

San Gorgonio Pass Water Agency

DATE: June 1, 2026
TO: Board of Directors
FROM: Lance Eckhart, General Manager
BY: Emmett Campbell, Director of Water Resources
SUBJECT: Consideration and Adoption of Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

RECOMMENDATION

Adopt Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

PREVIOUS CONSIDERATION

- October 7, 2024: Board Meeting - Approval of Resolution No. 2024-13 to Execute the American Rescue Plan Act Funding Agreement Between the San Gorgonio Pass Water Agency and the County of Riverside for the Construction of Heli-Hydrant Systems
- November 18, 2024: Board Meeting - Approval of Heli-Hydrant Installation and Maintenance Agreement between San Gorgonio Pass Water Agency and Cabazon Water District
- May 5, 2025: Board Meeting - Approval of Heli-Hydrant Installation and Maintenance Agreement between San Gorgonio Pass Water Agency and High Valleys Water District
- October 20, 2025 - Approval of Heli-Hydrant Installation and Maintenance Agreement between San Gorgonio Pass Water Agency and South Mesa Water Company
- March 16, 2026 - SGPWA Granted a Public Utility Easement to Beaumont Cherry Valley Water District

BACKGROUND

On March 11, 2021, President Biden signed the American Rescue Plan Act (“ARPA”) of 2021 (H.R. 1319) into law. The \$1.9 trillion package was intended to combat the public health and economic impacts of the COVID-19 pandemic.

As part of the \$362 billion in federal fiscal recovery aid for state and local governments, \$65.1 billion was provided in direct aid to counties. The County of Riverside's (the

“County”) share of the ARPA funding was \$479 million, of which the first installment of \$239.9 million was received on May 10, 2021, and the second installment of the same amount was received on June 6, 2022. The funds must be obligated by December 31, 2024, and expended by December 31, 2026.

On April 30, 2024, the County’s Board of Supervisors voted to allocate \$1.8 million for the construction of six Heli-Hydrants within SGPWA’s service area in Riverside County, subject to the execution of a funding agreement between SGPWA and the County. SGPWA initially anticipated serving as a pass-through agency for the County’s ARPA funds to its retail agencies, which would construct, own, and maintain the Heli-Hydrants using their existing infrastructure. Under the current implementation approach, SGPWA will serve as the pass-through agency for five Heli-Hydrant installations by retail agencies and will directly construct, own, and maintain one Heli-Hydrant installation.

On October 7, 2024, the SGPWA’s Board of Directors voted to approve the ARPA funding agreement with the County. The County’s Board of Supervisors voted to approve the ARPA agreement for the Heli-Hydrants on October 29, 2024.

The first two of the six preferred sites referenced in the ARPA funding agreement were constructed by CWD, one on the north side of the I-10 and the other on the south side of the I-10. The next two Heli-Hydrant sites were constructed by High Valleys Water District (“HVWD”). One site is in Poppet Flats, and the other is in Twin Pines. All four of these Heli-Hydrant sites have been constructed. Additionally, SGPWA is working with South Mesa Water Company to construct the fifth Heli-Hydrant site in Calimesa.

The final ARPA-funded Heli-Hydrant site will be constructed directly by SGPWA. The location for the final site is on the SGPWA property on Brookside Ave and Beaumont Ave. This site has been flown by County Fire and was deemed to be a good site for a Heli-Hydrant. Additionally, SGPWA has been working closely with Beaumont Cherry Valley Water District (“BCVWD”) to connect the Heli-Hydrant site with their water system.

In order to facilitate the construction of pipe works to the property, SGPWA granted Beaumont Cherry Valley Water District a utility easement to construct, maintain, and replace the pipe along the property. BCVWD also marked the location where we would connect the Heli-Hydrant. This work was completed in April 2026.

ANALYSIS

The San Gorgonio Pass area has a history of major fires. In 2020, the Apple Fire burned 33,000 acres north of the City of Banning. The damage caused by the fire did not stop at the immediate burn sites. The charred land and burnt-up trees caused devastating impacts due to debris flowing down after rain events.

To assist with mitigating future fires in the area, SGPWA retail agencies have the opportunity to construct six hydrants for helicopters known as “Heli-Hydrants.” Heli-Hydrants are large tanks permanently installed and connected that can be remotely

operated by firefighting helicopters in the event of a fire. The Heli-Hydrants would be constructed to interface with existing water infrastructure and would be strategically located to provide optimal coverage both north and south of the I-10 freeway within the SGPWA service area in Riverside County.

Initially, several dozen sites were identified with the potential to host a Heli-Hydrant. After flying with County Fire and conferring with local water retailers, the sites were narrowed down to six preferred locations. The site locations are subject to change if circumstances change; however, currently, two sites have been constructed by CWD, two sites have been constructed in High Valley Water District service area, and the remaining two sites will be hosted by South Mesa Water Company and SGPWA. In the event that one of the sites falls through or is deemed infeasible, there are several dozen backup sites that could fill in the gap.

The County has allocated \$1.8 Million of their allotment of ARPA funds to the construction of six Heli-Hydrants in the San Geronio Pass. The Funding Agreement provides that SGPWA would receive invoices from each retailer for costs related to the construction of their respective hydrants, submit those invoices to the County, and then distribute the ARPA funds upon receipt to the retailers as reimbursement for the work. The current estimate for each Heli-Hydrant system with construction is \$300,000 per site. It is anticipated that the ARPA funds would fully cover or nearly cover the cost of all six sites. As the Heli-Hydrant system is patented technology and proprietary engineering that can only be fulfilled by a single vendor (Whaling Fire Line Equipment), sole source procurement is permissible (see <https://www.whalingfire.com/heli-hydrant.html>). Glenn Chavez Construction has an exclusive contract with Whaling Fire Line Equipment for the installation of Heli-Hydrants, so SGPWA will be required to contract with Glenn Chavez Construction, which contract would be for the full installation of the Heli-Hydrant system and includes two years of maintenance.

The SGPWA Heli-Hydrant site requires additional work not required at some of the other project sites, including connection to another retail water system and construction of a driveway approach to the property. In addition, construction costs have increased due to inflation over the past 18 to 24 months. As a result, the total project cost is slightly higher than the original estimate of \$300,000.00 and is now anticipated to be \$330,980.00. The ARPA funds provided by Riverside County will cover \$300,000.00 of this cost.

STRATEGIC PLAN NEXUS

The Heli-Hydrant Installation Coordination helps advance various aspects of the Agency's Strategic Plan, including:

- Strategic Goal 1: Align with the current and future water landscape, supporting the region's long-term needs by diversifying the local supply portfolio and advancing water sustainability.

- ✓ Objective 9 – Sustain infrastructure investments to provide a robust regional water distribution and storage system.
- Strategic Goal 2: Ensure a reliable delivery system that advances efficiency and resiliency.
 - ✓ Objective 9 – Invest emergency infrastructure such as heli-hydrants and backup generators to improve system reliability, support wildfire response efforts, and enhance the region’s overall resilience to power outages and natural disasters.
- Strategic Goal 6: Maintain, foster, and expand collaboration with local, regional, state, tribal, and federal partners to develop strategic solutions to water supply challenges and opportunities.
 - ✓ Objective 1 – Coordinate with other agencies and organizations on grants and multi-partner project opportunities.

FISCAL IMPACT

The cost of the Heli-Hydrant is \$330,980, which \$300,000 will be reimbursed by the County of Riverside ARPA funds. The net cost to the agency will be \$30,980. The costs will be charged to the appropriate General Fund accounts in the fiscal year the costs are incurred.

ACTION

Adopt Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.

ATTACHMENTS

- Resolution 2026-02 – A Resolution of the Board of Directors of the San Geronio Pass Water Agency Awarding a Contract for the Brookside East Heli-Hydrant Facility to Glenn Chavez Construction, Inc.
 - Exhibit A - Construction Contract With Glenn Chavez Construction

RESOLUTION NO. 2026-02

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS
WATER AGENCY AWARDING A CONTRACT FOR THE
BROOKSIDE EAST HELI-HYDRANT FACILITY TO GLENN CHAVEZ
CONSTRUCTION, INC.**

WHEREAS, the State of California has experienced severe wildfire risk throughout the years, due to dry conditions, rising temperatures, and other factors; and

WHEREAS, the San Gorgonio Pass area has a history of major fires. In 2020, the Apple Fire burned 33,000 acres north of the City of Banning. The damage caused from the fire did not stop at the immediate burn sites. The charred land and burnt up trees caused devastating impacts due to debris flowing down after rain events; and

WHEREAS, a “heli-hydrant” is a tool for fighting wildfires that consists of a basin that can be promptly filled with water in the event of a wildfire, enabling water-dropping helicopters to fill their tanks without having to land and take off again; and

WHEREAS, a heli-hydrant is a force multiplier for combatting wildfires as it allows helicopters to fill up more quickly and to immediately depart to drop water on active fires, and it also allows for the use by larger water-dropping helicopters that would otherwise be unable to land; and

WHEREAS, The County of Riverside, a political subdivision of the State of California (“County”), dedicated a portion of allotted American Rescue Plan Act funds (the “ARPA”) funds to the San Gorgonio Pass Water Agency (“Agency”) for the implementation of infrastructure projects and measures to lessen or avert the threat of a natural disaster pursuant to that certain Funding Agreement for the San Gorgonio Pass Water Agency Infrastructure Project, dated October 29, 2024 (the “Funding Agreement”); and

WHEREAS, the Funding Agreement requires compliance with ARPA and Federal Procurement Standards under 2 CFR 200; and

WHEREAS, pursuant to 2 CFR 200.320(c), there are specific circumstances in which the recipient or subrecipient of Federal award dollars may use a noncompetitive procurement method. Pursuant to 2 CFR 200.320(c)(3), noncompetitive procurement may be used if the procurement transaction can only be fulfilled by a single source; and

WHEREAS, Public Contract Code section 3400(c)(3) authorizes sole source procurement “in order to obtain a necessary item that is only available from one source”; and

WHEREAS, Section 4(B) of the San Gorgonio Pass Water Agency’s Procurement Policy permits an exception to competitive bidding pursuant to a Sole Source finding; and

WHEREAS, the Heli-Hydrant system is patented technology and proprietary engineering that can only be fulfilled by a single vendor (Whaling Fire Line Equipment). Glenn Chavez Construction has an exclusive contract with Whaling Fire Line Equipment for the installation of Heli-Hydrants.

WHEREAS, “[a] public entity's award of a contract, and all of the acts leading up to the award, are legislative in character. [T]he letting of contracts by a governmental entity necessarily requires an exercise of discretion guided by consideration of the public welfare[]”. (*Mike Moore's 24-Hour Towing v. City of San Diego* (1996) 45 Cal.App.4th 1294, 1303); and

WHEREAS, “where competitive proposals work an incongruity and are unavailing as affecting the final result, or where competitive proposals do not produce any advantage, or where it is practically impossible to obtain what is required and to observe such form, competitive bidding is not applicable[]”, (*Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App. 3d 631, 636), an example being “unique products and/or services”, (*Id.* at p. 637 (citing *Hiller v. City of Los Angeles* (1961) 197 Cal. App. 2d 685).); and

WHEREAS, Staff has determined that competitive bidding is not required for the procurement and installation of the Heli-Hydrant system because (1) the Heli-Hydrant is a proprietary, patented firefighting technology that is only available from a single source, Whaling Fire Line Equipment, which holds exclusive rights to furnish the system; (2) installation of the system must be performed by Glenn Chavez Construction, the sole authorized installer under an exclusive agreement with the manufacturer; (3) pursuant to Public Contract Code section 3400(c)(3), procurement may be limited to a sole source “in order to obtain a necessary item that is only available from one source”; and further, (4) in accordance with *Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App.3d 631, competitive bidding may be dispensed with where it would be unavailing, impractical, or yield no benefit such as here, where the uniqueness of the system and the lack of alternate sources or installers renders competitive procurement unavailing (“Staff Findings”); and

WHEREAS, the Board of Directors of the San Gorgonio Pass Water Agency (“Board”) desires to purchase and install a heli-hydrant to enable its use as soon as reasonably possible in order to safeguard life, health, or property; and

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE SAN GORGONIO PASS WATER AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein and made an operative part of this Resolution.

Section 2. CEQA: The Heli-Hydrant system, including this Funding Agreement, is categorically exempt from further environmental review pursuant to the California Environmental Quality Act (CEQA) and the State CEQA Guidelines, including Section §15303 (New Construction or Conversion of Small Structures). This exemption was previously applied to the project, and a Notice of Exemption was duly filed. The proposed Funding Agreement does not constitute a substantial change to the project or its circumstances that would require additional environmental review under CEQA.

Section 3. Sole Source/No Competitive Market. In accordance with 2 CFR 200.320(c)(2), Public Contract Code Section 3400, and Section 4(B) of the Agency’s Procurement Policy, the Board finds that that a competitive market does not exist for the heli-hydrant product, that the Board will not gain a competitive advantage by using a formal or informal bidding procedure, and that that there is only one source that effectively provides the heli-hydrant product needed.

Section 4. No Public Advantage in Competitive Bidding. In accordance with *Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal. App. 3d 631, and Section 4(B) of the Agency’s Procurement Policy, the Board finds that the nature of the heli-hydrant project is such that competitive proposals would be unavailing or would not produce an advantage, and the advertisement for competitive bids would thus be undesirable, impractical, or impossible, and therefore the public interest would best be served by immediately contracting for the installation.

Section 5. Severability. To the extent any portion of this resolution is determined to be void, unenforceable or unlawful, then the remainder of this resolution shall remain in full force and effect.

Section 6. The Board hereby delegates authority to the General Manager, in consultation with legal counsel, to negotiate and finalize a contract with Glenn Chavez Construction, Inc., in a form attached hereto as Exhibit “A” subject to revisions as approved by Counsel, in a Not-To-Exceed amount of Three Hundred Thousand dollars (\$330,980.00) and Authorizing the General Manager to Approve Change Orders Up to ten percent of the total contract price (\$33,098).

Section 7. This Resolution shall take effect immediately upon adoption by the Board.

Passed and adopted by the San Gorgonio Pass Water Agency on this ___ day of _____ 2026 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Maricela Cabral
Board Clerk

EXHIBIT "A"
CONSTRUCTION CONTRACT WITH GLENN CHAVEZ CONSTRUCTION

SAN GORGONIO PASS WATER AGENCY

CONSTRUCTION CONTRACT

BROOKSIDE EAST HELI-HYDRANT FACILITY (“PROJECT”)

1. PARTIES AND DATE.

This Contract is made and entered into this [] day of [], 2026 by and between the San Gorgonio Pass Water Agency, a public agency of the State of California (“Agency”) and Glenn Chavez Construction, a sole proprietorship with its principal place of business located at 76621 Ranchita Canyon Rd, San Miguel, CA 93451 (“Contractor”). Agency and Contractor are sometimes individually referred to as “Party” and collectively as “Parties” in this Contract.

2. RECITALS.

2.1 Agency. Agency is a public agency organized under the laws of the State of California, with power to contract for services necessary to achieve its purpose.

2.2 Contractor. Contractor desires to perform and assume responsibility for the provision of certain construction services required by the Agency on the terms and conditions set forth in this Contract. Contractor represents that it is duly licensed and experienced in providing Site Selection and Assessment, Regulatory Compliance, Design and Planning, Water Source Identification, Infrastructure Construction of the Whaling Fire Line Equipment Heli-Hydrants and associated Water Quality Management, Testing and Inspection, and Continual Monitoring and related construction services to public clients, that it and its employees or subcontractors have all necessary licenses and permits to perform the services in the State of California, and that it is familiar with the plans of Agency.

The following license classifications are required for this Project:

A — General Engineering Contractor, B — General Building Contractor, C-46 — Solar, and C-36 — Plumbing.

2.3 Funding. The County of Riverside, a political subdivision of the State of California (“County”), dedicated a portion of allotted American Rescue Plan Act funds (the “ARPA”) funds to the San Gorgonio Pass Water Agency (“Agency”) for the implementation of infrastructure projects and measures to lessen or avert the threat of a natural disaster pursuant to that certain Funding Agreement for the San Gorgonio Pass Water Agency Infrastructure Project, dated October 29, 2024 (the “Funding Agreement”) attached hereto as Exhibit “H”.

2.3 Project. Agency desires to engage Contractor to render such services for the **GLENN CHAVEZ-WHALING FIRE LINE HELI-HYDRANT (“Project”)** as set forth in this Contract.

2.4 Project Documents & Certifications. Contractor has obtained, and delivers concurrently herewith, a performance bond, a payment bond, and all insurance documentation, as required by the Contract.

3. TERMS

3.1 Incorporation of Documents. This Contract includes and hereby incorporates in full by reference the following documents, including all exhibits, drawings, specifications and documents therein, and attachments and addenda thereto:

- Services/Schedule (Exhibit "A")
- Plans and Specifications (Exhibit "B")
- Special Conditions (Exhibit "C")
- Contractor's Certificate Regarding Workers' Compensation (Exhibit "D")
- Public Works Contractor Registration Certification (Exhibit "E")
- Payment Bond and Performance Bond (Exhibit "F")
- Fleet Compliance Certification. (Exhibit "G")
- Funding Agreement for the San Geronio Pass Water Agency Infrastructure Project (Exhibit "H")
- Federal Requirements (Exhibit "I")
- Addenda
- Change Orders executed by the Agency

3.2 Contractor's Basic Obligation; Scope of Work. Contractor promises and agrees, at its own cost and expense, to furnish to the Agency all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately complete the Project, including all structures and facilities necessary for the Project or described in the Contract (hereinafter sometimes referred to as the "Work"), for a Total Contract Price as specified pursuant to this Contract. All Work shall be subject to, and performed in accordance with the above referenced documents, as well as the exhibits attached hereto and incorporated herein by reference. The plans and specifications for the Work are further described in Exhibit "B" attached hereto and incorporated herein by this reference. Special Conditions, if any, relating to the Work are described in Exhibit "C" attached hereto and incorporated herein by this reference.

3.2.1 Change in Scope of Work. Any change in the scope of the Work, method of performance, nature of materials or price thereof, or any other matter materially affecting the performance or nature of the Work shall not be paid for or accepted unless such change, addition or deletion is approved in writing by a valid change order executed by the Agency. Should Contractor request a change order due to unforeseen circumstances affecting the performance of the Work, such request shall be made within five (5) business days of the date such circumstances are discovered or shall waive its right to request a change order due to such circumstances. If the Parties cannot agree on any change in price required by such change in the Work, the Agency may direct the Contractor to proceed with the performance of the change on a time and materials basis.

3.2.2 Substitutions/"Or Equal". Pursuant to Public Contract Code Section 3400(b), the Agency may make a finding that designates certain products, things, or services by specific brand or trade name. Unless specifically designated in this Contract, whenever any material, process, or article is indicated or specified by grade, patent, or proprietary name or by

name of manufacturer, such Specifications shall be deemed to be used for the purpose of facilitating the description of the material, process or article desired and shall be deemed to be followed by the words "or equal."

Contractor may, unless otherwise stated, offer for substitution any material, process or article which shall be substantially equal or better in every respect to that so indicated or specified in this Contract. However, the Agency may have adopted certain uniform standards for certain materials, processes and articles. Contractor shall submit requests, together with substantiating data, for substitution of any "or equal" material, process or article no later than thirty-five (35) days after award of the Contract. To facilitate the construction schedule and sequencing, some requests may need to be submitted before thirty-five (35) days after award of Contract. Provisions regarding submission of "or equal" requests shall not in any way authorize an extension of time for performance of this Contract. If a proposed "or equal" substitution request is rejected, Contractor shall be responsible for providing the specified material, process or article. The burden of proof as to the equality of any material, process or article shall rest with Contractor.

The Agency has the complete and sole discretion to determine if a material, process or article is an "or equal" material, process or article that may be substituted. Data required to substantiate requests for substitutions of an "or equal" material, process or article shall include a signed affidavit from Contractor stating that, and describing how, the substituted "or equal" material, process or article is equivalent to that specified in every way except as listed on the affidavit. Substantiating data shall include any and all illustrations, specifications, and other relevant data including catalog information which describes the requested substituted "or equal" material, process or article, and substantiates that it is an "or equal" to the material, process or article. The substantiating data must also include information regarding the durability and lifecycle cost of the requested substituted "or equal" material, process or article. Failure to submit all the required substantiating data, including the signed affidavit, to the Agency in a timely fashion will result in the rejection of the proposed substitution.

Contractor shall bear all of the Agency's costs associated with the review of substitution requests. Contractor shall be responsible for all costs related to a substituted "or equal" material, process or article. Contractor is directed to the Special Conditions (if any) to review any findings made pursuant to Public Contract Code section 3400.

3.3 Period of Performance.

3.3.1 Contract Time. Contractor shall perform and complete all Work under this Contract within 70 working days, beginning the effective date of the Notice to Proceed ("Contract Time"). Contractor shall perform its Work in strict accordance with any completion schedule, construction schedule or project milestones developed by the Agency. Such schedules or milestones may be included as part of Exhibits "A" or "B" attached hereto, or may be provided separately in writing to Contractor. Contractor agrees that if such Work is not completed within the aforementioned Contract Time and/or pursuant to any such completion schedule, construction schedule or project milestones developed pursuant to provisions of the Contract, it is understood, acknowledged and agreed that the Agency will suffer damage.

3.3.2 Force Majeure. Neither Agency nor Contractor shall be considered in default of this Contract for delays in performance caused by circumstances beyond the reasonable control of the non-performing party. For purposes of this Contract, such

circumstances include but are not limited to, abnormal weather conditions; floods; earthquakes; fire; pandemics or epidemics; war; riots and other civil disturbances; strikes, lockouts, work slowdowns, and other labor disturbances; sabotage or judicial restraint. Should such circumstances occur, the non-performing party shall, within a reasonable time of being prevented from performing, give written notice to the other party describing the circumstances preventing continued performance and the efforts being made to resume performance of this Contract. Contractor's exclusive remedy in the event of delay covered under this section shall be a non-compensable extension of the Contract Time.

3.3.3 Liquidated Damages. Pursuant to Government Code Section 53069.85, Contractor shall pay to the Agency as fixed and liquidated damages the sum of Five Hundred (\$500) per day for each and every calendar day of delay beyond the Contract Time or beyond any completion schedule, construction schedule or Project milestones established pursuant to the Contract.

3.4 Standard of Performance; Performance of Employees. Contractor shall perform all Work under this Contract in a skillful and workmanlike manner, and consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Contractor represents and maintains that it is skilled in the professional calling necessary to perform the Work. Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them. Finally, Contractor represents that it, its employees and subcontractors have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Work, including any required business license, and that such licenses and approvals shall be maintained throughout the term of this Contract. As provided for in the indemnification provisions of this Contract, Contractor shall perform, at its own cost and expense and without reimbursement from the Agency, any work necessary to correct errors or omissions which are caused by Contractor's failure to comply with the standard of care provided for herein. Any employee who is determined by the Agency to be uncooperative, incompetent, a threat to the safety of persons or the Work, or any employee who fails or refuses to perform the Work in a manner acceptable to the Agency, shall be promptly removed from the Project by Contractor and shall not be re-employed on the Work.

3.5 Control and Payment of Subordinates; Contractual Relationship. Agency retains Contractor on an independent contractor basis and Contractor is not an employee of Agency. Any additional personnel performing the work governed by this Contract on behalf of Contractor shall at all times be under Contractor's exclusive direction and control. Contractor shall pay all wages, salaries, and other amounts due such personnel in connection with their performance under this Contract and as required by law. Contractor shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, and workers' compensation insurance.

3.6 Agency's Basic Obligation. Agency agrees to engage and does hereby engage Contractor as an independent contractor to furnish all materials and to perform all Work according to the terms and conditions herein contained for the sum set forth above. Except as otherwise provided in the Contract, the Agency shall pay to Contractor, as full consideration for the satisfactory performance by Contractor of the services and obligations required by this Contract, the below-referenced compensation in accordance with compensation provisions set forth in the Contract.

3.7 Compensation and Payment.

3.7.1 Amount of Compensation. As consideration for performance of the Work required herein, Agency agrees to pay Contractor the Total Contract Price of **Three Hundred Thirty Thousand Nine Hundred Eighty Dollars (\$330,980)** ("Total Contract Price") provided that such amount shall be subject to adjustment pursuant to the applicable terms of this Contract or written change orders approved and signed in advance by the Agency.

3.7.2 Payment of Compensation. If the Work is scheduled for completion in thirty (30) or less calendar days, Agency will arrange for payment of the Total Contract Price upon completion and approval by Agency of the Work. If the Work is scheduled for completion in more than thirty (30) calendar days, Agency will pay Contractor on a monthly basis as provided for herein. On or before the fifth (5th) day of each month, Contractor shall submit to the Agency an itemized application for payment in the format supplied by the Agency indicating the amount of Work completed since commencement of the Work or since the last progress payment. These applications shall be supported by evidence which is required by this Contract and such other documentation as the Agency may require. The Contractor shall certify that the Work for which payment is requested has been done and that the materials listed are stored where indicated. Contractor may be required to furnish a detailed schedule of values upon request of the Agency and in such detail and form as the Agency shall request, showing the quantities, unit prices, overhead, profit, and all other expenses involved in order to provide a basis for determining the amount of progress payments.

3.7.3 Prompt Payment. Agency shall review and pay all progress payment requests in accordance with the provisions set forth in Section 20104.50 of the California Public Contract Code. However, no progress payments will be made for Work not completed in accordance with this Contract. Contractor shall comply with all applicable laws, rules and regulations relating to the proper payment of its employees, subcontractors, suppliers or others.

3.7.4 Contract Retentions. From each approved progress estimate, five percent (5%) will be deducted and retained by the Agency, and the remainder will be paid to Contractor. All Contract retention shall be released and paid to Contractor and subcontractors pursuant to California Public Contract Code Section 7107.

3.7.5 Other Retentions. In addition to Contract retentions, the Agency may deduct from each progress payment an amount necessary to protect Agency from loss because of: (1) liquidated damages which have accrued as of the date of the application for payment; (2) any sums expended by the Agency in performing any of Contractor's obligations under the Contract which Contractor has failed to perform or has performed inadequately; (3) defective Work not remedied; (4) stop notices as allowed by state law; (5) reasonable doubt that the Work can be completed for the unpaid balance of the Total Contract Price or within the scheduled completion date; (6) unsatisfactory prosecution of the Work by Contractor; (7) unauthorized deviations from the Contract; (8) failure of Contractor to maintain or submit on a timely basis proper and sufficient documentation as required by the Contract or by Agency during the prosecution of the Work; (9) erroneous or false estimates by Contractor of the value of the Work performed; (10) any sums representing expenses, losses, or damages as determined by the Agency, incurred by the Agency for which Contractor is liable under the Contract; and (11) any other sums which the Agency is entitled to recover from Contractor under the terms of the Contract or pursuant to state law, including Section 1727 of the California Labor Code. The failure by the

Agency to deduct any of these sums from a progress payment shall not constitute a waiver of the Agency's right to such sums.

3.7.6 Substitutions for Contract Retentions. In accordance with California Public Contract Code Section 22300, the Agency will permit the substitution of securities for any monies withheld by the Agency to ensure performance under the Contract. At the request and expense of Contractor, securities equivalent to the amount withheld shall be deposited with the Agency, or with a state or federally chartered bank in California as the escrow agent, and thereafter the Agency shall then pay such monies to Contractor as they come due. Upon satisfactory completion of the Contract, the securities shall be returned to Contractor. For purposes of this Section and Section 22300 of the Public Contract Code, the term "satisfactory completion of the contract" shall mean the time the Agency has issued written final acceptance of the Work and filed a Notice of Completion as required by law and provisions of this Contract. Contractor shall be the beneficial owner of any securities substituted for monies withheld and shall receive any interest thereon. The escrow agreement used for the purposes of this Section shall be in the form provided by the Agency.

3.7.7 Title to Work. As security for partial, progress, or other payments, title to Work for which such payments are made shall pass to the Agency at the time of payment. To the extent that title has not previously been vested in the Agency by reason of payments, full title shall pass to the Agency at delivery of the Work at the destination and time specified in this Contract. Such transferred title shall in each case be good, free and clear from any and all security interests, liens, or other encumbrances. Contractor promises and agrees that it will not pledge, hypothecate, or otherwise encumber the items in any manner that would result in any lien, security interest, charge, or claim upon or against said items. Such transfer of title shall not imply acceptance by the Agency, nor relieve Contractor from the responsibility to strictly comply with the Contract, and shall not relieve Contractor of responsibility for any loss of or damage to items.

3.7.8 Labor and Material Releases. Contractor shall furnish Agency with labor and material releases from all subcontractors performing work on, or furnishing materials for, the Work governed by this Contract prior to final payment by Agency.

3.7.9 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720 et seq., and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. Since the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and since the total compensation is \$1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Agency shall provide Contractor with a copy of the prevailing rates of per diem wages in effect at the commencement of this Contract upon request. Contractor shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at Contractor's principal place of business and at the project site. Contractor shall defend, indemnify and hold the Agency, its officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. Contractor and any subcontractor shall forfeit a penalty of up to \$200 per calendar day or portion thereof for each worker paid less than the prevailing wage rates.

3.7.10 Apprenticeable Crafts. When Contractor employs workmen in an apprenticeable craft or trade, Contractor shall comply with the provisions of Section 1777.5 of the California Labor Code with respect to the employment of properly registered apprentices upon public works. The primary responsibility for compliance with said section for all apprenticeable occupations shall be with Contractor. The Contractor or any subcontractor that is determined by the Labor Commissioner to have knowingly violated Section 1777.5 shall forfeit as a civil penalty an amount not exceeding \$100 for each full calendar day of noncompliance, or such greater amount as provided by law.

3.7.11 Hours of Work. Contractor is advised that eight (8) hours labor constitutes a legal day's work. Pursuant to Section 1813 of the California Labor Code, Contractor shall forfeit a penalty of \$25.00 per worker for each day that each worker is permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week, except when payment for overtime is made at not less than one and one-half (1-1/2) times the basic rate for that worker.

3.7.12 Payroll Records. Contractor and each subcontractor shall keep an accurate payroll record, 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 him or her in connection with the public work. The payroll records shall be certified and shall be available for inspection at all reasonable hours at the principal office of Contractor in the manner provided in Labor Code section 1776. In the event of noncompliance with the requirements of this section, Contractor shall have 10 days in which to comply subsequent to receipt of written notice specifying in what respects such Contractor must comply with this section. Should noncompliance still be evident after such 10-day period, Contractor shall, as a penalty to Agency, forfeit not more than \$100.00 for each calendar day or portion thereof, for each worker, until strict compliance is effectuated. The amount of the forfeiture is to be determined by the Labor Commissioner. A contractor who is found to have violated the provisions of law regarding wages on Public Works with the intent to defraud shall be ineligible to bid on Public Works contracts for a period of one to three years as determined by the Labor Commissioner. Upon the request of the Division of Apprenticeship Standards or the Division of Labor Standards Enforcement, such penalties shall be withheld from progress payments then due. The responsibility for compliance with this section is on Contractor. The requirement to submit certified payroll records directly to the Labor Commissioner under Labor Code section 1771.4 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Section 1771.4.

3.7.13 Contractor and Subcontractor Registration. Pursuant to Labor Code sections 1725.5 and 1771.1, all contractors and subcontractors that wish to bid on, be listed in a bid proposal, or enter into a contract to perform public work must be registered with the Department of Industrial Relations. No bid will be accepted nor any contract entered into without proof of the contractor's and subcontractors' current registration with the Department of Industrial Relations to perform public work. Contractor is directed to review, fill out and execute the Public Works Contractor Registration Certification attached hereto as Exhibit "E" prior to contract execution. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code Sections 1725.5 and 1771.1 shall not apply to work performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code Sections 1725.5 and 1771.1.

3.7.14 Labor Compliance; Stop Orders. This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. It shall be the Contractor's sole responsibility to evaluate and pay the cost of complying with all labor compliance requirements under this Contract and applicable law. Any stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor that affect Contractor's performance of Work, including any delay, shall be Contractor's sole responsibility. Any delay arising out of or resulting from such stop orders shall be considered Contractor caused delay subject to any applicable liquidated damages and shall not be compensable by the Agency. Contractor shall defend, indemnify and hold the Agency, its officials, officers, employees and agents free and harmless from any claim or liability arising out of stop orders issued by the Department of Industrial Relations against Contractor or any subcontractor.

3.8 Performance of Work; Jobsite Obligations.

3.8.1 Water Quality Management and Compliance.

3.8.1.1 Water Quality Management and Compliance. Contractor shall keep itself and all subcontractors, staff, and employees fully informed of and in compliance with all local, state and federal laws, rules and regulations that may impact, or be implicated by the performance of the Work including, without limitation, all applicable provisions of the Federal Water Pollution Control Act (33 U.S.C. §§ 1300); the California Porter-Cologne Water Quality Control Act (Cal Water Code §§ 13000-14950); local ordinances regulating discharges of storm water; and any and all regulations, policies, or permits issued pursuant to any such authority regulating the discharge of pollutants, as that term is used in the Porter-Cologne Water Quality Control Act, to any ground or surface water in the State.

3.8.1.2 Compliance with the Statewide Construction General Permit. Contractor shall comply with all conditions of the most recent iteration of the National Pollutant Discharge Elimination System General Permit for Storm Water Discharges Associated with Construction Activity, issued by the California State Water Resources Control Board ("Permit"). It shall be Contractor's sole responsibility to file a Notice of Intent and procure coverage under the Permit for all construction activity which results in the disturbance of more than one acre of total land area or which is part of a larger common area of development or sale. Prior to initiating work, Contractor shall be solely responsible for preparing and implementing a Storm Water Pollution Prevention Plan (SWPPP) as required by the Permit. Contractor shall be responsible for procuring, implementing and complying with the provisions of the Permit and the SWPPP, including the standard provisions, and monitoring and reporting requirements as required by the Permit. The Permit requires the SWPPP to be a "living document" that changes as necessary to meet the conditions and requirements of the job site as it progresses through difference phases of construction and is subject to different weather conditions. It shall be Contractor's sole responsibility to update the SWPPP as necessary to address conditions at the project site.

3.8.1.3 Other Water Quality Rules Regulations and Policies. Contractor shall comply with the lawful requirements of any applicable municipality, drainage Agency, or local agency regarding discharges of storm water to separate storm drain systems or other watercourses under their jurisdiction, including applicable requirements in municipal storm water management programs.

3.8.1.4 Cost of Compliance. Storm, surface, nuisance, or other waters may be encountered at various times during construction of The Work. Therefore, the Contractor, by submitting a Bid, hereby acknowledges that it has investigated the risk arising from such waters, has prepared its Bid accordingly, and assumes any and all risks and liabilities arising therefrom.

3.8.1.5 Liability for Non-Compliance. Failure to comply with the Permit is a violation of federal and state law. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to defend, indemnify and hold harmless the Agency and its officials, officers, employees, volunteers and agents for any alleged violations. In addition, Agency may seek damages from Contractor for any delay in completing the Work in accordance with the Contract, if such delay is caused by or related to Contractor's failure to comply with the Permit.

3.8.1.6 Reservation of Right to Defend. Agency reserves the right to defend any enforcement action brought against the Agency for Contractor's failure to comply with the Permit or any other relevant water quality law, regulation, or policy. Pursuant to the indemnification provisions of this Contract, Contractor hereby agrees to be bound by, and to reimburse the Agency for the costs (including the Agency's attorney's fees) associated with, any settlement reached between the Agency and the relevant enforcement entity.

3.8.1.7 Training. In addition to the standard of performance requirements set forth in paragraph 3.4, Contractor warrants that all employees and subcontractors shall have sufficient skill and experience to perform the Work assigned to them without impacting water quality in violation of the laws, regulations and policies described in paragraph 3.8.1. Contractor further warrants that it, its employees and subcontractors will receive adequate training, as determined by Agency, regarding the requirements of the laws, regulations and policies described in paragraph 3.8.1 as they may relate to the Work provided under this Contract. Upon request, Agency will provide the Contractor with a list of training programs that meet the requirements of this paragraph.

3.8.2 Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. Contractor shall comply with the requirements of the specifications relating to safety measures applicable in particular operations or kinds of work. In carrying out its Work, Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the Work and the conditions under which the Work is to be performed. Safety precautions as applicable shall include, but shall not be limited to, adequate life protection and lifesaving equipment; adequate illumination for underground and night operations; instructions in accident prevention for all employees, such as machinery guards, safe walkways, scaffolds, ladders, bridges, gang planks, confined space procedures, trenching and shoring, fall protection and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and adequate facilities for the proper inspection and maintenance of all safety measures. Furthermore, Contractor shall prominently display the names and telephone numbers of at least two medical doctors practicing in the vicinity of the Project, as well as the telephone number of the local ambulance service, adjacent to all telephones at the Project site.

3.8.3 Laws and Regulations. Contractor shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Contract or the Work, including all Cal/OSHA requirements, and shall give all notices required by law. Contractor shall be liable for all violations of such laws and regulations in connection with Work. If Contractor observes that the drawings or specifications are at variance with any law, rule or regulation, it shall promptly notify the Agency in writing. Any necessary changes shall be made by written change order. If Contractor performs any work knowing it to be contrary to such laws, rules and regulations and without giving written notice to the Agency, Contractor shall be solely responsible for all costs arising therefrom. Agency is a public entity of the State of California subject to certain provisions of the Health & Safety Code, Government Code, Public Contract Code, and Labor Code of the State. It is stipulated and agreed that all provisions of the law applicable to the public contracts of a municipality are a part of this Contract to the same extent as though set forth herein and will be complied with. Contractor shall defend, indemnify and hold Agency, its officials, officers, employees and agents free and harmless, pursuant to the indemnification provisions of this Contract, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.8.4 Permits and Licenses. Contractor shall be responsible for securing Agency permits and licenses necessary to perform the Work described herein, including, but not limited to, any required business license. While Contractor will not be charged a fee for any Agency permits, Contractor shall pay the Agency's business license fee, if any. Any ineligible contractor or subcontractor pursuant to Labor Code Sections 1777.1 and 1777.7 may not perform work on this Project.

3.8.5 Trenching Work. If the Total Contract Price exceeds \$25,000 and if the Work governed by this Contract entails excavation of any trench or trenches five (5) feet or more in depth, Contractor shall comply with all applicable provisions of the California Labor Code, including Section 6705. To this end, Contractor shall submit for Agency's review and approval a detailed plan showing the design of shoring, bracing, sloping, or other provisions to be made for worker protection from the hazard of caving ground during the excavation of such trench or trenches. If such plan varies from the shoring system standards, the plan shall be prepared by a registered civil or structural engineer.

3.8.6 Hazardous Materials and Differing Conditions. As required by California Public Contract Code Section 7104, if this Contract involves digging trenches or other excavations that extend deeper than four (4) feet below the surface, Contractor shall promptly, and prior to disturbance of any conditions, notify Agency of: (1) any material discovered in excavation that Contractor believes to be a hazardous waste that is required to be removed to a Class I, Class II or Class III disposal site; (2) subsurface or latent physical conditions at the site differing from those indicated by Agency; and (3) unknown physical conditions of an unusual nature at the site, significantly different from those ordinarily encountered in such contract work. Upon notification, Agency shall promptly investigate the conditions to determine whether a change order is appropriate. In the event of a dispute, Contractor shall not be excused from any scheduled completion date and shall proceed with all Work to be performed under the Contract, but shall retain all rights provided by the Contract or by law for making protests and resolving the dispute.

3.8.7 Underground Utility Facilities. To the extent required by Section 4215 of the California Government Code, Agency shall compensate Contractor for the costs of: (1) locating and repairing damage to underground utility facilities not caused by the failure of

Contractor to exercise reasonable care; (2) removing or relocating underground utility facilities not indicated in the construction drawings; and (3) equipment necessarily idled during such work. Contractor shall not be assessed liquidated damages for delay caused by failure of Agency to provide for removal or relocation of such utility facilities.

3.8.8 Air Quality.

Contractor shall fully comply with all applicable laws, rules and regulations in furnishing or using equipment and/or providing services, including, but not limited to, emissions limits and permitting requirements imposed by the Bay Area Air Quality Management Agency (Air Agency) and/or California Air Resources Board (CARB). Although the Air Agency and CARB limits and requirements are more broad, Contractor shall specifically be aware of their application to "portable equipment", which definition is considered by Air Agency and CARB to include any item of equipment with a fuel-powered engine.

Contractor shall comply, and shall ensure all subcontractors comply, with all applicable requirements of Title 13, California Code of Regulations Division 3, Chapter 9 and all pending amendments ("Regulation").

Throughout the Project, and for three (3) years thereafter, Contractor shall make available for inspection and copying any and all documents or information associated with Contractor's and any subcontractors' fleet including, without limitation, all Certificates of Reported Compliance, fuel/refueling records, maintenance records, emissions records, and any other information the Contractor is required to produce, keep or maintain pursuant to the Regulation upon two (2) calendar days' notice from the Agency.

Contractor shall indemnify Agency against any fines or penalties imposed by Air Agency, CARB, or any other governmental or regulatory agency for violations of applicable laws, rules and/or regulations by Contractor, its subcontractors, or others for whom Contractor is responsible under its indemnity obligations provided for in this Agreement.

3.8.9 State Recycling Mandates. Contractor shall comply with State Recycling Mandates. Any recyclable materials/debris collected by the contractor that can be feasibly diverted via reuse or recycling must be hauled by the appropriate handler for reuse or recycling.

3.9 Completion of Work. When Contractor determines that it has completed the Work required herein, Contractor shall so notify Agency in writing and shall furnish all labor and material releases required by this Contract. Agency shall thereupon inspect the Work. If the Work is not acceptable to the Agency, the Agency shall indicate to Contractor in writing the specific portions or items of Work which are unsatisfactory or incomplete. Once Contractor determines that it has completed the incomplete or unsatisfactory Work, Contractor may request a reinspection by the Agency. Once the Work is acceptable to Agency, Agency shall pay to Contractor the Total Contract Price remaining to be paid, less any amount which Agency may be authorized or directed by law to retain. Payment of retention proceeds due to Contractor shall be made in accordance with Section 7107 of the California Public Contract Code.

3.10 Claims; Government Code Claim Compliance.

3.10.1 Intent. Effective January 1, 1991, Section 20104 et seq., of the California Public Contract Code prescribes a process utilizing informal conferences, non-binding judicial supervised mediation, and judicial arbitration to resolve disputes on construction claims of \$375,000 or less. Effective January 1, 2017, Section 9204 of the Public Contract Code prescribes a process for negotiation and mediation to resolve disputes on construction claims. The intent of this Section is to implement Sections 20104 et seq. and Section 9204 of the California Public Contract Code. This Section shall be construed to be consistent with said statutes.

3.10.2 Claims. For purposes of this Section, "Claim" means a separate demand by the Contractor, after a change order duly requested in accordance with the terms of this Contract has been denied by the Agency, for (A) a time extension, (B) payment of money or damages arising from Work done by or on behalf of the Contractor pursuant to the Contract, or (C) an amount the payment of which is disputed by the Agency. A "Claim" does not include any demand for payment for which the Contractor has failed to provide notice, request a change order, or otherwise failed to follow any procedures contained in the Contract Documents. Claims governed by this Section may not be filed unless and until the Contractor completes all procedures for giving notice of delay or change and for the requesting of a time extension or change order, including but not necessarily limited to the change order procedures contained herein, and Contractor's request for a change has been denied in whole or in part. Claims governed by this Section must be filed no later than fourteen (14) days after a request for change has been denied in whole or in part or after any other event giving rise to the Claim. The Claim shall be submitted in writing to the Agency and shall include on its first page the following in 16 point capital font: "THIS IS A CLAIM." Furthermore, the claim shall include the documents necessary to substantiate the claim. Nothing in this Section is intended to extend the time limit or supersede notice requirements otherwise provided by contract for the filing of claims, including all requirements pertaining to compensation or payment for extra Work, disputed Work, and/or changed conditions. Failure to follow such contractual requirements shall bar any claims or subsequent lawsuits for compensation or payment thereon.

3.10.3 Supporting Documentation. The Contractor shall submit all claims in the following format:

3.10.3.1 Summary of claim merit and price, reference Contract Document provisions pursuant to which the claim is made

3.10.3.2 List of documents relating to claim:

- (A) Specifications
- (B) Drawings
- (C) Clarifications (Requests for Information)
- (D) Schedules
- (E) Other

3.10.3.3 Chronology of events and correspondence

3.10.3.4 Analysis of claim merit

3.10.3.5 Analysis of claim cost

3.10.3.6 Time impact analysis in CPM format

3.10.3.7 If Contractor's claim is based in whole or in part on an allegation of errors or omissions in the Drawings or Specifications for the Project, Contractor shall provide a summary of the percentage of the claim subject to design errors or omissions and shall obtain a certificate of merit in support of the claim of design errors and omissions.

3.10.3.8 Cover letter and certification of validity of the claim, including any claims from subcontractors of any tier, in accordance with Government Code section 12650 *et seq.*

3.10.4 Agency's Response. Upon receipt of a claim pursuant to this Section, Agency shall conduct a reasonable review of the claim and, within a period not to exceed 45 days, shall provide the Contractor a written statement identifying what portion of the claim is disputed and what portion is undisputed. Any payment due on an undisputed portion of the claim will be processed and made within 60 days after the public entity issues its written statement.

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

3.10.4.2 Within 30 days of receipt of a claim, Agency may request in writing additional documentation supporting the claim or relating to defenses or claims Agency may have against the Contractor. If additional information is thereafter required, it shall be requested and provided pursuant to this subdivision, upon mutual agreement of Agency and the Contractor.

3.10.4.3 Agency's written response to the claim, as further documented, shall be submitted to the Contractor within 30 days (if the claim is less than \$50,000, within 15 days) after receipt of the further documentation, or within a period of time no greater than that taken by the Contractor in producing the additional information or requested documentation, whichever is greater.

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

3.10.6 Mediation. Within 10 business days following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, Agency shall provide the Contractor a written statement identifying the portion of the claim that remains in

dispute and the portion that is undisputed. Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after Agency issues its written statement. Any disputed portion of the claim, as identified by the Contractor in writing, shall be submitted to nonbinding mediation, with Agency and the Contractor sharing the associated costs equally. Agency and Contractor shall mutually agree to a mediator within 10 business days after the disputed portion of the claim has been identified in writing, unless the parties agree to select a mediator at a later time.

3.10.6.1 If the Parties cannot agree upon a mediator, each Party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the claim. Each Party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator.

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

3.10.6.3 Unless otherwise agreed to by Agency and the Contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Section 20104.4 to mediate after litigation has been commenced.

3.10.6.4 The mediation shall be held no earlier than the date the Contractor completes the Work or the date that the Contractor last performs Work, whichever is earlier. All unresolved claims shall be considered jointly in a single mediation, unless a new unrelated claim arises after mediation is completed.

3.10.7 Procedures After Mediation. If following the mediation, the claim or any portion remains in dispute, the Contractor must file a claim pursuant to Chapter 1 (commencing with Section 900) and Chapter 2 (commencing with Section 910) of Part 3 of Division 3.6 of Title 1 of the Government Code. For purposes of those provisions, the running of the period of time within which a claim must be filed shall be tolled from the time the Contractor submits his or her written claim pursuant to subdivision (a) until the time the claim is denied, including any period of time utilized by the meet and confer conference or mediation.

3.10.8 Civil Actions. The following procedures are established for all civil actions filed to resolve claims subject to this Section:

3.10.8.1 Within 60 days, but no earlier than 30 days, following the filing or responsive pleadings, the court shall submit the matter to non-binding mediation unless waived by mutual stipulation of both parties or unless mediation was held prior to commencement of the action in accordance with Public Contract Code section 9204 and the terms of these procedures.. The mediation process shall provide for the selection within 15 days by both parties of a disinterested third person as mediator, shall be commenced within 30 days of the submittal, and shall be concluded within 15 days from the commencement of the mediation unless a time requirement is extended upon a good cause showing to the court.

3.10.8.2 If the matter remains in dispute, the case shall be submitted to judicial arbitration pursuant to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, notwithstanding Section 1114.11 of that code. The Civil Discovery Act of 1986 (Article 3 (commencing with Section 2016) of Chapter 3 of Title 3 of Part 4 of the Code of Civil Procedure) shall apply to any proceeding brought under this subdivision consistent with the rules pertaining to judicial arbitration.

3.10.8.3 In addition to Chapter 2.5 (commencing with Section 1141.10) of Title 3 of Part 3 of the Code of Civil Procedure, (A) arbitrators shall, when possible, be experienced in construction law, and (B) any party appealing an arbitration award who does not obtain a more favorable judgment shall, in addition to payment of costs and fees under that chapter, also pay the attorney's fees on appeal of the other party.

3.10.9 Government Code Claims. In addition to any and all contract requirements pertaining to notices of and requests for compensation or payment for extra work, disputed work, claims and/or changed conditions, Contractor must comply with the claim procedures set forth in Government Code sections 900 et seq. prior to filing any lawsuit against the Agency. Such Government Code claims and any subsequent lawsuit based upon the Government Code claims shall be limited to those matters that remain unresolved after all procedures pertaining to extra work, disputed work, claims, and/or changed conditions have been followed by Contractor. If no such Government Code claim is submitted, or if any prerequisite contractual requirements are not otherwise satisfied as specified herein, Contractor shall be barred from bringing and maintaining a valid lawsuit against the Agency. A Government Code claim must be filed no earlier than the date the work is completed or the date the Contractor last performs work on the Project, whichever occurs first. A Government Code claim shall be inclusive of all unresolved claims unless a new unrelated claim arises after the Government Code claim is submitted.

3.10.10 Non-Waiver. Agency's failure to respond to a claim from the Contractor within the time periods described in this Section or to otherwise meet the time requirements of this Section shall result in the claim being deemed rejected in its entirety. Agency's failure to respond shall not waive Agency's rights to any subsequent procedures for the resolution of disputed claims.

3.11 Loss and Damage. Except as may otherwise be limited by law, Contractor shall be responsible for all loss and damage which may arise out of the nature of the Work agreed to herein, or from the action of the elements, or from any unforeseen difficulties which may arise or be encountered in the prosecution of the Work until the same is fully completed and accepted by Agency. In the event of damage proximately caused by an Act of God, as defined by Section 7105 of the Public Contract Code, the Agency may terminate this Contract pursuant to Section 3.17.3; provided, however, that the Agency needs to provide Contractor with only one (1) day advanced written notice.

3.12 Indemnification.

3.12.1 Scope of Indemnity. To the fullest extent permitted by law, Contractor shall defend, indemnify and hold the Agency, its officials, employees, agents and authorized volunteers free and harmless from any and all claims, demands, causes of action, suits, actions, proceedings, costs, expenses, liability, judgments, awards, decrees, settlements, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful

death, (collectively, "Claims") in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Contractor, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Contractor's services, the Project or this Contract, including without limitation the payment of all consequential damages, expert witness fees and attorneys' fees and other related costs and expenses. Notwithstanding the foregoing, to the extent required by Civil Code section 2782, Contractor's indemnity obligation shall not apply to liability for damages for death or bodily injury to persons, injury to property, or any other loss, damage or expense arising from the sole or active negligence or willful misconduct of the Agency or the Agency's agents, servants, or independent contractors who are directly responsible to the Agency, or for defects in design furnished by those persons.

3.12.2 Additional Indemnity Obligations. Contractor shall defend, with counsel of Agency's choosing and at Contractor's own cost, expense and risk, any and all Claims covered by this section that may be brought or instituted against Agency or its officials, employees, agents and authorized volunteers. In addition, Contractor shall pay and satisfy any judgment, award or decree that may be rendered against Agency or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Contractor shall also reimburse Agency for the cost of any settlement paid by Agency or its officials, employees, agents and authorized volunteers as part of any such claim, suit, action or other proceeding. Such reimbursement shall include payment for Agency's attorney's fees and costs, including expert witness fees. Contractor shall reimburse Agency and its officials, employees, agents and authorized volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Contractor's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by the Agency, its officials, employees, agents and authorized volunteers.

3.13 Insurance.

3.13.1 Time for Compliance. Contractor shall not commence Work under this Contract until it has provided evidence satisfactory to the Agency that it has secured all insurance required under this section. In addition, Contractor shall not allow any subcontractor to commence work on any subcontract until it has provided evidence satisfactory to the Agency that the subcontractor has secured all insurance required under this section. Failure to provide and maintain all required insurance shall be grounds for the Agency to terminate this Contract for cause.

3.13.2 Minimum Requirements. Contractor shall, at its expense, procure and maintain for the duration of the Contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the Work hereunder by Contractor, its agents, representatives, employees or subcontractors. Contractor shall also require all of its subcontractors to procure and maintain the same insurance for the duration of the Contract. Such insurance shall meet at least the following minimum levels of coverage:

3.13.2.1 Minimum Scope of Insurance. Coverage shall be at least as broad as the latest version of the following: (1) *General Liability*: Insurance Services Office Commercial General Liability coverage (occurrence form CG 00 01) OR Insurance Services Office Owners and Contractors Protective Liability Coverage Form (CG 00 09 11 88) (coverage for operations of designated contractor); (2) *Automobile Liability*: Insurance Services Office Business

Auto Coverage form number CA 00 01, code 1 (any auto); and (3) *Workers' Compensation and Employer's Liability*: Workers' Compensation insurance as required by the State of California and Employer's Liability Insurance. Policies shall not contain exclusions contrary to this Contract.

3.13.2.2 Minimum Limits of Insurance. Contractor shall maintain limits no less than: (1) *General Liability*: \$2,000,000 per occurrence and \$4,000,000 aggregate for bodily injury, personal injury and property damage; (2) *Automobile Liability*: \$2,000,000 per accident for bodily injury and property damage; and (3) *Workers' Compensation and Employer's Liability*: Workers' compensation limits as required by the Labor Code of the State of California. Employer's Liability limits of \$1,000,000 each accident, policy limit bodily injury or disease, and each employee bodily injury or disease. Defense costs shall be available in addition to the limits. Notwithstanding the minimum limits specified herein, any available coverage shall be provided to the parties required to be named as additional insureds pursuant to this Contract.

3.13.3 Insurance Endorsements. The insurance policies shall contain the following provisions, or Contractor shall provide endorsements (amendments) on forms supplied or approved by the Agency to add the following provisions to the insurance policies:

3.13.3.1 General Liability. (1) Such policy shall give the Agency, its officials, employees, agents and authorized volunteers additional insured status using ISO endorsements CG20 10 10 01 plus CG20 37 10 01, or endorsements providing the exact same coverage, with respect to the Work or operations performed by or on behalf of Contractor, including materials, parts or equipment furnished in connection with such work; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the Agency, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the Agency, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it.

3.13.3.2 Automobile Liability. (1) Such policy shall give the Agency, its officials, employees, agents and authorized volunteers additional insured status with respect to the ownership, operation, maintenance, use, loading or unloading of any auto owned, leased, hired or borrowed by Contractor or for which Contractor is responsible; (2) all policies shall waive or shall permit Contractor to waive all rights of subrogation which may be obtained by the Contractor or any insurer by virtue of payment of any loss or any coverage provided to any person named as an additional insured pursuant to this Contract, and Contractor agrees to waive all such rights of subrogation; and (3) the insurance coverage shall be primary insurance as respects the Agency, its officials, employees, agents and authorized volunteers, or if excess, shall stand in an unbroken chain of coverage excess of Contractor's scheduled underlying coverage. Any insurance or self-insurance maintained by the Agency, its officials, employees, agents and authorized volunteers shall be excess of Contractor's insurance and shall not be called upon to contribute with it in any way.

3.13.3.3 Workers' Compensation and Employer's Liability Coverage. The insurer shall agree to waive all rights of subrogation against the Agency, its officials,

employees, agents and authorized volunteers for losses paid under the terms of the insurance policy which arise from work performed by Contractor.

3.13.3.4 All Coverages. Each insurance policy required by this Contract shall be endorsed to state that: (1) coverage shall not be suspended, voided, reduced or canceled except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the Agency; and (2) any failure to comply with reporting or other provisions of the policies, including breaches of warranties, shall not affect coverage provided to the Agency, its officials, employees, agents and authorized volunteers.

3.13.4 Separation of Insureds; No Special Limitations. All insurance required by this Section shall contain standard separation of insureds provisions. In addition, such insurance shall not contain any special limitations on the scope of protection afforded to the Agency, its officials, employees, agents and authorized volunteers.

3.13.5 Deductibles and Self-Insurance Retentions. Any deductibles or self-insured retentions must be declared to and approved by the Agency. Contractor shall guarantee that, at the option of the Agency, either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Agency, its officials, employees, agents and authorized volunteers; or (2) the Contractor shall procure a bond or other financial guarantee acceptable to the Agency guaranteeing payment of losses and related investigation costs, claims and administrative and defense expenses.

3.13.6 Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best's rating no less than A-:VII, licensed to do business in California, and satisfactory to the Agency. Exception may be made for the State Compensation Insurance Fund when not specifically rated.

3.13.7 Verification of Coverage. Contractor shall furnish Agency with original certificates of insurance and endorsements effecting coverage required by this Contract on forms satisfactory to the Agency. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf, and shall be on forms supplied or approved by the Agency. All certificates and endorsements must be received and approved by the Agency before work commences. The Agency reserves the right to require complete, certified copies of all required insurance policies, at any time.

3.13.8 Subcontractors. All subcontractors shall meet the requirements of this Section before commencing Work. Contractor shall furnish separate certificates and endorsements for each subcontractor. Subcontractor policies of General Liability insurance shall name the Agency, its officials, employees, agents and authorized volunteers as additional insureds using form ISO 20 38 04 13 or endorsements providing the exact same coverage. All coverages for subcontractors shall be subject to all of the requirements stated herein except as otherwise agreed to by the Agency in writing.

3.13.9 Reporting of Claims. Contractor shall report to the Agency, in addition to Contractor's insurer, any and all insurance claims submitted by Contractor in connection with the Work under this Contract.

3.14 Bond Requirements.

3.14.1 Payment Bond. If required by law or otherwise specifically requested by Agency in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to Agency concurrently with this Contract a Payment Bond in an amount required by the Agency and in a form provided or approved by the Agency. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the Agency.

3.14.2 Performance Bond. If specifically requested by Agency in Exhibit "C" attached hereto and incorporated herein by reference, Contractor shall execute and provide to Agency concurrently with this Contract a Performance Bond in an amount required by the Agency and in a form provided or approved by the Agency. If such bond is required, no payment will be made to Contractor until the bond has been received and approved by the Agency.

3.14.3 Bond Provisions. Should, in Agency's sole opinion, any bond become insufficient or any surety be found to be unsatisfactory, Contractor shall renew or replace the effected bond within (ten) 10 days of receiving notice from Agency. In the event the surety or Contractor intends to reduce or cancel any required bond, at least thirty (30) days prior written notice shall be given to the Agency, and Contractor shall post acceptable replacement bonds at least ten (10) days prior to expiration of the original bonds. No further payments shall be deemed due or will be made under this Contract until any replacement bonds required by this Section are accepted by the Agency. To the extent, if any, that the Total Contract Price is increased in accordance with the Contract, Contractor shall, upon request of the Agency, cause the amount of the bond to be increased accordingly and shall promptly deliver satisfactory evidence of such increase to the Agency. If Contractor fails to furnish any required bond, the Agency may terminate the Contract for cause.

3.14.4 Surety Qualifications. Only bonds executed by an admitted surety insurer, as defined in California Code of Civil Procedure Section 995.120, shall be accepted. If a California-admitted surety insurer issuing bonds does not meet these requirements, the insurer will be considered qualified if it is in conformance with Section 995.660 of the California Code of Civil Procedure, and proof of such is provided to the Agency.

3.15 Warranty. Contractor warrants all Work under the Contract (which for purposes of this Section shall be deemed to include unauthorized work which has not been removed and any non-conforming materials incorporated into the Work) to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in the Contract or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the Work, whichever is later) after the date of final acceptance, Contractor shall within ten (10) days after being notified in writing by the Agency of any defect in the Work or non-conformance of the Work to the Contract, commence and prosecute with due diligence all Work necessary to fulfill the terms of the warranty at its sole cost and expense. Contractor shall act sooner as requested by the Agency in response to an emergency. In addition, Contractor shall, at its sole cost and expense, repair and replace any portions of the Work (or work of other contractors) damaged by its defective Work or which becomes damaged in the course of repairing or replacing defective Work. For any Work so corrected, Contractor's obligation hereunder to correct defective Work shall be reinstated for an additional one year period, commencing with the date of acceptance of such corrected Work. Contractor shall perform such tests as the Agency may require to verify that any corrective actions, including, without limitation, redesign, repairs, and replacements comply with the

requirements of the Contract. All costs associated with such corrective actions and testing, including the removal, replacement, and reinstatement of equipment and materials necessary to gain access, shall be the sole responsibility of Contractor. All warranties and guarantees of subcontractors, suppliers and manufacturers with respect to any portion of the Work, whether express or implied, are deemed to be obtained by Contractor for the benefit of the Agency, regardless of whether or not such warranties and guarantees have been transferred or assigned to the Agency by separate agreement and Contractor agrees to enforce such warranties and guarantees, if necessary, on behalf of the Agency. In the event that Contractor fails to perform its obligations under this Section, or under any other warranty or guaranty under this Contract, to the reasonable satisfaction of the Agency, the Agency shall have the right to correct and replace any defective or non-conforming Work and any work damaged by such work or the replacement or correction thereof at Contractor's sole expense. Contractor shall be obligated to fully reimburse the Agency for any expenses incurred hereunder upon demand.

3.16 Employee/Labor Certifications.

3.16.1 Contractor's Labor Certification. By its signature hereunder, Contractor certifies that he is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Work. A certification form for this purpose, which is attached to this Contract as Exhibit "D" and incorporated herein by reference, shall be executed simultaneously with this Contract.

3.16.2 Equal Opportunity Employment. Contractor represents that it is an equal opportunity employer and that it shall not discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, sex, age or other interests protected by the State or Federal Constitutions. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination.

3.16.3 Verification of Employment Eligibility. By executing this Contract, Contractor verifies that it fully complies with all requirements and restrictions of state and federal law respecting the employment of undocumented aliens, including, but not limited to, the Immigration Reform and Control Act of 1986, as may be amended from time to time, and shall require all subcontractors and sub-subcontractors to comply with the same.

3.17 General Provisions.

3.17.1 Agency's Representative. The Agency hereby designates Kent Scown, COO or his or her designee, to act as its representative for the performance of this Contract ("Agency's Representative"). Agency's Representative shall have the power to act on behalf of the Agency for all purposes under this Contract. Contractor shall not accept direction or orders from any person other than the Agency's Representative or his or her designee.

3.17.2 Contractor's Representative. Before starting the Work, Contractor shall submit in writing the name, qualifications and experience of its proposed representative who shall be subject to the review and approval of the Agency ("Contractor's Representative"). Following approval by the Agency, Contractor's Representative shall have full authority to represent and act

on behalf of Contractor for all purposes under this Contract. Contractor's Representative shall supervise and direct the Work, using his best skill and attention, and shall be responsible for all construction means, methods, techniques, sequences and procedures and for the satisfactory coordination of all portions of the Work under this Contract. Contractor's Representative shall devote full time to the Project and either he or his designee, who shall be acceptable to the Agency, shall be present at the Work site at all times that any Work is in progress and at any time that any employee or subcontractor of Contractor is present at the Work site. Arrangements for responsible supervision, acceptable to the Agency, shall be made for emergency Work which may be required. Should Contractor desire to change its Contractor's Representative, Contractor shall provide the information specified above and obtain the Agency's written approval.

3.17.3 Termination. This Contract may be terminated by Agency at any time, either with or without cause, by giving Contractor three (3) days advance written notice. In the event of termination by Agency for any reason other than the fault of Contractor, Agency shall pay Contractor for all Work performed up to that time as provided herein. In the event of breach of the Contract by Contractor, Agency may terminate the Contract immediately without notice, may reduce payment to Contractor in the amount necessary to offset Agency's resulting damages, and may pursue any other available recourse against Contractor. Contractor may not terminate this Contract except for cause. In the event this Contract is terminated in whole or in part as provided, Agency may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated. Further, if this Contract is terminated as provided, Agency may require Contractor to provide all finished or unfinished documents, data, diagrams, drawings, materials or other matter prepared or built by Contractor in connection with its performance of this Contract. Agency shall not be liable for any costs other than the charges or portions thereof which are specified herein. Contractor shall not be entitled to payment for unperformed Work including, without limitation, any overhead and profit on the portion of the Work that is terminated and shall not be entitled to damages or compensation of any kind or nature for termination of Work.

3.17.4 Contract Interpretation. Should any question arise regarding the meaning or import of any of the provisions of this Contract or written or oral instructions from Agency, the matter shall be referred to Agency's Representative, whose decision shall be binding upon Contractor.

3.17.5 Anti-Trust Claims. This provision shall be operative if this Contract is applicable to California Public Contract Code Section 7103.5. In entering into this Contract to supply goods, services or materials, Contractor hereby offers and agrees to assign to the Agency all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Section 15) or under the Cartwright Act (Chapter 2, commencing with Section 16700, of Part 2 of Division 7 of the Business and Professions Code) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the Agency tender final payment to Contractor, without further acknowledgment by the Parties.

3.17.6 Notices. All notices hereunder and communications regarding interpretation of the terms of the Contract or changes thereto shall be provided by the mailing thereof by registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

CONTRACTOR:

[INSERT CONTRACTOR NAME]
[***INSERT CONTRACTOR ADDRESS***]
Attn: [***INSERT CONTRACTOR REP. NAME AND TITLE***]

AGENCY:

San Gorgonio Pass Water Agency
[***INSERT AGENCY ADDRESS***]
Attn: [***INSERT AGENCY REP. NAME AND TITLE***]

Any notice so given shall be considered received by the other Party three (3) days after deposit in the U.S. Mail as stated above and addressed to the Party at the above address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.17.7 Time of Essence. Time is of the essence in the performance of this Contract.

3.17.8 Assignment Forbidden. Contractor shall not, either voluntarily or by action of law, assign or transfer this Contract or any obligation, right, title or interest assumed by Contractor herein without the prior written consent of Agency. If Contractor attempts an assignment or transfer of this Contract or any obligation, right, title or interest herein, Agency may, at its option, terminate and revoke the Contract and shall thereupon be relieved from any and all obligations to Contractor or its assignee or transferee.

3.17.9 No Third Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.17.10 Laws and Venue. This Contract shall be interpreted in accordance with the laws of the State of California. If any action is brought to interpret or enforce any term of this Contract, the action shall be brought in the Superior Court of California for the County of Santa Barbara.

3.17.11 Counterparts. This Contract may be executed in counterparts, each of which shall constitute an original.

3.17.12 Successors. The Parties do for themselves, their heirs, executors, administrators, successors, and assigns agree to the full performance of all of the provisions contained in this Contract.

3.17.13 [Reserved]

3.17.14 Solicitation. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Contract. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration

contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, Agency shall have the right to terminate this Contract without liability.

3.17.15 Conflict of Interest. Contractor maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Contractor, to solicit or secure this Agreement. Further, Contractor warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Contractor, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Contract. For breach or violation of this warranty, Agency shall have the right to rescind this Contract without liability. For the term of this Contract, no official, officer or employee of Agency, during the term of his or her service with Agency, shall have any direct interest in this Contract, or obtain any present or anticipated material benefit arising therefrom. In addition, Contractor agrees to file, or to cause its employees or subcontractors to file, a Statement of Economic Interest with the Agency's Filing Officer as required under state law in the performance of the Work.

3.17.16 Certification of License.

3.17.16.1 Contractor certifies that as of the date of execution of this Contract, Contractor has a current contractor's license of the classification indicated below under Contractor's signature.

3.17.16.2 Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors if a complaint regarding a patent act or omission is filed within four (4) years of the date of the alleged violation. A complaint regarding a latent act or omission pertaining to structural defects must be filed within ten (10) years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, P.O. Box 26000, Sacramento, California 95826.

3.17.17 Authority to Enter Contract. Each Party warrants that the individuals who have signed this Contract have the legal power, right and authority to make this Contract and bind each respective Party.

3.17.18 Entire Contract; Modification. This Contract contains the entire agreement of the Parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Contract may only be modified by a writing signed by both Parties.

3.17.19 Non-Waiver. None of the provisions of this Contract shall be considered waived by either party, unless such waiver is specifically specified in writing.

3.17.20 Agency's Right to Employ Other Contractors. Agency reserves right to employ other contractors in connection with this Project or other projects.

[SIGNATURES ON NEXT PAGE]

**SIGNATURE PAGE FOR CONSTRUCTION CONTRACT
BETWEEN SAN GORGONIO PASS WATER AGENCY
AND GLENN CHAVEZ CONSTRUCTION, INC.**

IN WITNESS WHEREOF, the Parties have entered into this Contract as of the
 [***INSERT DAY***] day of [***INSERT MONTH***], [***INSERT YEAR***].

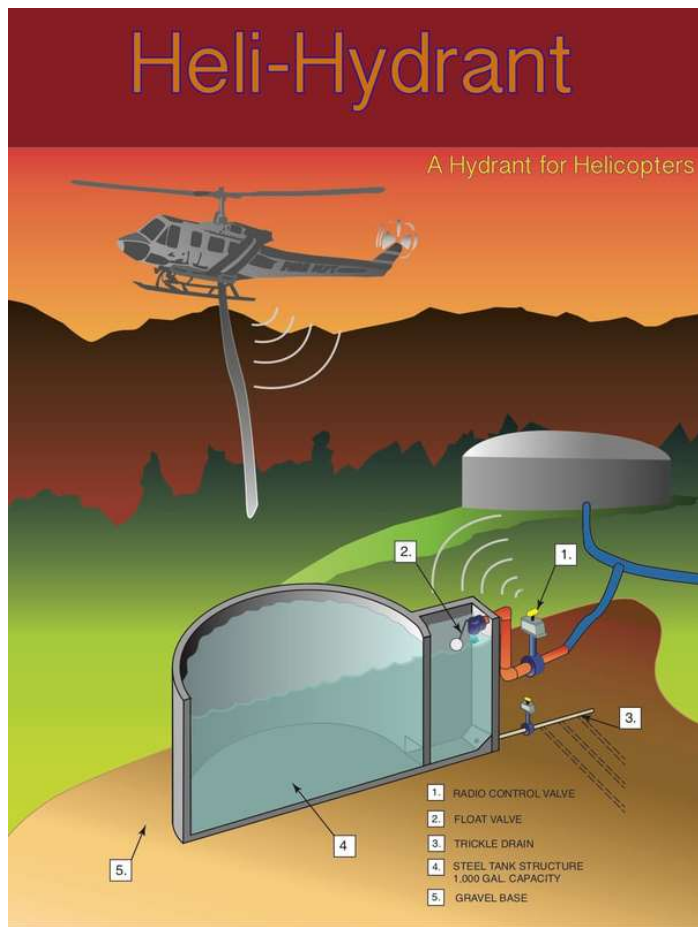
SAN GORGONIO PASS WATER AGENCY	GLENN CHAVEZ CONSTRUCTION, INC.
<p>By: _____ [INSERT NAME] [INSERT TITLE]</p> <p>Date: _____</p> <p>Approved as to Form: _____</p> <p>Best Best & Krieger LLP General Counsel</p>	<p>[TWO SIGNATURES, President OR Vice President AND Secretary OR Treasurer REQUIRED]</p> <p>By: _____ Its: _____ Printed Name: _____ Date: _____</p> <p>By: _____ Its: _____ Printed Name: _____ Date: _____</p>



Consideration of Resolution No. 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction

BOARD OF DIRECTORS

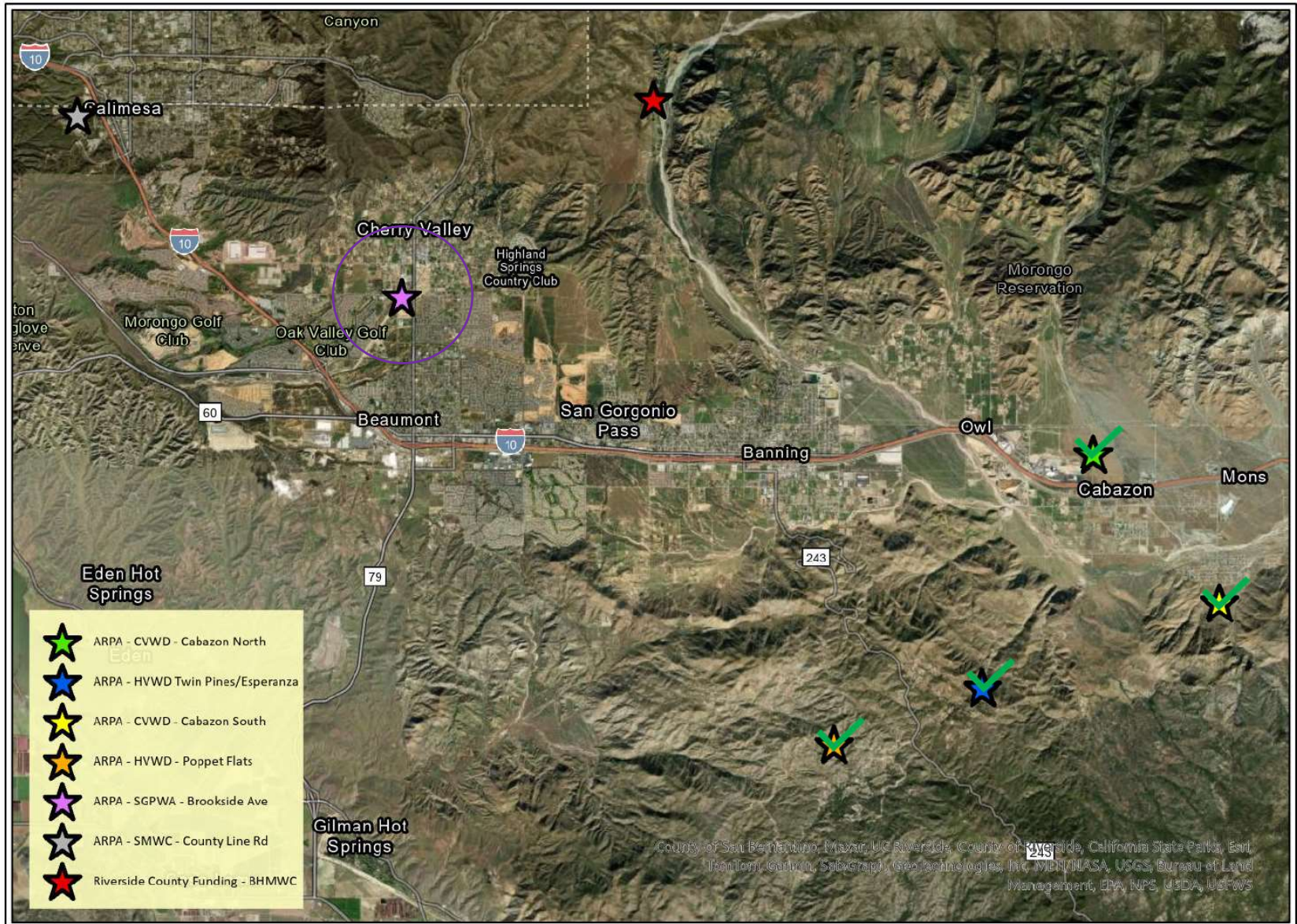
JUNE 1, 2026



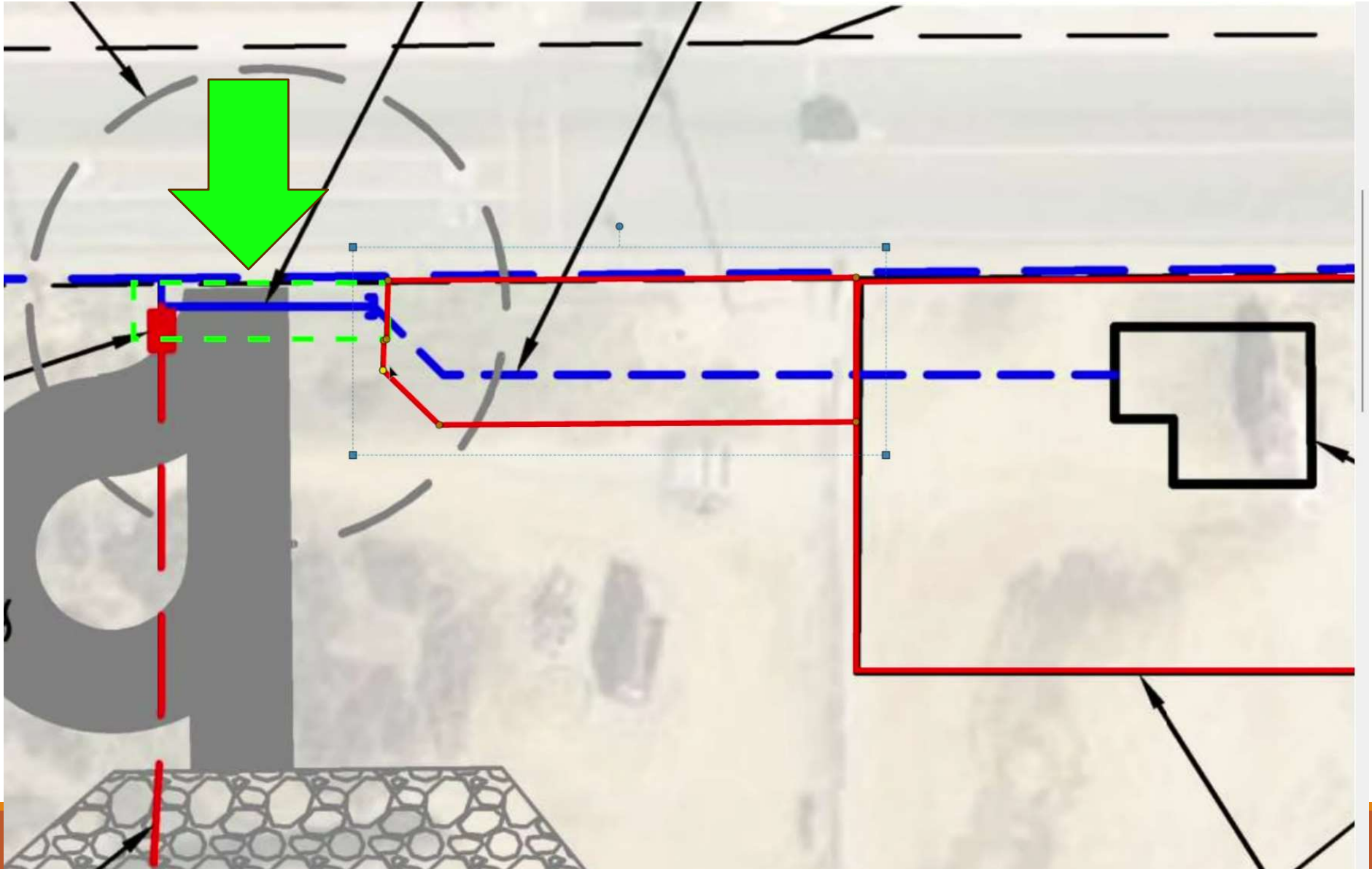
In order to combat wildfires, Heli-Hydrants will be constructed in strategic locations in the San Gorgonio Pass

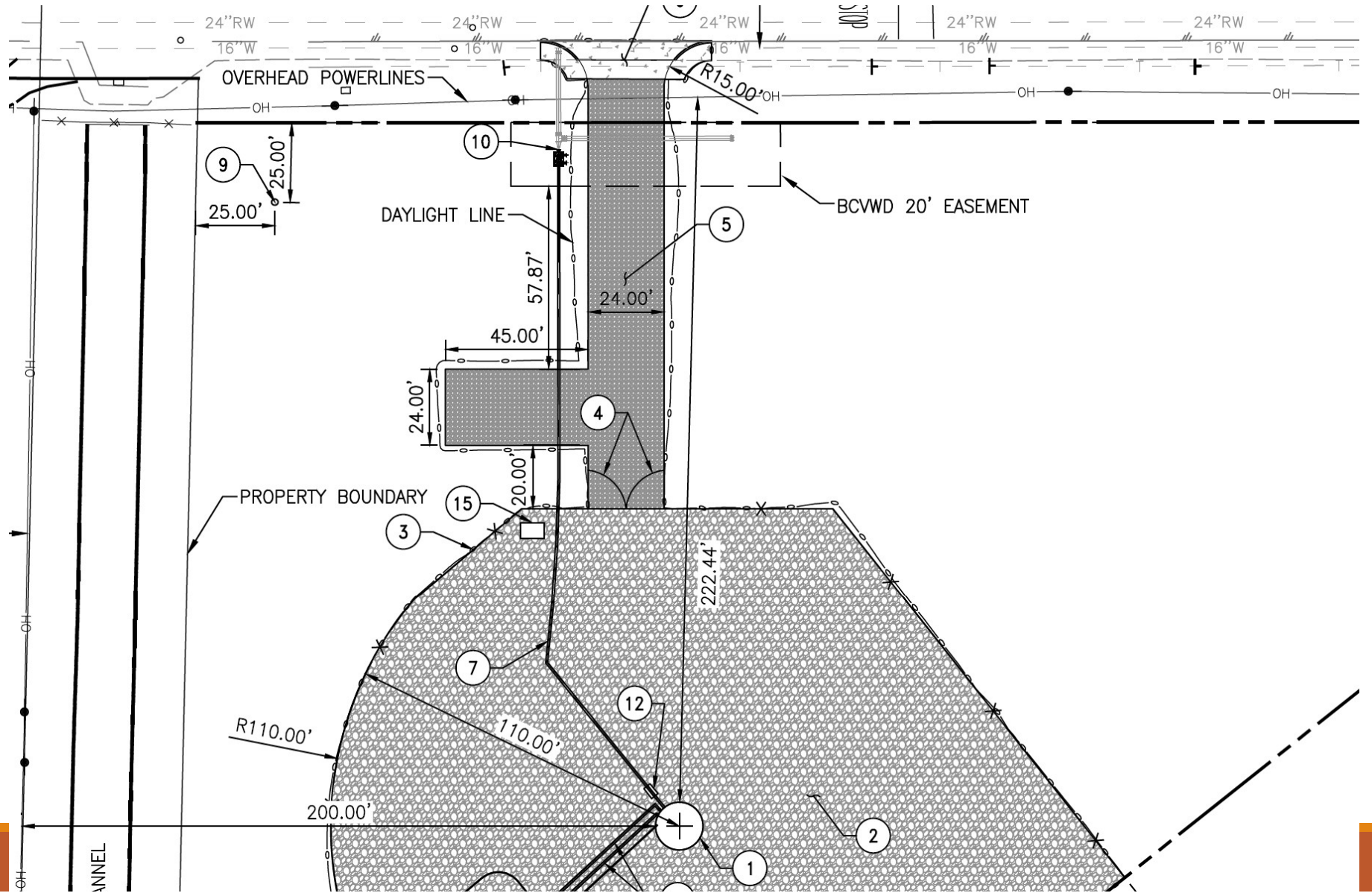
- Six locations spanning from Calimesa to Cabazon
- Utilizing existing water infrastructure
- Provides wildfire protection north and south of the I-10
- County Board of Supervisor Yxstian Gutierrez secured \$1.8M in ARPA funds for the construction of six Heli-Hydrant systems
- Four of the six ARPA funded sites are completed
- The final two sites are anticipated on completing in Q2 or Q3 2026











Recommendation

Adopt Resolution 2026-02 Awarding a Heli-Hydrant Installation Contract to Glenn Chavez Construction for \$330,980.00.