

**AGREEMENT**  
**CITY OF MORRO BAY**  
**STATE OF CALIFORNIA**  
**CONTRACT FOR**  
**MB2022-MA01 – MORRO BAY PARKING LOTS REHABILITATION AND IMPROVEMENT**  
**PROJECT**  
**IN THE CITY OF MORRO BAY, CALIFORNIA**

THIS AGREEMENT (“this Contract” or “this Agreement”) is made and entered into in triplicate this 23rd day of JANUARY, 2024, by and among the City of Morro Bay, a municipal corporation, hereinafter referred to as “City” and **Ramsey Asphalt Construction Corp.**, hereinafter referred to as “Contractor”. In consideration of the mutual covenants, conditions, promises, and agreements herein contained, City and Contractor hereby mutually covenant and agree as follows:

**ARTICLE I – SCOPE OF WORK:**

Each work order issued pursuant to this Agreement and each amendment, as provided herein, shall be based on the unit prices included in the bid upon which this Agreement was awarded. For all work provided pursuant this Agreement and every amendment provided for herein (the “WORK”), Contractor agrees to furnish all tools, equipment, apparatus, facilities, labor and materials necessary to perform and complete in a workmanlike manner, and in strict accordance with the Contract Documents, (defined in Article 6 herein) the WORK of: **MORRO BAY PARKING LOTS REHABILITATION AND IMPROVEMENT PROJECT**: MB2022-MA01, in the City of Morro Bay, State of California, as called for in the drawings and specifications adopted by City, which said drawings and specifications are identified by the signature of the parties of this Agreement. It is understood and agreed the tools, equipment, apparatus, facilities, labor, and materials shall be furnished, and the WORK performed and completed as required in said Contract Documents, and subject to the approval of City and duly authorized representatives.

**ARTICLE 2 - TIME OF COMPLETION:**

- A. The WORK, as defined in the specifications, per the following: The work shall include, but is not limited to, providing all tools, materials, labor, equipment, and incidentals necessary for upgrades to the parking lots indicated in the plans and specifications. The work includes but is not limited to demolition of existing asphalt concrete by means of grinding, grading, placing base and drainage rock materials, new asphalt concrete, new concrete flatwork, ADA improvements, and striping. All utilities will be protected in place or adjusted and returned to their prior condition. The work will also include traffic control, removal and reinstallation of traffic striping and pavement markings, public notifications, and all work necessary to render the infrastructure/facility complete and operational.
- B. Once the Notice to Proceed has been issued, the Contractor shall have Sixty (60) WORKING days to complete their installation. The Contractor shall pay to the City the sum of Five Hundred Dollars (\$500.00), for each and every calendar day, or portion thereof, delay in finishing that installation work in excess of the above-required completion time.
- C. City and Contractor recognize time is of the essence, and the City will suffer losses if the WORK is not completed in the time specified in paragraphs A and B. They also recognize the delays, expense, and difficulties involved in proving in a legal proceeding the actual loss suffered by City if the WORK is not completed on time. Accordingly, instead of requiring any such proof, City and

Contractor agree, as liquidated damages for delay (but not as a penalty) Contractor shall pay City amounts for each day, or portion thereof, that expires after the time and amounts specified in Article 2.A and 2B.

**ARTICLE 3 - CONTRACT PRICE:**

City will pay Contractor in current funds for the full, complete and satisfactory performance the sum of: **TWO HUNDRED THIRTY-SIX THOUSAND, SEVEN HUNDRED EIGHTY-EIGHT DOLLARS, SIXTY-TWO CENTS. (\$236,788.62).**

**ARTICLE 4 – PAYMENT PROCEDURES:**

- A. Contractor shall submit Applications for Payment in accordance with Article 14 of the General Conditions. Applications for Payment will be processed by ENGINEER as provided in the General Conditions.
- B. The acceptance by Contractor of final payment shall be and shall operate as a full and unconditional release to the City of all claims and all liability to Contractor for all things done or furnished in connection with the WORK and for every act and neglect of City and others relating to or arising out of the WORK. No payment, however, final or otherwise, shall operate to release Contractor or sureties from any obligations under this Contract or the Performance and Payment Bond.
- C. The amount of retention on the project shall be five percent (5%) of the WORK completed to date including stored materials, if any.

**ARTICLE 5 – CONTRACTOR’S REPRESENTATIONS:**

In order to induce City to enter into this Agreement the Contractor makes the following representations:

- A. Contractor has examined and carefully studied the Contract Documents and the other related data identified in the Bidding Documents.
- B. Contractor has visited the Site and become familiar with and is satisfied as to the general, local, and Site conditions that may affect cost, progress, and performance of the WORK.
- C. Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect cost, progress, and performance of the WORK.
- D. Contractor has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or contiguous to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site (except Underground Facilities), if any, that have been identified in Paragraph SC-4.02 of the Supplementary Conditions as containing reliable "technical data," and (2) reports and drawings of Hazardous Environmental Conditions, if any, at the Site that have been identified in Paragraph SC-4.06 of the Supplementary Conditions as containing reliable "technical data."
- E. Contractor has considered the information known to Contractor; information commonly known to Contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Contract Documents; and the Site-related reports and drawings identified in the Contract Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the WORK; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Contractor, including any

specific means, methods, techniques, sequences, and procedures of construction expressly required by the Contract Documents; and (3) Contractor's safety precautions and programs.

- F. Based on the information and observations referred to in Paragraph 8.01.E above, Contractor does not consider that further examinations, investigations, explorations, tests, studies, or data are necessary for the performance of the WORK at the Contract Price, within the Contract Times, and in accordance with the other terms and conditions of the Contract Documents.
- G. Contractor is aware of the general nature of work to be performed by Owner and others at the Site that relates to the WORK as indicated in the Contract Documents.
- H. Contractor has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Contractor has discovered in the Contract Documents, and the written resolution thereof by Engineer is acceptable to Contractor.
- I. The Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performance and furnishing of the WORK.

**ARTICLE 6 – CONTRACT DOCUMENTS:**

This Contract shall consist of the following identified documents herein referred to as the Contract Documents: Invitation to Bidders, Instructions for Bidders, Bid Form, Supplements to Bid Form, Agreement, Bond Requirements and Bond Forms, Substitution of Securities, Guarantees, Insurance and Indemnification Requirements, Standard General Conditions, Specifications, City Standard Specifications, and attached supplemental information, Drawings, and any Addenda, for the project, as those documents exist on the date of the first signature to this Contract. There are no other Contract Documents except those listed above. This Contract shall include all labor, materials, equipment, transportation, and services necessary for the proper execution of the WORK. The Contract Documents may only be amended, modified, or supplemented as provided in Paragraph 3.04 of the General Conditions.

**ARTICLE 7 – LAW AND VENUE:**

This Agreement has been executed and delivered in the County of San Luis Obispo, State of California and the validity, enforceability and interpretation of any of the clauses of this Agreement shall be determined and governed by the laws of the State of California. The duties and obligations of the parties created hereunder are performable in the City of Morro Bay and as such the County shall be the venue for any action of proceeding that may be brought or arise out of, in connection with or by reason of this Agreement.

**ARTICLE 8 - CONFLICTS OF INTERESTS:**

No official of City who is authorized on behalf of City to negotiate, make, accept, or approve, or to take part in negotiating, making, accepting, or approving any architectural, engineering, inspection, construction, or material supply contract or any subcontract in connection with the construction of the project, shall become directly or indirectly interested personally in this Contract or in any part thereof. No officer, employee, architect, attorney, engineer, or inspector of or for City who is authorized on behalf of City to exercise any executive, supervisory or other similar function in connection with the construction of the project shall become directly or indirectly interested personally in this Contract or in any part thereof.

**ARTICLE 9 – ASSIGNMENT:**

No assignment by a party hereto of any rights under or interests in this Contract will be binding on another party hereto without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under the Contract Documents.

**ARTICLE 10 – SUCCESSORS:**

City and Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained in the Contract Documents.

**ARTICLE 11 – SEVERABILITY:**

Any provision or part of the Contract Documents held to be void or unenforceable under any Law or Regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon City and Contractor, who agree that the Contract Documents shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

**ARTICLE 12 – CONFLICTS:**

In the event of a conflict between the General Conditions; Bid Documents and this Agreement, the terms and conditions of this Agreement shall control.

**ARTICLE 13 – BONDS:**

- A. PERFORMANCE BOND: Pursuant to Section 20129 of the California Public Contract Code, the successful Bidder shall, within ten (10) working days after award of this Contract simultaneously with the execution and delivery of this Agreement, execute a Faithful Performance Bond in an amount equal to one hundred percent (100%) of the Contract price, secured from a surety company admitted in the State of California and satisfactory to City. The Bond shall be issued on the Performance Bond form contained in these Contract Documents.
- B. PAYMENT BOND: Pursuant to Sections 9550 through 9560, inclusive, of the California Civil Code, the successful bidder shall, within eight (8) working days after award of this Contract exceeding \$25,000, simultaneously with the execution and delivery of the Agreement, execute a Payment Bond in the amount equal to 100% of the Contract price, secured from a surety company admitted in the State of California and satisfactory to City. The Bond shall be issued on the Payment Bond form contained in these Contract Documents.

**ARTICLE 14 - SUBSTITUTIONS OF SECURITIES FOR RETENTION AMOUNTS:**

Substitution of certain securities for retention amounts are allowed under the Public Contract Code at the option of the Contractor. The Contractor is required to formally request the substitution and to conform to the specific provisions of Public Contract Code section 22300.

- A. Acceptable Securities: Whenever retention of monies is authorized to insure performance of Contract conditions, the Contractor shall be permitted to substitute securities for the amount withheld in accordance with Public Contract Code section 22300. Securities eligible for deposit under this procedure shall consist of bank or savings and loan certificates of deposit, interest bearing demand deposit accounts, standby letters of credit, securities listed in Government Code Section 16430, or any other security mutually agreed to by the Contractor and the public agency. The Contractor shall be the beneficiary of the City of any securities substituted for monies withheld and shall receive any interest thereon.
- B. Value of Securities: The value of securities being deposited shall be based upon market value as of the date of deposit and not necessarily on face value of the securities. Market value shall be determined by the City Public Works Director. If deposit is made into an escrow, escrow instructions must clearly state, in addition to the items mentioned in, that the escrow agent must

convert the securities to cash in whole or in part upon a unilateral written demand for such conversion by the City Manager; and further, that any amount demanded by City shall be paid to City upon unilateral written demand for payment. Escrow instructions used must be substantially similar to the form set forth in Public Contract Code section 22300. City will only make such demand for conversion in payment when the conditions of the Contract would have warranted an expenditure by City of a cash retention expenditure without any securities substitution. All escrow expenses shall be paid by Contractor.

- C. Release of Securities: Securities deposited hereunder shall be released back to Contractor when the City Manager has certified in writing to the escrow holder that the project has been satisfactorily completed. The recording of Notice of Completion does not constitute such certification. All retention times called for in these Contract Documents must have passed, including the time after recording of Notice of Completion, before City will certify to satisfactory completion of the Contract.

**ARTICLE 15 – GUARANTEES AND WARRANTIES:**

- A. GUARANTEE FOR TOTAL WORK: Prior to acceptance of the WORK by City, the Contractor shall submit a guarantee in the form of a written warranty on Contractor’s own letterhead as follows:

**“WARRANTY FOR MORRO BAY PARKING LOT REHABILITATION AND IMPROVEMENT PROJECT:** MB2022-MA01: This WORK has been constructed in accordance with the Contract Documents, and the WORK as installed will fulfill the requirements of this warranty, and any other warranty therefor, included in the Contract Documents. We agree to repair or replace any and all of our WORK together with any other adjacent WORK which may be displaced by so doing, that prove to be defective in its workmanship or material for the period of one (1) year (except when otherwise required in this Contract to be for a longer period) from date of acceptance of the above mentioned structure by City, ordinary wear and tear and unusual abuse or neglect excepted. Said date of acceptance shall be the date of acceptance and filing of the Notice of Completion by the City Council.

In the event of our failure to comply with the above-mentioned conditions within seven (7) days after being notified in writing, we collectively or separately, do hereby authorize City to proceed to have said defects repaired and made good at our expense and we will honor and pay the cost and charges therefor on demand.

Signed:

\_\_\_\_\_  
Contractor

\_\_\_\_\_  
License Number

- B. ADDITIONAL GUARANTEES: Additional Guarantees shall be provided as required in the technical sections of the Contract Documents.

**ARTICLE 16 – INSURANCE:**

The parties expressly agree the indemnification and insurance clauses in this Contract are an integral part of the performance exchanged in this Contract. The compensation stated in this Contract includes compensation for the risks transferred to Contractor by the indemnification and insurance clauses.

Attention is invited to the provisions of the Insurance Code of the State of California with reference to the writing of insurance policies and bonds covering risks located in this state, and the premiums and commissions thereon. Contractor shall obtain, and maintain, at his own expense, all the insurance required by this section. The insurance requirements must be met within the time period allowed for Contract execution as defined in the 00 41 13 BID FORM herein.

Required insurance forms are attached as Appendix "A" to these Specifications.

The Notice to Proceed with the WORK under this Contract will not be issued, and Contractor shall not commence WORK, until such insurance has been approved by City. Contractor shall not allow any subcontractor to commence WORK on his subcontract until all similar insurance required for the subcontractor has been obtained. Such insurance shall be maintained in full force and effect at all times during the prosecution of the WORK and until the final completion and acceptance thereof.

A. General Requirements: The following requirements apply to all insurance to be provided by Contractor:

1. A Certificate of Insurance and all required insurance endorsements and documents shall be furnished to City along with contract documents within three (3) days of the receipt of the Notice of Award.
2. Certificates and policies shall state the policies not be canceled or reduced in coverage or changed in any other material aspect without thirty (30) days prior written notice to City, except if cancelation is for non-payment and then notice shall be ten (10) days.
3. Approval of the insurance by City shall not relieve or decrease the extent to which the Contractor may be held responsible for payment of damages resulting from Contractor's services or operations pursuant to this Contract.

**B. Commercial General Liability (CGL):**

1. Contractor shall maintain in full force and effect, for the period covered by this Contract, Commercial General Liability insurance with the following coverages.
  - a. Personal Injury and Bodily Injury, including death resulting therefrom.
  - b. Property Damage.
2. The amount of insurance shall not be less than the following: single limit coverage applying to bodily and personal injury, including death resulting therefrom and property damage coverage in an amount not less than \$2,000,000 per occurrence, \$4,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.
3. The following endorsements must be provided in the policy:
  - a. If the insurance policy covers an "accident" basis, it must be changed to "occurrence".
  - b. The policy must cover personal injury as well as bodily injury.
  - c. Blanket contractual liability must be afforded and the policy must be afforded and the policy must contain a cross liability or severability of interest endorsement.
4. The City of Morro Bay, its officials, officers, employees and agents shall be named as additional insurer under the policy using standard ISO endorsement No. CG 2010. Contractor also agrees to require all subcontracting to do likewise. The policy shall provide that the insurance will operate as primary insurance. No other insurance effected by the City, whether commercial or self-insurance will be called upon to contribute to a loss hereunder. Nothing

contained in this Contract shall be construed to require Contractor's insurance to indemnify City in contravention of Insurance Code 11580.04.

- C. **Workers' Compensation and Employer's Liability Insurance:** Contractor shall maintain Workers' Compensation Insurance (Statutory Limits) and Employer's Liability Insurance (with limits of at least \$1,000,000) for Contractor's employees in accordance with the laws of the State of California, Section 3700 of the Labor Code. In addition, Contractor shall require each subcontractor to similarly maintain Workers' Compensation Insurance and Employer's Liability Insurance in accordance with the laws of the State of California, Section 3700 for all of the subcontractor's employees.

Contractor shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.

- D. **Business Auto Coverage** on ISO Business Auto Coverage from CA 00 01 including symbol 1 (Any Auto) or an acceptable equivalent. Limits are subject to review, but in no event to be less than \$1,000,000 per accident. If Contractor owns no vehicles, then this requirement may be satisfied by a non-owned auto endorsement to the general liability policy described in B., above. If Contractor or Contractor's employees or subcontractors will use personal autos in any way on this project, then Contractor shall provide evidence of personal auto liability coverage for each such person.
- E. **Umbrella or excess liability insurance.** *[if required to meet higher limits.]* Contractor shall obtain and maintain an umbrella liability insurance policy with limits that will provide bodily injury, personal injury, and property damage liability coverage, including commercial general liability, auto liability, and employer's liability. Such policy or policies shall include the following terms and conditions:
- a. A drop-down feature requiring the policy to respond if any primary insurance that would otherwise have applied proves to be uncollectible in whole or in part for any reason, other than bankruptcy or insolvency of said primary insurer;
  - b. "Pay on behalf of" wording as opposed to "reimbursement";
  - c. Concurrency of effective dates with primary policies.

Should Contractor obtain and maintain an excess liability policy, such policy shall be excess over commercial general liability, auto liability, and employer's liability policies. Such policy or policies shall include wording that the excess liability policy follows the terms and conditions of the underlying policies.

- F. **Waiver of subrogation.** All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against Agency, its elected or appointed officers, agents, officials, employees, and volunteers or shall specifically allow Vendor or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Vendor hereby waives its own right of recovery against Agency and shall require similar written express waivers and insurance clauses from each of its subconsultants.
- G. **Duration of coverage.** Contractor shall procure and maintain for the contract period, and any additional length of time required thereafter, insurance against claims for injuries to persons or damages to property, or financial loss which may arise from or in connection with the performance

of the Work hereunder by Contractor, their agents, representatives, employees, or subconsultants. Contractor must maintain general liability and umbrella or excess liability insurance for as long as there is a statutory exposure to completed operations claims. Agency and its officers, officials, employees, and agents shall continue as additional insureds under such policies.

- H. **Products/completed operations coverage.** Products/completed operations coverage shall extend a minimum of three (3) years after project completion. Coverage shall be included on behalf of the insured for covered claims arising out of the actions of independent contractors. If the insured is using subcontractors, the Policy must include work performed “by or on behalf” of the insured. Policy shall contain no language that would invalidate or remove the insurer’s duty to defend or indemnify for claims or suits expressly excluded from coverage. Policy shall specifically provide for a duty to defend on the part of the insurer. The Agency, its officials, officers, agents, and employees, shall be included as additional insureds under the Products and Completed Operations coverage.

**ARTICLE 17 – INDEMNIFICATION:**

- A. Except as otherwise provided in subparagraphs B. and C. below, Contractor shall defend, indemnify and save harmless City, and entities’ agents, officials, officers and employees, from any and all claims demands, damages, costs expenses, judgments, attorney fees or liability relating to any act or omission by the Contractor, or its agents, employees, or certain independent Contractors (described below) which relates in any way to this Contract; regardless of whether said act or omission is willful, negligent or non-negligent. The preceding sentence applies to any theory of recovery relating to said act or omission, including but not limited to the following:
1. Violation of statute, ordinance, or regulation.
  2. Professional malpractice.
  3. Willful, intentional or other wrongful acts, or failures to act.
  4. Negligence or recklessness.
  5. Furnishing of defective or dangerous products.
  6. Completed operations.
  7. Premises liability.
  8. Strict liability.
  9. Inverse condemnation.
  10. Violation of civil rights.
  11. Violation of any federal or state statute, regulation, or ruling resulting in a determination by the Internal Revenue Service, California Franchise Tax Board or any other California public entity responsible for collecting payroll taxes, when Contractor is not an independent contractor. The certain “independent contractors” referenced above refer to independent contractors which are either hired by Contractor, directly responsible to Contractor, or under the direction or control of Contractor.
- B. Nothing contained in the foregoing indemnity provision shall be construed to require indemnification for liability arising from proven willful misconduct of City.
- C. Nothing contained in the foregoing indemnity provision shall be construed to require indemnification for that portion of any liability attributable to the active negligence of City provided, however, this exception for active negligence shall not apply to (1) liability arising from the passive negligence of City, or (2) that portion of any liability attributable to any act or omission, whether willful misconduct or active or passive negligence on the part of the Contractor.



- D. Contractor shall have the burden of proving the exception described in paragraphs B and C above.
- E. It is the intent of the parties to provide City the fullest indemnification, defense, and “hold harmless” rights allowed under the law. If any word(s) contained herein are deemed by a court to be in contravention of applicable law, then said word(s) shall be severed from this Contract and the remaining language shall be given full force and effect.

**ARTICLE 18 – COMPLIANCE WITH LAWS:**

Federal and State Laws and Regulations: The project shall be constructed under the complete jurisdiction of all applicable laws of the United States and State of California governing construction including, without limitation, the following:

- A. The California Health and Safety Code and all applicable administrative code regulations pursuant thereto.
- B. All laws governing the employment of labor, qualifications for employment of aliens, payment of employees, convict-made materials, domestic and foreign materials and accident prevention.
- C. Title 19 of the California Administrative Code entitled “Public Safety” Chapter 1, State Fire Marshall, Sub-Chapter 1, “General Fire and Panic Safety”.
- D. General Industrial Safety Orders: Each and every Contractor shall observe and conform to the provisions of Title 8, California Administrative Code bearing upon safe and proper use, construction, disposal, etc., of materials, machinery, and building appurtenances as therein set forth.
- E. Code Rules and Safety Orders: All work and materials shall be in full accordance with the latest - substantive rules and regulations of the State Fire Marshall, the safety orders of the Division of Industrial Safety, Department of Industrial Relations; the Uniform Building Code, National Electric Code, Uniform Mechanical Code, Uniform Plumbing Code, and other applicable State Laws or Regulations. Nothing in these plans and specifications is to be construed to permit WORK not conforming to these codes.

Note: The procedural aspects of the Uniform Codes referred to above may not apply to the WORK of this Contract, but the substantive provisions do apply. All of the above laws and regulations though referred to herein, are as much a part of the Contract as if they were incorporated in their entirety in these General Conditions.

- F. Prevailing Wage Law:

a.) Public Work. The Parties acknowledge that the work to be performed under this Agreement is a “public work” as defined in Labor Code Section 1720 and that this Agreement is therefore subject to the requirements of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works contracts and the rules and regulations established by the Department of Industrial Relations (“**DIR**”) implementing such statutes. The work performed under this Agreement is subject to compliance monitoring and enforcement by the DIR. Contractor shall post job site notices, as prescribed by regulation.

b.) Registration with DIR. Pursuant to Labor Code section 1771.1, Contractor and all subcontractors must be registered with, and pay an annual fee to, the DIR prior to and during the performance of any work under this Agreement.

c.) Prevailing Wages. Contractor shall pay prevailing wages to the extent required by Labor Code Section 1771. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages are on file at City Hall and will be made available to any interested party on request. By initiating any work under this Agreement, Contractor acknowledges receipt of a copy of the DIR determination of the prevailing rate of per diem wages, and Contractor shall post a copy of the same at each job site where work is performed under this Agreement. Contractor assumes responsibility for the payment of prevailing wages and shall indemnify City and hold City harmless from any and all claims made by the State of California, the DIR, any subcontractor, any worker, or any other third party with respect thereto.

d.) Penalty for Failure to Pay Prevailing Wages. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to the City, forfeit two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Contractor or by any subcontractor.

e.) Payroll Records. Contractor shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Contractor and each subcontractor to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform the City of the location of the records.

f.) Apprentices. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6, and 1777.7 and California Code of Regulations Title 8, Section 200 *et seq.* concerning the employment of apprentices on public works projects. Contractor shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Contractor shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within sixty (60) days after concluding work pursuant to this Agreement, Contractor and each of its subcontractors shall submit to the City a verified statement of the journeyman and apprentice hours performed under this Agreement.

g.) Eight-Hour Work Day. Contractor acknowledges that eight (8) hours labor constitutes a legal day's work. Contractor shall comply with and be bound by Labor Code Section 1810.

h.) Penalties for Excess Hours. Contractor shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Contractor shall, as a penalty to the City, forfeit twenty-five dollars (\$25) for each worker employed in the performance of this Agreement by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Contractor in excess of eight (8) hours per day, and forty (40) hours during any one week shall be permitted upon public work upon compensation for all hours

worked in excess of 8 hours per day at not less than one and one-half (1½) times the basic rate of pay.

i.) Workers' Compensation. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees if it has employees. In accordance with the provisions of California Labor Code Section 1861, Contractor certifies as follows: "I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract."

j.) Contractor's Responsibility for Subcontractors. For every subcontractor who will perform work under this Agreement, Contractor shall be responsible for such subcontractor's compliance with Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code, and shall make such compliance a requirement in any contract with any subcontractor for work under this Agreement. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation, conducting a review of the certified payroll records of the subcontractor on a periodic basis or upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Contractor shall diligently take corrective action to halt or rectify any such failure by any subcontractor.

--SIGNATURES ON NEXT PAGE--

IN WITNESS, WHEREOF, the parties to these presents have hereunto set their hands the year and date first above written.

CITY OF MORRO BAY

ATTEST:

\_\_\_\_\_  
Yvonne Kimball, City Manager

\_\_\_\_\_  
DANA SWANSON, City Clerk

CONTRACTOR:

APPROVED AS TO FORM:

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

\_\_\_\_\_  
CHRIS F. NEUMEYER, City Attorney

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

Licensed in accordance with an act providing for the registration of Contractors.

License No. \_\_\_\_\_; Classification \_\_\_\_\_; Expires \_\_\_\_/\_\_\_\_/20\_\_\_\_