOR AGENCY TO THE  
GARDEN GROVE AGENCY FOR  
COMMUNITY DEVELOPMENT,  
a public body

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

By: \_\_\_\_\_  
Scott C. Stiles  
Director

ATTEST:

\_\_\_\_\_  
Secretary

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

"CONTRACTOR"

J&G INDUSTRIES, INC.,  
State License No. 571859  
(Expiration Date: 6/27/2017)

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

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

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

APPROVED AS TO FORM:

If CONTRACTOR is a corporation, a Corporate Resolution and/or Corporate Seal is required.

\_\_\_\_\_  
Agency General Counsel

Date \_\_\_\_\_