

General Conditions Appendices

SECTION 15 – APPENDICES

The following Appendices attached hereto are referenced in the General Conditions and are incorporated herein.

- Appendix 1 – Policy Statement for Calculating Delays and Damages
- Appendix 2 – Cost Reduction Incentive Proposals for Design Bid Build Agreements
- Appendix 3 – Contractor's Affidavit Regarding Settlement of Claims
- Appendix 4 – Forms of Performance Bond
- Appendix 5 – Forms of Payment Bond
- Appendix 6 – Dispute Resolution
- Appendix 7 – Certificate of Completion
- Appendix 8 – Construction Sign Detail
- Appendix 9 – Cost of the Work (Applicable solely to Construction Manager at Risk and Job Order Contracting)
- Appendix 10 – Landscape Establishment Period

CALCULATING DELAYS AND DAMAGES

The purpose of this policy statement is to establish guidelines and procedures for negotiation between the Contractor and City of Chandler relating to compensation for delays pursuant to Arizona Revised Statutes (A.R.S.) 34-221(F). This policy statement contains notice requirements in addition to those set forth in the Agreement Documents, and will be the Agreement Provision contemplated by that statute.

NOTE: As used herein, the term "Engineer" will refer to the City of Chandler City Engineer or his/her designated representative. Nothing in this Policy Statement will be construed to void any provision in the Agreement which requires timely notice of delays or provides for arbitration or any other procedure for settlement or provides for liquidated damages.

I. TYPES OF DELAYS:

For the purposes of this document, there are essentially four types of delays encountered by City of Chandler Construction Contractors; excusable/compensable, excusable/non-compensable, non-excusable, and concurrent. Only delays that extend Agreement Completion Time set forth in the Agreement Document will be considered for issues relating to Agreement extensions or additional compensation. All other delays are considered to be activity delays and do not entitle the Contractor to either time extensions or additional compensation. Agreement Completion Time will be defined as the date set forth in Maricopa Association of Governments (MAG) Uniform Standard Specification Section 101 and as may be modified by the Agreement Documents.

A. Excusable/Compensable:

These are delays caused solely by the City's actions or inactions, are unreasonable under the circumstances, and which were not within the contemplation of the parties to the Agreement at or prior to the time of execution of the Agreement. Since the Contractor presumably has no control over the events causing the delay, he may be entitled to both Agreement time extensions and additional compensation for delay damages. Further, he/she may be entitled to additional compensation from the impact of that delay on other work. Examples of excusable/compensable (E/C) delays include: failure to properly locate an underground City-owned utility within 2 feet of the actual location; failure to relocate City-owned utilities far enough in advance of construction in an area where the Contractor is scheduled to work that it delays start or completion of the Contractor's regularly scheduled work; failure to provide City-furnished equipment or materials in a timely manner if required by the Agreement; failure to acquire necessary Right-of-Way or Public Utility Easements prior to the Contractor beginning Work in the area; failure to timely return Shop Drawings or other Agreement Submittals in accordance with the Agreement; unreasonable delay by the City in making decisions which affect critical activities; surveying errors when the City is contractually responsible for providing Project Surveying. This list is not meant to be all inclusive, but is intended merely as examples of the type of City action or inaction which can result in a Contractor's claim for additional time and compensation.

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B. Excusable/Non-compensable:

These are delays over which neither the City nor the Contractor had control. Since both parties to the Agreement have been potentially damaged by the delay, but neither have caused it, only Time Extensions are warranted. Examples of excusable, non-compensable (E/N) delays include: unusually severe weather; fire; acts of God; failure of non-City owned utilities (SRP, CenturyLink, Cable TV, Southern Pacific Railroad, and Southwest Gas, etc.) to properly or timely locate accurately; failure of non-City owned utilities to relocate in advance of construction; the voluntary or involuntary filing for Bankruptcy protection by a Supplier or Subcontractor which causes the Supplier/Subcontractor to fail to meet a contractual deadline provided the Contractor can provide documentation that he/she executed the required Purchase Orders/Subcontract Agreements and received delivery schedules which, if met, would have eliminated the delay; delays as a result of an incomplete shutdown of a City or non-City owned utility main (the City does not guarantee a complete shutdown). This list also is not necessarily all inclusive but merely indicative of type and class of E/N delays.

C. Non-excusable/Non-compensable:

These are delays caused by the actions or inactions of Contractor or an officer, employee, agent, Subcontractor, Supplier or any other party for whom the Contractor is responsible. Since the Contractor has assumed responsibility for the risks associated with the events that caused the delay, he/she are not entitled to either time extensions or monetary delay damages. All non-excusable delays are also non-compensable. Examples of non-excusable, non-compensable (N/N) delays include: failure to perform by the Contractor, its Subcontractors and/or Suppliers (except as noted in section I.B above); failure to provide adequate labor, materials, and/or equipment on the Project; failure to perform contractually-required coordination with utilities, agencies and other Contractors; failure to notify the Engineer, in writing, of delay impacts within two working days, as required by MAG 104.2.3, or the next work day, as required by MAG 109.8.2; failure to timely submit Shop Drawings; failure to pothole or otherwise visually locate utilities sufficiently ahead of the Work to allow the Engineer to direct corrective action when necessary; delays due to retesting of previously failed work, re-inspection, and/or restaking resulting from faulty workmanship, poor quality control, or lack of compliance with Agreement Specifications. Again, this list is not necessarily all inclusive.

D. Concurrent:

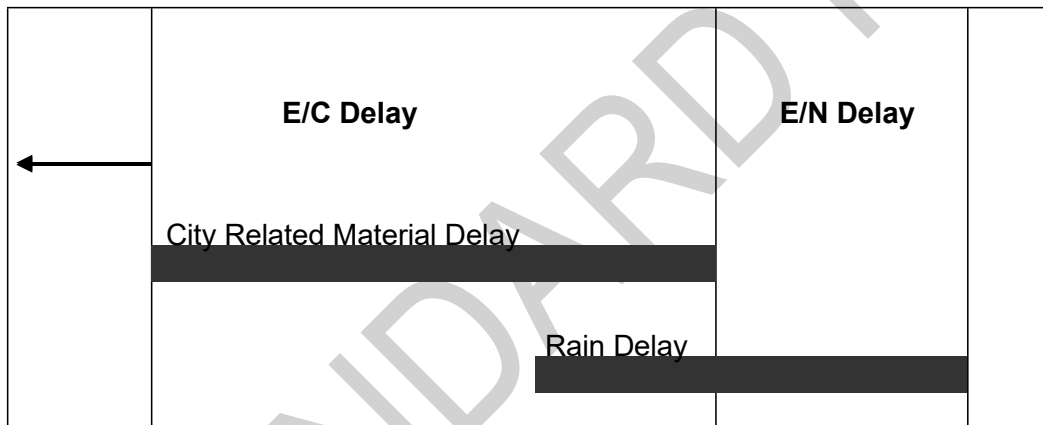
When two or more delays occur simultaneously or overlap, each delay is analyzed separately to determine its impact on the overall project completion date based on when that delay started. Once again, only those delays which actually extend the Agreement completion time are considered as delays. The concurrent delay is considered an additional delay only to the extent it prolongs the delay to the Agreement Completion Time beyond the date that the one it is concurrent with had already delayed that date. For example, if two delays are concurrent, and one is five days long and the second is seven days long, the second concurrent delay will only extend the Agreement Completion Time by two days. The same method of analysis is

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used when there are multiple concurrent delays. Only those extending the Project Completion Date are considered to be delays for the purposes of this policy. The portion of each concurrent delay that delays the completion of the work is classified in the same manner as described previously for individual delays and being either E/C, E/N or N/N.

An example of a concurrent delay is where the City delays furnishing material, but the Contractor could not have installed it anyway due to unusually severe weather. The effect of the first delaying activity will extend for the full duration and will be considered controlling on the Contractor's schedule. A subsequent, concurrent delay will thereafter only be considered to effect the project completion (if at all) once the first delaying activity has ceased to impact the project completion. In this case, if the unusually severe weather continued and delayed the work after the material was delivered, the first portion of the delay would be classified E/C (delay for material) and the second as E/N (delay due to unusually severe weather). Using the procedure set forth above, the entire concurrent portion would be considered E/C as shown in the chart which follows.

Example of a Concurrent Delay:



II. ANALYZING THE DELAY:

The Contractor must provide all documents required or requested by the Engineer to analyze the delay(s). It is important to understand that, prior to the delay analysis, delays and their impacts are alleged issues. The information the Contractor provides will be compared with the Inspector's Daily Log, Schedules and other available Project information and together they will support or refute that delays occurred and, if so, how they impact other work and the overall project completion. The Contractor's delay in providing these documents will be considered prima facie evidence that either the delay did not occur or it did not impact the Project Completion Date and any claim for time extension or damages will be denied.

The Engineer will accept delay analyses in CPM format, as these may demonstrate to his/her satisfaction whether or not Project Completion has been impacted by a specific event. If the Contractor chooses not to use CPM scheduling procedures, then the burden will be on the Contractor to prove to the Engineer's satisfaction that the Project Completion has been impacted. The procedures

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below assume that the Contractor is using CPM scheduling methods. As a minimum the Contractor must provide the following materials to the Engineer:

- A. As-Planned Schedule. The initial construction schedule, required by the Agreement Documents, will be considered the baseline schedule. It is to the Contractor's advantage that the As-Planned (baseline) Schedule be as detailed as possible in order for delays, as they occur, to be incorporated into the schedule in representative locations. It is also to the Contractor's advantage to use a computer software program to generate the schedule since updated schedules are required monthly by the Agreement Documents and since updated schedules are required to support delays and requests for additional compensation for delays. The As-Planned (baseline) Schedule must be presented in network format which clearly shows the interrelationships of the activities. The Contractor must also provide a printout of the activities showing early start, early finish, late start, late finish, duration and float. The activity list printout must also indicate predecessor and successor activities.
- B. As-Built Schedules. The as planned (baseline) schedule must be updated with complete progress-to-date information (actualized) up to the date of the start of the alleged delay. Each updated schedule will serve as the as-built schedule for analyzing the alleged delay and provide a new baseline as-planned schedule for the next delay. This process must be repeated for each alleged delay as it occurs. In updating the baseline schedule, the alleged delay must be treated as an activity and inserted into the schedule as a predecessor to the impacted activity (ies). When an activity that has already started is impacted, it is preferable to divide this activity into two parts and show the impact affecting the second part. For schedules which incorporate a time line (or data date), the delay activity must be inserted at the time it actually occurred. Some software scheduling programs have a PAUSE-RESUME feature that can be used to facilitate the requirements. The updated schedule must also be accompanied by a listing of activities as with the baseline schedule. This activities list must contain the alleged delay as an activity showing the duration and the activities which are predecessors and successors to it. When computer generated schedules are used, the Contractor must provide, in electronic media format, the complete data files for the updated schedule that included the delay activity, preferably either in Suretrak or in Microsoft Project. Each electronic media must contain a label identifying the Project name, Contractor's name, program name and version number, data date and project finish date.
- C. Other Documents: In order to determine the amount of the alleged delay and if it is compensable, the Contractor must provide all backup documentation relevant to the issue and as required by the Engineer. This documentation must include copies of such items as: purchase orders; delivery schedules; correspondence; memoranda of telephone calls; force account daily worksheets (initialed by the Inspector); payroll data; estimating (bid) worksheets; and any other materials which may be requested by the Engineer.
- D. Procedure: Only after receipt of sufficient documentation will the Engineer analyze each alleged delay and determine if it is supported or refuted. If supported, the Engineer will determine if it is excusable or non-excusable, compensable or non-

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compensable. If the Engineer determines that the delay did not affect the Project Completion, the as-planned schedule, which has been updated to the date of the alleged delay, must be revised to indicate this. If the Engineer determines the delay did occur but was N/N, then no time extension will be granted. It is imperative that an actualized schedule be submitted as soon as the occurrence of the alleged delay is known. In no event will the Contractor submit an actualized updated schedule later than 60 days after the occurrence of the alleged delay becomes known.

If the Engineer determines the delay did occur and was excusable but, due to a reason listed in section I.B. is non-compensable, he/she will determine the length of the E/N delay and prepare a Change Order to add that time to the Agreement. The Engineer's decision will be final.

If the Engineer determines the delay was excusable and compensable, he/she will determine the length of the E/C delay and proceed to review the Contractor's damage calculations in accordance with Section III. The Engineer will check the Contractor's calculations, review the backup documentation provided, and prepare a Change Order to cover both the additional compensation and the time extension. The Engineer's decision on both the time extension and additional compensation for the delay will be final.

If the issue involves a concurrent delay, the Engineer will analyze available data to determine the portions which are E/C, E/N, and/or N/N as described above. The Engineer will proceed to determine the length of E/C delay and verify the Contractor's delay damage calculations, if any are provided. Upon completion of this review, the Engineer will prepare a Change Order for the Contractor's review and signature. The Engineer's decision regarding excusable delay and additional compensation for the delay is final.

The amount of time the Engineer will require to analyze the alleged delay(s) will depend upon the Engineer's workload, the complexity of the delay analysis, availability of supporting data, extent of cooperation by the Contractor, and other factors beyond the Engineer's control. It is entirely possible other delay(s) may occur while the Engineer is analyzing particular claim for delay(s). The Engineer's failure to respond to the Contractor in a set period of time will not be used as the basis for a further delay claim or as justification for extending and existing delay claim. The time required for delay analysis by the Engineer will not be counted against the time allotted for processing Final Payment as required by (MAG Section 109.7(B)) or the release of retention and Final Payment as prescribed by A.R.S. Arizona Revised Statutes §34-221.

III. CALCULATING MONETARY DELAY DAMAGES:

Additional compensation for delay, when authorized by the Engineer, will be calculated in accordance with MAG Section 109.5 ACTUAL COST WORK with the following exceptions:

- A. No additional compensation or other monetary damages will be awarded or paid for any loss of anticipated profits by the Contractor, Subcontractors or Suppliers.

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- B. No additional compensation or other monetary damages will be awarded for home office overhead or non-project general conditions of the Contractor, Subcontractors or Suppliers.
- C. Equipment:
 - 1. Contractor-owned equipment rate calculations must be computed in accordance with Section 109.04(D)(3), Arizona Department of Transportation "Standard Specifications for Road and Bridge Construction," 2008 or latest edition and as modified herein. Year and regional adjustment factors must be based on the most recent publications of the Rental Rate Blue Book for Construction Equipment, published by the Equipment Guide-Book Company, San Jose, CA, same as provided by ADOT and in print as of the date of alleged delay. In no event will the compensation for Contractor-owned equipment exceed the purchase price, including tax, paid by the Contractor for the equipment. Compensation will not be allowed for small tools or equipment that show a daily equipment rental rate of less than \$5.00 per day or for unlisted equipment that has a value of less than for hundred dollars (\$400.00).
 - 2. For leased and rented equipment or equipment not otherwise listed in the Blue Book, rental contracts, or other supporting data will be used to establish the hourly rate. No hourly operating expense will be allowed for delay on standby equipment. In no case will equipment be considered for rental which exceeds the hourly rate for the first eight hours and the daily rate divided by eight for all additional hours as compared with similar equipment listed in the Blue Book. The hourly standby rate must be computed as the lesser of:
 - a. Dividing the monthly invoice or rental value by 176 hours per month when the equipment is utilized by the Contractor for more than three weeks;
 - b. Dividing the monthly invoice or rental value by 40 hours per week when the equipment is utilized by the Contractor for more than three days.In no event will compensation be paid for delay at more than 8 hours per day or 40 hours per week.
 - 3. Except for vehicles used by supervisory personnel, all equipment will be paid at the "standby" rate during the delay period.
 - 4. Equipment brought solely to mitigate the delay (such as pumps, light plants, etc.) may be paid in accordance with ADOT section 109.04(D) (3).
 - 5. The Blue Book regional adjustment will apply in determining rental rates.
- D. Material:

Allowable material charges may include, in addition to material incorporated in the

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work material used to mitigate the delay such as barricades, plates, shoring, cold mix, etc. Except in emergencies the Contractor will not employ such material without the prior written approval of the Engineer.

E. Labor:

1. Except for Supervisory Personnel (Superintendent, Project Engineer, and Foremen), labor wages will not be paid after the first one-half day of claimed delay or impact. It is expected the Contractor will reassign or layoff unneeded employees.
2. For Foreman wages to be included, that Foreman must have been actively employed on the project prior to the commencement of the delay and be directly responsible for the activity being delayed.
3. Labor burden must be actual amounts incurred but must not exceed the ADOT approved rate.

F. All costs (equipment, material, and labor) must be substantiated by the City of Chandler's Daily Work Reports.

IV. DOCUMENT REQUIRED FOR CLAIM ANALYSIS:

For purposes of reviewing the Contractor's request for additional compensation, it will be required that the Contractor submit the following listed information. Information requested must be prepared on forms which are substantially similar to the City of Chandler's Daily Work Report form, a copy of which is attached as an exhibit.

A. Labor:

For each employee, laborer, and foreman, for which compensation is requested: Name, classification, dates of work performed, daily hours worked, total hours worked, labor rates, labor burden rates, overtime or premium time charges. Further, the Contractor must make available for inspection and copying to the Engineer the following listed documentation.

1. Certified payroll reports for the period of work claimed.
2. Accounting of Fringe Benefits – certified by a CPA.
3. Contractor's and Subcontractor's daily field reports and daily diaries.

B. Materials:

For all materials for which compensation is requested, if any, total quantities of materials, prices, extensions and transportation costs must be provided on a daily basis. Further, the Contractor must make available for inspection and copying to the Engineer the following listed documentation.

1. Invoices for all materials incorporated.
2. Weigh tickets.
3. Purchase orders.

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4. Delivery schedules.
5. Quotes or proposals from manufacturers or supplier.
6. Freight bills, Bills of Lading, or other documentation to show transportation costs.
7. Restocking charges-invoices from vendor.

C. Equipment:

For all equipment, the Contractor must provide the Engineer with the designation, dates and hours of usage, dates and hours of standby, if any, daily hours, total hours, rental rates and extension for each unit of equipment and machinery. Rental rates will be as established in Section III. Further, the Contractor must make available for inspection and copying to the Engineer the following listed documentation.

1. Owned:
 - a. Purchase contracts(s).
 - b. Depreciation schedule(s).
 - c. Invoices for fuel, lube, repairs and other operating costs.
2. Leased:
 - a. Lease agreement with hourly rate, overtime rate, double shift rate, etc.
 - b. Invoices or other documentation showing hours worked on a daily basis.

D. Subcontractors/Owner-Operators:

In the event the Contractor submits a claim which includes requests for compensation for Subcontractors of Owner-Operators, the same information requested of the Contractor must be provided by the Subcontractor/Owner-Operator. Further, the Contractor must make available for inspection and copying to the Engineer the following listed documentation.

1. Bid/Estimate work sheets and/or spreadsheets.
2. Subcontract Agreements or Agreements with Owner-Operator.
3. All invoices and billing statements received from the Subcontractor/Owner-Operator which relates to the amount requested.

E. Miscellaneous:

Further, the Contractor must make available for inspection and copying to the Engineer the following listed documentation.

1. Evidence of payment for bonds and insurance premiums (MAG 109.5.6).
2. Taxes – unless the Contractor can show otherwise, taxes are reimbursable at 65% of the total cost (less bonds and insurance).

V. TIME LIMIT ON SUBMISSIONS OF CLAIM FOR DELAY OR IMPACT DAMAGES:

No claims for delay or impact damages will be considered or allowed more than 45 days after the event or occurrence which the Contractor claims gives rise to the delay or impact. In no event will a

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claim for delay or impact damages be considered after submission by the Contractor of the Final Payment Request.

STANDARD FORM

COST REDUCTION INCENTIVE PROPOSALS FOR DESIGN BID BUILD AGREEMENTS

The Contractor may submit to the Engineer proposals for modifying the Plans, Specifications, or other requirements of the Agreement for the sole purpose of reducing the total cost of Project construction. The proposals must not impair in any manner the essential functions or characteristics of the project; including but not limited to service life, economy of operations, ease of maintenance, desired appearance, compatibility with existing or planned equipment, standardization of systems, or design and safety standards.

It must not be inferred from this Policy that the Engineer is required to consider any proposal submitted.

Submissions that propose changes in the basic design of a bridge, propose changes in pipe line size, materials, bedding conditions, pipe specifications; or that propose any change in pavement design will not be considered.

Proposals submitted pursuant to this Policy will be identified as Cost Reduction Incentive Proposals. They must be submitted in writing and, at a minimum, contain the following.

1. Complete the attached or similar cost reduction incentive proposal form.
2. A description of both the existing Agreement Requirements for performing the work and the proposed changes.
3. All Engineering Drawings and computations necessary for the thorough and expeditious evaluation.
4. An itemization of the existing Agreement Requirements that must be changed if the Proposal is adopted and a recommendation as to the manner in which the change should be made.
5. A detailed estimate of the cost of performing the Work under the existing Agreement and under the proposed changes, including the cost of developing and implementing the changes.
6. The Agreement items affected by the proposed changes and any variations in quantities resulting from the changes.
7. An objective estimate of any effects the proposal will have on collateral cost to the City, costs of related items, and cost of maintenance and operation.
8. A statement as to the effect that the Proposal will have on the time for the completion of the Project.
9. A statement as to the time by which a Change Order adopting the Proposal must be executed or when the Engineer must have given verbal approval.

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Proposals will be processed expeditiously; however, the City will not be liable for any delay in acting upon any Proposal nor for any failure to accept any Proposal pursuant to this Special Provision.

The Engineer will be the sole judge of the acceptability of a Proposal and of the estimated net savings in construction costs from the adoption of all or any part of the Proposal. The Contractor will be notified in writing by the Engineer as to whether his/her Proposal has been accepted. The decision by the Engineer is final.

When the City deems such action to be appropriate, it reserves the right to require the Contractor to share equally in the cost to the City of investigating, evaluating, and processing the proposal as a condition for the consideration of such Proposal. Such cost must be shared whether the Proposal is accepted or rejected. When such a condition is imposed, the City will estimate these costs and the Contractor must indicate his acceptance thereof in writing. Such acceptance will authorize the City to deduct the Contractor's share of the costs from any monies due or that may become due to the Contractor under the Agreement.

If the Contractor's Proposal is accepted in whole or in part, the necessary Agreement Modifications and Agreement Price Adjustments will be affected by the execution of a Change Order which will specifically state that it is executed pursuant to this Special Provision.

The Contractor must continue to perform the work in accordance with the requirements of the Agreement until a Change Order incorporating the Proposal has been executed or until he/she has been given verbal approval by the Engineer that his/her Proposal has been accepted. If the Change Order has not been executed or he/she has not been given verbal approval on or before the date specified on the attached cost reduction incentive proposal form or on or before such other date as the Contractor may have subsequently specified in writing, the Proposal may be deemed to be rejected.

The executed Change Order will incorporate the changes in the Plans, Specifications, or other requirements of the Agreement which are necessary to permit the Proposal, or such part of it which has been accepted, to be put into effect, and will include any condition – upon which the City's approval thereof is based, if such approval is conditional. The executed Change Order may also extend the time for the completion of the Agreement if such an extension has been deemed to be warranted by the Engineer as a result of his evaluation of the Proposal.

The executed Change Order will also establish the estimated net savings in the cost of performing the Work attributable to the Proposal effectuated by the Change Order. In determining the net savings, the right is reserved to the Engineer to disregard the Agreement bid prices if, in his/her judgment, such prices do not represent a fair measure of the value of the Work to be performed or to be deleted. The net savings will be established by determining the Contractor's cost of performing the Work, taking into account his/her cost of developing the Proposal and implementing the change, and reducing this amount by any ascertainable collateral costs to the City. The executed Change Order may provide that the Contractor be paid 50 percent of the estimated net savings amount.

The executed Change Order may also provide for the adjustment in Agreement prices. Agreement prices may be adjusted by subtracting the City's share of the accrued net savings.

The amount specified to be paid to the Contractor in the executed Change Order which effectuates a Cost Reduction Proposal will constitute full compensation to the Contractor for the Cost Reduction

Proposal and the performance of the work thereof pursuant to the said Change Order.

Upon acceptance of a Cost Reduction Incentive Proposal, any restrictions imposed by the Contractor on its use or on disclosure of the information will become void, and the City thereafter will have the right to use all or any part of the Proposal without obligation or compensation of any kind to the Contractor.

STANDARD FORM

COST REDUCTION INCENTIVE PROPOSAL FORM

TO: CIP City Engineer

FROM:

PROJECT NAME: [PROJECT NAME]

CITY PROJECT NUMBER: [Project #]

DATE:

Summary of Change (Brief description of proposed change including advantages and disadvantages):

ESTIMATED COST SUMMARY (Attached detailed estimate):

A.	Original Cost:	\$	
B.	Proposed Cost:	\$	
C.	Construction Savings (A-B):	\$	
D.	Gross Savings (Included OH % , Bond %)	\$	
E.	Contractor Implementing	\$	
F.	City Implementing Cost:	\$	
	Reduction in Agreement Price (C+D-E-F) x 50%:	\$	

Date by which a Change Order must be issued so as to obtain maximum cost reduction:

**CITY OF CHANDLER, ARIZONA
PUBLIC WORKS & UTILITIES DEPARTMENT**

CONTRACTOR'S AFFIDAVIT REGARDING SETTLEMENT OF CLAIMS

_____, Arizona
Date _____

Project Name: [Project Name]
City Project No.: [Project #]

To the City of Chandler, Arizona

Gentlemen:

This is to certify that all lawful claims for materials, rental of equipment and labor used in connection with the construction of the above project, whether by subcontractor or claimant in person, have been duly discharged.

The undersigned, for the total compensation of \$_____, as set out in the final pay application, as full and complete payment under the terms of the Agreement, hereby waives and relinquishes any and all further claims or right of lien under, in connection with, or as a result of the above described project. The undersigned further agrees to indemnify and save harmless the City of Chandler against any and all liens, claims or liens, suits, actions, damages, charges and expenses whatsoever, which said City may suffer arising out of the failure of the undersigned to pay for all labor performances and materials furnished for the performance of said installation.

Signed and dated at _____, this _____ day of _____ 20_____.

CONTRACTOR

By _____

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

The foregoing instrument was subscribed and sworn to before me this _____ day of _____ 20_____.

Notary Public

My Commission Expires

PERFORMANCE BOND

ARIZONA STATUTORY PERFORMANCE BOND
PURSUANT TO TITLES 28, 34, AND 41, ARIZONA REVISED STATUTES
(Penalty of this bond must be 100% of the Agreement amount)

KNOW ALL MEN BY THESE PRESENTS THAT:_____

(hereinafter "Principal"), and _____ (hereinafter "Surety"), a corporation organized and existing under the laws of the State of _____ with its principal office in the City of _____, holding a certificate of authority to transact surety business in Arizona issued by the Director of Insurance pursuant to Title 20, Chapter 2, Article 1, as Surety, are held and firmly bound unto _____ (hereinafter "Obligee") in the amount of _____ (Dollars) (\$_____), for the payment whereof, Principal and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written Agreement with the Obligee, dated the _____ day of _____, 20__ for construction of **[Project #], [Project Name]** which Agreement is hereby referred to and made a part hereof as fully and to the same extent as if copies at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the Principal faithfully performs and fulfills all the undertakings, covenants, terms, and conditions of the Agreement during the original term of the Agreement and any extension of the Agreement, with or without notice of the Surety, and during the life of any guaranty required under the Agreement, and also performs and fulfills all the undertakings, covenants, terms, conditions, and agreements of all duly authorized modifications of the Agreement that may hereafter be made, notice of which modifications to the Surety being hereby waived, the above obligation is void. Otherwise it remains in full force and effect.

PROVIDED, HOWEVER that this bond is executed pursuant to the provisions of Title 34, Chapter 2, Article 2, Arizona Revised Statutes, and all liabilities on this bond will be determined in accordance with the provisions of Title 34, Chapter 2, Article 2, Arizona Revised Statutes, to the same extent as if it were copied at length in this Agreement.

The prevailing party in a suit on this bond may recover as part of the judgment reasonable attorney fees that may be fixed by a judge of the court.

Witness our hands this _____ day of _____, 20__.

AGENT OF RECORD

PRINCIPAL SEAL

By _____

SURETY SEAL

AGENT ADDRESS

PAYMENT BOND

ARIZONA STATUTORY PAYMENT BOND
PURSUANT TO TITLES 28, 34, AND 41, OF THE ARIZONA REVISED STATUTES
(Penalty of this Bond must be 100% of the Agreement amount)

KNOW ALL MEN BY THESE PRESENTS THAT: _____

(hereinafter "Principal"), as Principal, and _____ (hereinafter "Surety"), a corporation organized and existing under the laws of the State of _____ with its principal office in the City of _____, holding a certificate of authority to transact surety business in Arizona issued by the Director of the Department of Insurance pursuant to Title 20, Chapter 2, Article 1, as Surety, are held and firmly bound unto _____ (hereinafter "Obligee") in the amount of _____ (Dollars) (\$_____), for the payment whereof, the Principal and Surety bind themselves, and their heirs, administrators, executors, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has entered into a certain written Agreement with the Obligee, dated the _____ day of _____, 20__ for construction of **[Project #], [Project Name]** which Agreement is hereby referred to and made a part hereof as fully and to the same extent as if copied at length herein.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the Principal promptly pays all moneys due to all persons supplying labor or materials to the Principal or the Principal's subcontractors in the prosecution of the work provided for in said Agreement, this obligation is void. Otherwise it remains in full force and effect.

PROVIDED, HOWEVER that this bond is executed pursuant to the provisions of Title 34, Chapter 2, Article 2 Arizona Revised Statutes, and all liabilities on this bond will be determined in accordance with the provisions, conditions and limitations of Title 34, Chapter 2, Article 2, Arizona Revised Statutes, to the same extent as if it were copied at length in this Agreement.

The prevailing party in a suit on this bond may recover as part of the judgment reasonable attorney fees that may be fixed by a judge of the court.

Witness our hands this _____ day of _____, 20__.

PRINCIPAL SEAL

AGENT OF RECORD

By _____

SURETY SEAL

AGENT ADDRESS

DISPUTE RESOLUTION

A. INFORMAL DISPUTE RESOLUTION

The parties to the Agreement agree that time is of the essence in relation to performance of the Agreement and completion of the Project, therefore any and all disputes in relation to the Agreement will initially be referred to the Project Manager, the Design Professional Representative and/or the Contractor Representative as applicable to the dispute, for immediate resolution. If, after good faith efforts to reach a resolution, none is reached, any party to the dispute may submit the dispute to the Dispute Resolution Representative ("DRR") process set forth below, which is intended to be an expedited process.

B. DISPUTE RESOLUTION REPRESENTATIVE ("DRR") PROCESS

1. The Parties under the Agreement agree that all claims and disputes in relation to the Project which are not resolved in the ordinary course of the Project ("Claim" or "Claims") will, as a prerequisite to any mediation, or litigation of the Claim, first be submitted for resolution between the designated Dispute Resolution Representatives of the Parties as set forth herein (the "DRR Process").
2. The DRR Process will be initiated through service of a DRR Notice as set forth below:
 - a. For claims by the Contractor or the Design Professional, the DRR Process will be initiated by the party asserting the claim serving written notice on the City setting forth in detail: (i) the basis for the claim; (ii) the effect of the Claim upon the construction of, and/or Project Schedule for, the Project; (iii) the specific relief requested, the amount thereof, and how such was calculated; (iv) the parties involved in the Claim, and how they are involved; (v) the specific Agreement provisions in the Agreement Documents (including, if applicable, drawings and specifications) which apply; and (vi) efforts made to date to resolve the Claim.
 - b. For claims by the City, the DRR process will be initiated by the City providing written notice to the other parties of the basis and amount of its claim, the parties involved in the Claim, and how they are involved, the provisions in the Agreement Documents that apply, and the relief requested.
 - c. The DRR Notice will be hand-delivered and e-mailed to the other parties' designated Dispute Resolution Representatives.
3. The other parties will respond in writing to the DRR Notice ("DRR Response") within ten (10) calendar days of receipt of the DRR Notice, setting forth those items set forth in the DRR Notice that they agree with, dispute, and/or have questions concerning. The DRR Response will be hand-delivered and e-mailed to the other parties' Dispute Resolution Representatives.

4. The designated Dispute Resolution Representatives for the Parties to the claim will then meet as soon as possible and in any event within twenty (20) calendar days of submission of the DRR Notice (regardless of whether a DRR Response has been submitted by all parties involved in the dispute), at a mutually agreed upon time and place, to attempt to resolve the Claim based upon the DRR Notice and DRR Response.
5. At any time after the first meeting required above, either party may terminate the DRR Process by written notice to the other party.
6. The parties may agree, in writing, to extend or modify the time limits or other provisions of the DRR process in relation to a specific pending Claim.
7. Unless otherwise designated in a written notice to the other parties, the City and the representatives of the Contractor and of the Design Professional will act as the parties' designated Dispute Resolution Representatives.
8. If a resolution of the Claim is reached, that resolution must be set forth in writing and must be signed by the Parties' designated Dispute Resolution Representative. If the resolution involves a change in any Agreement Documents, the Agreement Price, the Project Schedule, or any other change requiring a written Change Order or Amendment, the parties must execute an appropriate written Change Order or Amendment pursuant to the terms of the Agreement Documents.

C. MEDIATION

1. Unless extended by written agreement of the parties involved in the dispute, any Claim not resolved through the DRR process set forth above within five (5) calendar days after the meeting required under B (4) above, or after the DRR is terminated pursuant to B (5) above, whichever is earlier, will be submitted to mediation as a condition precedent to litigation by either party.
2. The mediation will be commenced by written demand upon the other party for mediation. If the parties cannot agree upon a mediator within ten (10) calendar days of the written demand, either party may make a request to the Civil Presiding Judge of the Maricopa County Superior Court to appoint a mediator. The mediation will occur within forth (40) calendar days of the written demand for mediation, unless the parties agree, in writing, to a longer period of time.
3. The qualifications for the mediator will be that he/she be: (a) an experienced mediator, arbitrator or litigator of construction disputes; and (b) having engaged a significant portion of his/her time involving and/or resolving construction disputes for at least the past five (5) years.
4. Each party will provide to the other party and the mediator all of the information and documentation required under B(1) and (2) above, together with any additional information and documentation which the party believes relevant. In addition, the parties will exchange, and provide to the mediator such additional memoranda, information and/or documentation, as the

mediator may request, and in the form and at such times, as the mediator may direct.

5. The parties will share the mediator's fee and any filing fees equally. The mediation will be held in Chandler, Arizona, unless another location is mutually agreed upon. Agreements reached in mediation will be specifically enforceable in any court having jurisdiction thereof.

D. LITIGATION

Any claim arising out of or related to the Agreement, except Claims relating to aesthetic effect and except those claims waived as provided for in the Agreement Documents, must be resolved through litigation in the Maricopa County, Arizona Superior Court.



**CITY OF CHANDLER, ARIZONA
PUBLIC WORKS & UTILITIES DEPARTMENT**

CERTIFICATE OF COMPLETION

PROJECT NAME:	[PROJECT NAME]		
CITY PROJECT NO.:	[Project #]		
If Federally Funded:			
FEDERAL NO.:		ADOT NO:	

(This section to be completed by Prime)

I HEREBY CERTIFY THAT ALL GOODS AND/OR SERVICES REQUIRED BY CITY OF CHANDLER FOR THIS PROJECT HAVE BEEN DELIVERED IN ACCORDANCE WITH THE AGREEMENT DOCUMENTS AND BID SPECIFICATIONS AND ALL ACTIVITIES REQUIRED BY THE AGREEMENTOR UNDER THE AGREEMENT HAVE BEEN COMPLETED AS OF THE COMPLETION DATE LISTED HERE:

<u>FINAL ACCEPTANCE DATE:</u>	
--------------------------------------	--

PRIME CONTRACTOR:

FIRM NAME:			
PRINCIPAL:			
TITLE:			
SIGNATURE:		DATE:	

CERTIFIED BY *[INSERT NAME AND TITLE OF PARTY THAT OVERSEES CONSTRUCTION]:*

FIRM NAME:			
SIGNATURE:		DATE:	

PROJECT ACCEPTED BY CITY OF CHANDLER:

NAME:			
SIGNATURE:		DATE:	

CONSTRUCTION SIGN DETAIL

4'	CITY OF CHANDLER PUTTING YOUR FUNDS TO WORK PROJECT TITLE:		3"
			5"
			3"
			5"
	PROJECT NUMBER: PROJECT COST: CONTRACTOR: MANAGED BY:	PUBLIC WORKS & UTILITIES DEPARTMENT CAPITAL PROJECTS DIVISION	3"
			3"
			2"
			3"
			2"
			3"
			2"
			3"
			2"
			3"
<--- 4" X 4" POSTS --->			

NOTES:

SIGN(S) MUST BE FURNISHED AND ERECTED PRIOR TO COMMENCEMENT OF CONSTRUCTION. POSTS MUST BE ANCHORED A MINIMUM OF TWO FEET INTO THE GROUND. BOTTOM OF SIGN MUST BE A MINIMUM OF FOUR FEET ABOVE THE GROUND.

TYPICAL PROJECT IDENTIFICATION SIGN FOR GENERAL PROJECTS MUST BE NON-REFLECTORIZED GREEN BACKGROUND, AND NON-REFLECTORIZED WHITE LETTERS AND NUMERALS.

ONE SIGN MUST BE ERECTED FOR BUILDINGS AND OTHER LIMITED AREA SINGLE SITES. FOR MULTIPLE SITES, ONE SIGN MUST BE ERECTED AT EACH SITE.

FOR LINEAR PROJECTS ONE HALF MILE OR LONGER, PLACE ONE SIGN AT EACH END OF THE PROJECT.

COST OF THE WORK

(APPLICABLE SOLELY TO CONSTRUCTION MANAGER AT RISK AND JOB ORDER CONTRACTING)

SECTION 1 – COSTS TO BE REIMBURSED

1.1 Cost of the Work

The term Cost of the Work will mean costs necessarily incurred by Contractor in the proper performance of the Work. Such costs must be at rates not higher than the standard paid at the place of the Project except with prior consent of City. The Cost of the Work will include only the items set forth in this Section 1.

1.2 Labor Costs

- 1.2.1 Wages of construction workers directly employed by the Contractor to perform the construction of the Work at the site or, with City's approval, at off-site workshops. Cost to be reimbursed will be the actual wages paid to the individuals performing the work.
- 1.2.2 Wages or salaries of the Contractor's supervisory and administrative personnel when stationed at the site with City's approval. No Contractor personnel stationed at the Contractor's home or branch offices will be charged to the Cost of the Work. Non-field office based Contractor management and support personnel are expected to provide service and advice from time to time throughout the job and his/her time devoted to Project matters is considered to be covered by the Contractor's Fee.
- 1.2.3 Wages and salaries of Contractor's supervisory or administrative personnel who would normally be stationed at the field office in accordance with Section 1.2.2 but who become engaged, at factories, workshops or on the road, in expediting the production or transportation of materials or equipment required for the Work, but only for that portion of his/her time required for the Work. Employee bonuses and/or costs associated with Employee Stock Ownership Plans ("ESOP") will not be considered reimbursable labor or labor burden costs and will be considered non-reimbursable costs considered to be covered by the Contractor's Fee.
- 1.2.4 Costs paid or incurred by Contractor for taxes, insurance, contributions, assessments and benefits required by law or collective bargaining agreements and, for personnel not covered by such agreements, customary benefits such as sick leave, medical and health benefits, holiday, vacations and pensions, provided such costs are based on wages and salaries included in the Cost of the Work under Subparagraphs 1.2.1 through 1.2.3.
 - 1.2.4.1 Cost of the Work will include the actual net cost to Contractor for worker's compensation insurance attributable to the wages chargeable to the Cost of Work per this Agreement. The actual net cost of worker's compensation must take into consideration all cost adjustments due to experience modifiers, premium discounts, policy dividends, retrospective rating plan premium adjustments, assigned risk pool rebates, any applicable weekly maximums, etc. Contractor may charge an estimated amount for worker's compensation insurance costs, but will make appropriate cost adjustments to actual costs within 45 days of receipt of actual cost adjustments from the insurance carrier.

- 1.2.4.3 Overtime wages paid to salaried personnel (if approved in advance in writing by City) will be reimbursed at the actual rate of overtime pay paid to the individual. No time charges for overtime hours worked on the Project will be allowed if the individual is not paid for the overtime worked.
- 1.2.4.4 Any overtime premium or shift differential expense to be incurred by Contractor for hourly workers will require City's advance written approval before the incremental cost of the overtime premium or shift differential will be considered a reimbursable cost. If the Contractor is required to work overtime as a result of an inexcusable delay or other coordination problems caused by the Contractor or anyone he/she is responsible for, the overtime premium and/or shift differential expense portion of the payroll expense and related labor burden costs will be considered as cost not to be reimbursed.
- 1.2.4.5 Reimbursable labor burden costs will be limited to payroll taxes, worker's compensation insurance, the employer's portion of union benefit costs for union employees working on the Project, and the actual verifiable fringe benefit costs incurred by Contractor for non-union individuals working on the Project subject to the following maximum percentages for the following reimbursable non-union fringe benefit costs. The following maximums (as a percentage of reimbursable actual wages by individual) will apply for each of the following types of fringe benefit costs specifically attributable to each of the non-union personnel working on the Project:

• Medical Insurance, Dental, Life & AD&D Insurance:	12.00%
• Holiday, vacation and other paid time not worked:	10.00%
• Pension Plan Contributions to Vested Employee Account, Simplified Employee Pension Plans, or 401K matching plans (Note: ESOP related costs are covered by the Contractor Fee)	10.00%

For non-union personnel, no other fringe benefit costs (other than the three specific categories listed immediately above, will be considered reimbursable Cost of Work. Any labor burden costs that are in excess of the amounts considered reimbursable or are otherwise not considered reimbursable under the terms of this agreement are intended to be covered by the Contractor Fee.

1.3 Subcontract Costs

- 1.3.1 Payments made by Contractor to Subcontractors in accordance with the requirements of the subcontracts.
- 1.3.2 For Scope of Work Bid Packages typically performed by Subcontractors, Contractor may "self-perform" such work on an actual cost basis subject to an agreed upon Guaranteed Maximum Price for the "self-performed work". The Contractor must, unless agreed to by City in writing, bid his/her proposed guaranteed Maximum Price for the work to be "self-performed" against at least three other interested trade Contractors. All savings under any such Subcontract for "self-performed work" must be applied to reduce the Cost of Work under the Agreement and the Guaranteed Maximum Price. For purposes of defining "self-performed work" subject to this provision, any division of Contractor, or any separate Contractor or Subcontractor that is partially owned or wholly owned by the Contractor or any of his/her employees or employee's relatives will be considered a related party entity and will be subject to this provision regarding "self-performed work". No self-performed work will

be allowed to be performed on a Fixed Price basis.

- 1.3.3 Contractor (with respect to its Suppliers, Subcontractors and all lower tier Subcontractors) must provide City advance written notice and must obtain City's approval for any proposed Subcontract Change Order, Material Purchase Order, or other financial commitment in an amount in excess of \$5,000 prior to placing such order or entering into such agreement (regardless of whether or not any such commitment will affect the prime Agreement Guaranteed Maximum Cost). It is agreed that sums applicable to any Subcontract Change Order, Purchase Order or other financial commitment entered into in violation of the above notice and approval requirement will not be included in the amounts owing to Contractor, Subcontractors or Suppliers whether as Costs of the Work or as reasonable termination costs in the event of termination.

1.4 Costs of Material and Equipment Incorporated in the Completed Construction

- 1.4.1 Costs, including transportation and storage, of materials and equipment incorporated or to be incorporated in the completed construction.
- 1.4.2 Costs of materials described in the preceding Subparagraph 1.4.1 in excess of those actually installed to allow for reasonable waste and spoilage. Unused excess materials, in any, will become City's property at the completion of the Work or, at City's option, may be sold by the Contractor. Any amounts realized from such sales must be credited to City as a deduction from the Cost of Work.
- 1.4.3 Proceeds from the sale of recyclable materials, scrap, waste, etc. will be credited to job cost.

1.5 Costs of Other materials and Equipment, Temporary Facilities and Related Items

- 1.5.1 Costs, including transportation and storage, installation, maintenance, dismantling and removal of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by construction workers, that are provided by the Contractor at the site and fully consumed in the performance of the Work; and cost (less salvage value) of such items if not fully consumed, whether sold to others or retained by Contractor. Cost for items previously used by Contractor will mean fair market value.
- 1.5.2 Rental charges for temporary facilities, machinery, equipment, and hand tools not customarily owned by construction workers that are provided by Contractor at the site, whether rented from Contractor or others, and costs of transportation, installation, minor repairs and replacements, dismantling and removal thereof. Rates and quantities of equipment rented will be subject to City's prior written approval.
- 1.5.2.1 The Projected usage for each piece of equipment to be rented for use on the Project and the estimated total rentals must be considered by Contractor before the piece of equipment is rented so that an appropriate rent versus buy decision can be made. Purchased equipment must be considered "job owned". At the completion of the Project, Contractor must transfer title and possession of all remaining job-owned equipment to City, or Contractor may keep any such equipment for an appropriate fair market value credit to job cost, which will be mutually agreed to by City and Contractor.
- 1.5.2.2 Each piece of equipment to be rented must have hourly, daily, weekly and monthly rates and

the most economical rate available will be reimbursed based on the circumstances of actual need and usage of the piece of equipment while it is stationed at the jobsite. When the piece of equipment is no longer needed for the work, no rental charges will be reimbursed if the piece of equipment remains at the jobsite for the convenience of Contractor.

1.5.2.3 Equipment Rental Rates

- 1.5.2.3.1 Compensation for equipment used on the Project will be paid in accordance with the Equipment Plan submitted by Contractor in the accepted GMP Proposal and no payments will be made in excess of the rates set forth in the Equipment Plan, or actual documented costs, whichever is less.
- 1.5.2.3.2 All equipment rental rates and costs are subject to City's right to audit when submitted as part of Equipment Plan and/or at any time during the Project.
- 1.5.2.4 The aggregate rentals chargeable for each piece of Contractor owned tools or equipment must not exceed 50% of the fair market value of such equipment at the time of its commitment to the Work. The original purchase price and date of purchase of the equipment will be documented with a copy of the purchase invoice for the piece of equipment. Such aggregate limitations will apply and no further rentals will be charged even if a piece of equipment is taken off the job and is later replaced by a similar piece of equipment. For purposes of computing the aggregate rentals applicable to aggregate rental limitations, rental charges for similar pieces of equipment will be combined if the pieces of equipment were not used at the same time.
- 1.5.2.5 Fair market value for used material and equipment as referred to in the Agreement Documents will mean the estimated price a reasonable purchaser would pay to purchase the used material or equipment at the time it was initially needed for the job. Note: This is usually lower than the price a reasonable purchaser would pay for similar new construction material or construction equipment.
- 1.5.2.6 All losses resulting from lost, damaged or stolen tools and equipment will be the sole responsibility of Contractor, and not City, and the cost of such losses will not be reimbursable under the Agreement.
- 1.5.2.7 Contractor will be required to maintain a detailed equipment inventory of all job-owned equipment (either purchased and charged to job cost or job-owned through aggregate rentals) and such inventory must be submitted to City each month. For each piece of equipment, such inventory should contain at a minimum (1) original purchase price or acquisition cost (2) acquisition date (3) approved Fair Market Value at the time the piece of equipment was first used on the job and (4) final disposition.
- 1.5.2.8 All costs incurred for minor maintenance and repairs will be reimbursed at actual cost. Such costs include routine and preventative maintenance, minor repairs and other incidental costs. Repairs and/or replacement of a capital nature are considered to be covered by the rental rates. Major repairs and overhauls are not considered routine and ordinary; consequently such costs are not reimbursable and are intended to be covered by the rental rates.

1.5.3 Costs of removal of debris from the Site.

- 1.5.4 Costs of document reproductions, facsimile transmissions and long-distance telephone calls, postage and parcel delivery charges, telephone service at the site and reasonable petty cash expenses of the site office.
- 1.5.5 That portion of the reasonable expenses of Contractor's personnel incurred while traveling in discharge of duties connected with the Work.
 - 1.5.5.1 No travel expenses will be reimbursed to Contractor's representatives unless Project related travel required them to travel to a destination more than 100 miles from the Project location. Any travel involving airfare will require advance written approval by an authorized City's representative.
- 1.5.6 Costs of materials and equipment suitably stored off the site at a mutually acceptable location, if approved in advance by the City.
- 1.5.7 Reproduction costs will be the actual costs of reproduction subject to a maximum of five cents (\$.05) per square foot for prints and a maximum of five cents (\$.05) per 8 ½ by 11-inch page for offset print or photo copied agreement documents, specifications, etc. Telephone costs will be the actual costs paid to the third party telephone company for the field office telephone.

1.6 Miscellaneous Costs

- 1.6.1 That portion of insurance and bond premiums that can be directly attributed to the Agreement. The City will reimburse Contractor for contractually required bond at time of first pay application for GMP and Cost-Based Agreements upon receipt of proof of payment from the Contractor. If the Contractor completes Work for less than the Agreement Price, Contractor must credit the City a pro-rated amount for the unused portion of the bond payment
 - 1.6.1.1 Contractor's actual cost for insurance will be considered to be included within the Maximum limit for General Conditions Costs. All premiums for any insurance and bonds required for the Project must reflect the net actual costs to Contractor after taking into consideration cost adjustments due to experience modifiers, premium discounts, policy dividends, retrospective rating plan premium adjustments, assigned risk pool rebates, refunds, etc.
 - 1.6.1.2 The amount to be reimbursed to Contractor for all contractually required insurance will be actual costs not to exceed a total of 2% of the Agreement Value, unless Contractor establishes to City's satisfaction that the actual cost is higher and City agrees to such actual higher cost in writing. If Contractor's cost of contractually required insurance is greater than the amount agreed to be reimbursed per this Agreement Provision, the difference will be considered to be covered by the Contractor's Fee. The City will reimburse Contractor for contractually required insurance on a monthly basis for GMP and Cost-Based Agreements. If Contractor can demonstrate substantial savings by paying for all insurance in advance, the City may agree to reimburse all insurance costs at time of first pay application for GMP and Cost-Based Agreements with proof of payment from Contractor.
- 1.6.2 Sales, use or similar taxes imposed by a governmental authority that are related to the Work.

- 1.6.3 Fees and assessments for the building permit and for other permits, licenses and inspections for which Contractor is required by the Agreement Documents to pay.
- 1.6.4 Fees of laboratories for tests required by the Agreement Documents, except those related to defective or nonconforming Work and which do not fall within the scope of ¶ 1.7.3 below.
- 1.6.5 Royalties and license fees paid for the use of a particular design, process or product required by the Agreement Documents; the cost of defending suites or claims for infringement of patent rights arising from such requirement of the Agreement Documents; and payments made in accordance with legal judgments against Contractor resulting from such suites or claims and payments of settlements made with City's consent. However, such costs of legal defenses, judgments and settlements must not be included in the calculation of the Contractor's Fee or subject to the Guaranteed Maximum Price.
- 1.6.6 Data processing costs related to the Work. However, any such data processing costs will be limited to the cost of personal computer hardware used at the field office in the normal day to day administration, management and control of the Project. The aggregate charges for any such hardware must not exceed the Fair Market Value of the hardware at the time it was brought to the field office. If the total charges for any particular piece of hardware reach an amount equal to the Fair Market Value, that particular piece of hardware must be turned over to City whenever it is no longer needed for the Project. If Contractor elects to keep the particular piece of hardware, the job costs must be credited with a mutually agreeable amount which will represent the Fair Market Value of the particular piece of hardware at the time it was no longer needed for the job. Software or other costs associated with the use of computer programs will not be considered to be a reimbursable cost and will be considered to be covered by the Contractor's Fee.
- 1.6.7 Deposits lost for causes other than Contractor's negligence or failure to fulfill a specific responsibility to City as set forth in the Agreement Documents.
- 1.6.8 Legal, mediation and arbitration costs, including attorneys' fees, other than those arising from disputes between City and Contractor, reasonably incurred by Contractor in the performance of the Work and with City's prior written approval; which approval will not be unreasonably withheld.
- 1.6.9 Expenses incurred in accordance with Contractor's standard personnel policy for relocation and temporary living allowances of personnel required for the Work, if pre-approved by City in writing. If City authorizes the reimbursement of relocation costs, the reimbursable relocation expenses will be limited to a maximum of \$50,000 per person. Any relocation cost incurred by Contractor in excess of the amount reimbursed by City will be considered to be covered by the Contractor's Fee.

1.7 Other Costs and Emergencies

- 1.7.1 Other costs incurred in the performance of the Work if and to the extent approved in advance in writing by City.
- 1.7.2 Costs due to emergencies incurred in taking action to prevent threatened damage, injury or

loss in case of an emergency affecting the safety of persons and property.

- 1.7.3 Costs of repairing or correcting damaged or nonconforming Work executed by Contractor, Subcontractors or Suppliers, provided that such damaged or nonconforming Work was not caused by negligence or failure to fulfill a specific responsibility of Contractor and only to the extent that the cost of repair or correction is not recoverable by Contractor from insurance, sureties, Subcontractors or Suppliers.

1.8 Related Party Transactions

- 1.8.1 The term “related party” will mean a parent, subsidiary, affiliate or other entity having common ownership or management with Contractor; any entity in which any stockholder in, or management employee of, Contractor owns any interest in excess of ten percent in the aggregate; or any person or entity which has the right to control the business or affairs of Contractor. The term “related party” includes any member of the immediate family of any person identified above.
- 1.8.2 If any of the costs to be reimbursed arise from a transaction between Contractor and a related party, Contractor must notify City in writing of the specific nature of the contemplated transaction, including the identity of the related party and the anticipated cost to be incurred, before any such transaction is consummated or cost incurred. If City, after such notification, authorizes in writing the proposed transaction, then the cost incurred will be included as a cost to be reimbursed, and Contractor must procure the Work, equipment, goods or service from the related party, as a Subcontractor. If City fails to authorize the transaction, Contractor must procure the Work, equipment, goods or service from some person or entity other than a related party.

SECTION 2 – COSTS NOT TO BE REIMBURSED

- 2.1 The Cost of Work must not include:
- 2.1.1 Salaries and other compensation of Contractor’s personnel stationed at Contractor’s principal office or offices other than the site office, except as specifically provided in Subparagraphs 1.2.2 and 1.2.3.
- 2.1.2 Expenses of Contractors’ principal office and offices other than the site office.
- 2.1.3 Overhead and general expenses, except as may be expressly included in Section 1.
- 2.1.3.1 Costs of Contractor’s home office computer services or other outside computer processing services will be considered overhead and general expense. Accordingly, Contractor should not plan to perform any such computer related services or alternatives at the field office when such services or functions can be performed at Contractor’s home or branch offices, or other outside service locations.
- 2.1.4 Contractor’s capital expenses, including interest on Contractor’s capital employed for the Work.
- 2.1.5 Rental costs of machinery and equipment, except as specifically provided in subparagraph 1.5.2.

- 2.1.6 Except as provided in Subparagraph 1.7.3 of the Agreement, costs due to the negligence or failure to fulfill a specific responsibility of Contractor, Subcontractors and Suppliers or anyone directly or indirectly employed by any of them or for whose acts of them may be liable.
- 2.1.7 Any cost not specifically and expressly described in Section 1.
- 2.1.8 Costs, other than costs included in Change Orders approved by City that would cause the GMP to be exceeded.

SECTION 3 – DISCOUNTS, REBATES, REFUNDS AND SAVINGS

- 3.1 Cash discounts obtained on payments made by Contractor will accrue to City if (1) before making the payment, Contractor included them in an Application for Payment and received payment therefore from City, or (2) City has deposited funds with Contractor with which to make payments; otherwise, cash discounts will accrue to Contractor. Trade discounts, rebates, refunds and amounts received from sales or surplus materials and equipment will accrue to City, and Contractor must make provisions so that they can be secured.
- 3.1.1 Cost of the Work will be credited with all insurance policy discounts, performance and payment bond rebates or refunds, refunds or return premiums from any Subcontractor default insurance, refunds or rebates from any Contractor controlled insurance programs applicable to the Project, merchandise rebates of any nature, refunds of any nature, insurance dividends; and a portion of any volume rebates or free material credits earned with purchase of material or other goods and services charged to the job.
- 3.1.2 “Cash” discounts which may accrue to Contractor will be limited to a maximum of 1.5% of invoice cost. Any portion of “Cash” discounts greater than 1.5% will automatically accrue to City if Contractor is eligible to take advantage of the discounts.
- 3.2 Amounts that accrue to City in accordance with the provisions of Paragraph 3.1 will be credited to City as a deduction from the Cost of the Work.
- 3.3 Any and all savings on the GMP, or any separately guaranteed items comprising the GMP, will belong to City, subject to any express right in the Agreement for Contractor to share in savings. Savings are subject to City’s right to audit, and may be audited separately.

SECTION 4 – GENERAL CONDITIONS COSTS

- 4.1 General Conditions Costs may include, but are not limited to, the following types of costs incurred by Contractor during construction of the Work to the extent they are reimbursable Costs of the Work as delineated above: payroll costs for Work conducted at the site, payroll costs for the superintendent and full-time general foremen, payroll costs for management personnel resident and working on the site workers not included as direct labor costs engaged in support (e.g. loading/unloading, clean-up, etc.), administrative office personnel, costs of offices and temporary facilities including office materials, office supplies, office equipment, minor expenses, utilities, fuel, sanitary facilities and telephone services at the site, costs of liability insurance premiums not included in labor burdens for direct labor

costs, costs of bond premiums, costs of consultants not in the direct employ of Contractor or Subcontractors, fees for permits and licenses.

- 4.2 General Conditions Costs may be paid on a percentage of the Agreement Price or on a lump/stipulate sum basis as set forth in the Agreement. All costs included in the General Conditions Costs will not be separately invoiced to or paid by City.
- 4.3 The total amount of General Conditions Costs for the Work may be divided by the number of days allowed for performance of the Work, to determine a fixed daily rate for General Conditions Costs that may be used in computing the General Conditions Costs allocated to any period of time, or for any adjustments in the General Conditions Costs agreed to in writing by City.

LANDSCAPE ESTABLISHMENT PERIOD

Section 1 – Description and General

Contractor is in direct control of work performed under the Landscape Establishment Period. If work is subcontracted, a representative of the Contractor will be present at the site of the work for all hours that the subcontractor works. Subcontracting of Landscape Establishment work will be permitted for weed eradication with herbicides, because of special licensing. A licensed temporary service may be used to supply labor to Contractor if Contractor has received approval from City Representatives. Contractor will submit the required subcontract documentation.

Contractor must provide adequate personnel to accomplish the required maintenance of the plant materials at intervals acceptable to City Representatives.

If not healthy at the end of the maintenance period, the maintenance must be continued until the plant material is approved by City.

1.1 Time and Schedule

Unless otherwise expressly agreed to in writing by City, the Landscape Establishment Period will be per General Conditions Section 6.5.4.

1.2 Planted Stock and Seeding Establishment

- 1.2.1 Tree planting and staking must be per City of Chandler Standard Detail C-801.
- 1.2.2 All trees will stand erect on their own without stakes when brought to this site. If the tree cannot stand on its own when nursery stakes are removed, the tree will be removed and replaced.

1.3 Pre-Emergent Herbicide and Weed Control

- 1.3.1 Contractor will provide three applications of an approved pre-emergent herbicide on all unpaved areas of the project, as directed by City Representatives, to control weed growth in all areas of the project. The number of applications may be increased as directed by the City Representative, and at no additional cost to City, if the City Representative deems additional applications are required to control weed growth.
- 1.3.2 Application sequence will be approved in advance by City. The first application of pre-emergent will be completed prior to the application of Decomposed Granite and will be included with the cost of the Decomposed Granite as specified and part of the Construction Phase portion of work. The second application of pre-emergent will be completed after installation of the Decomposed Granite and no later than half-way through the Landscape Establishment Period. The third and final application of pre-emergent will be applied 15 days prior to completion of the Landscape Establishment portion of the project. The second and third pre-emergent applications will be included with the cost of Landscape Establishment. Watering will be completed in accordance with the manufacturer's recommendations, as included and as related to each application.
- 1.3.3 The pre-emergent herbicide will be applied in accordance with the Technical Specifications and the recommendations of the pre-emergent herbicide manufacturer, as approved by City Representatives.

- 1.3.4 The control of weeds will be accomplished by the use of herbicides. Manual removal of weeds will be required, after herbicides have taken affect.
- 1.3.5 Contractor is responsible for the removal and disposal of all trash and debris that during the Landscape Establishment Period. Contractor will keep the project in a neat and orderly manner during the duration of the Landscape Establishment Period.

1.4 Water

The water used during Landscape Establishment to properly maintain the plant material will be furnished by City, at designated sources from within the project limits, at no charge to Contractor. Contractor will be responsible for all equipment, materials and labor necessary to load, transport and unload water for watering purposes.

1.5 Plant Material Replacements

The plant material replacement will be considered as included in the work for Landscape Establishment, and will be made at no charge to the City.

- 1.5.1 Shrub and Plant Replacement - During the second half of the Landscaping Establishment period, Contractor will provide, where required, plant replacements as follows:

<u>Original Size</u>	<u>Replacement Size</u>
1 gallon	5 gallon
5 gallon	15 gallon
15 gallon	24-inch box
36-inch box	48-inch box

- 1.5.2 Tree Replacement – During the second half of the Landscape Establishment Period, Contractor will provide plant material replacements for existing plants that die as follows:

<u>Existing Plant Material Sizes</u>	<u>Replacement Size</u>
Trees:	
2-inch Caliper	24-inch box
4-inch Caliper	36-inch box
6-inch Caliper and greater	54-inch box
Shrubs:	
All Existing Shrubs	15 gallon

1.6 Measurement and Payment

See Technical Specifications for Measurement Payment provisions.