

Standard Form of
Agreement Between
Owner and Design-
Builder – Cost Plus
Fee with an Option
for a Guaranteed
Maximum Price

Document No. 530

Second Edition, 2010

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Washington, D.C.





Design-Build Institute of America - Contract Documents LICENSE AGREEMENT

By using the DBIA Contract Documents, you agree to and are bound by the terms of this License Agreement.

- 1. License.** The Design-Build Institute of America ("DBIA") provides DBIA Contract Documents and licenses their use worldwide. You acknowledge that DBIA Contract Documents are protected by the copyright laws of the United States. You have a limited nonexclusive license to: (a) Use DBIA Contract Documents on any number of machines owned, leased or rented by your company or organization; (b) Use DBIA Contract Documents in printed form for bona fide contract purposes; and (c) Copy DBIA Contract Documents into any machine-readable or printed form for backup or modification purposes in support of your permitted use.
- 2. User Responsibility.** You assume sole responsibility for the selection of specific documents or portions thereof to achieve your intended results, and for the installation, use, and results obtained from the DBIA Contract Documents. You acknowledge that you understand that the text of the DBIA Contract Documents has important legal consequences and that consultation with an attorney is recommended with respect to use or modification of the text. You will not represent that any of the contract documents you generate from DBIA Contract Documents are DBIA documents unless (a) the document text is used without alteration or (b) all additions and changes to, and deletions from, the text are clearly shown.
- 3. Copies.** You may not use, copy, modify, or transfer DBIA Contract Documents, or any copy, modification or merged portion, in whole or in part, except as expressly provided for in this license. Reproduction of DBIA Contract Documents in printed or machine-readable format for resale or educational purposes is expressly prohibited. You will reproduce and include DBIA's copyright notice on any printed or machine-readable copy, modification, or portion merged into another document or program.
- 4. Transfers.** You may not transfer possession of any copy, modification or merged portion of DBIA Contract Documents to another party, except that a party with whom you are contracting may receive and use such transferred material solely for purposes of its contract with you. You may not sublicense, assign, or transfer this license except as expressly provided in this Agreement, and any attempt to do so is void.
- 5. Term.** The license is effective for one year from the date of purchase. DBIA may elect to terminate it earlier, by written notice to you, if you fail to comply with any term or condition of this Agreement.
- 6. Limited Warranty.** DBIA warrants the electronic files or other media by which DBIA Contract Documents are furnished to be free from defects in materials and workmanship under normal use during the Term. There is no other warranty of any kind, expressed or implied, including, but not limited to the implied warranties of merchantability and fitness for a particular purpose. Some states do not allow the exclusion of implied warranties, so the above exclusion may not apply to you. This warranty gives you specific legal rights and you may also have other rights which vary from state to state. DBIA does not warrant that the DBIA Contract Documents will meet your requirements or that the operation of DBIA Contract Documents will be uninterrupted or error free.
- 7. Limitations of Remedies.** DBIA's entire liability and your exclusive remedy shall be: the replacement of any document not meeting DBIA's "Limited Warranty" which is returned to DBIA with a copy of your receipt, or at DBIA's election, your money will be refunded. In no event will DBIA be liable to you for any damages, including any lost profits, lost savings or other incidental or consequential damages arising out of the use or inability to use DBIA Contract Documents even if DBIA has been advised of the possibility of such damages, or for any claim by any other party. Some states do not allow the limitation or exclusion of liability for incidental or consequential damages, so the above limitation or exclusion may not apply to you.
- 8. Acknowledgement.** You acknowledge that you have read this agreement, understand it and agree to be bound by its terms and conditions and that it will be governed by the laws of the District of Columbia. You further agree that it is the complete and exclusive statement of your agreement with DBIA which supersedes any proposal or prior agreement, oral or written, and any other communications between the parties relating to the subject matter of this agreement.

INSTRUCTIONS

For DBIA Document No. 530 Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee with an Option for a Guaranteed Maximum Price (2010 Edition)

Checklist

Use this Checklist to ensure that the Agreement is fully completed and all exhibits are attached.

_____	Page 1	Owner's name, address and form of business
_____	Page 1	Design-Builder's name, address and form of business
_____	Page 1	Project name and address
_____	Section 2.1.3	Identify other exhibits to the Agreement
_____	Section 4.2	Note the optional provisions that are provided
_____	Section 4.3.2	Complete blanks for additional sum for use of Work Product
_____	Section 5.2.1	Complete blanks for calendar days and note the optional language that is provided
_____	Section 5.2.2	Insert any interim milestones (optional)
_____	Section 5.4	Complete blanks for liquidated damages and note the optional provisions that are provided
_____	Section 5.5	If the parties select the option provided they have to insert an amount
_____	Section 5.6	Complete blanks for early completion bonus and note the optional provision that is provided
_____	Section 5.7	Note the optional provisions that are provided
_____	Section 6.1.2	Insert basis for pricing preliminary services (optional)
_____	Section 6.2.1	Choose basis for Fee and complete blanks
_____	Section 6.2.2	Insert financial arrangements for adjustments and note optional provisions
_____	Section 6.3.3	Complete blanks for markup; insert or attach personnel names, etc.
_____	Section 6.3.4	Note the optional provision that is provided
_____	Section 6.4.4	Note the optional provision that is provided
_____	Section 6.6.1.1	Complete blanks for GMP, and note the optional provision that is provided
_____	Section 6.6.1.2	Complete blanks for Design-Builder's Contingency
_____	Section 6.6.3.1	Choose method for sharing savings; complete blanks
_____	Section 6.7.1	Note optional provision
_____	Section 7.1.1	Complete blanks for day of month
_____	Section 7.2.1	Complete blanks for retention percentage and note optional provision
_____	Section 7.2.2	Note the optional provision that is provided
_____	Section 7.4	Complete blanks for interest rate
_____	Section 8.1.3	Choose overhead/profit method for termination for convenience
_____	Section 8.2.1	Complete blanks for percentages
_____	Section 8.2.2	Complete blanks for percentages
_____	Section 9.1.1	Insert Owner's Senior Representative's name, etc. (optional)
_____	Section 9.1.2	Insert Owner's Representative's name, etc. (optional)
_____	Section 9.2.1	Insert Design-Builder's Senior Representative's name, etc. (optional)
_____	Section 9.2.2	Insert Design-Builder's Representative's name, etc. (optional)
_____	Section 10.1	Attach Insurance Exhibit
_____	Section 10.2	Insert amount and conditions of bonds or other security and note the options that are provided
_____	Section 11.1	Insert any other provisions (optional)
_____	Last Page	Owner's and Design-Builder's execution of the Agreement

General Instructions

No.	Subject	Instruction
1.	Standard Forms	Standard form contracts have long served an important function in the United States and international construction markets. The common purpose of these forms is to provide an economical and convenient way for parties to contract for design and construction services. As standard forms gain acceptance and are used with increased frequency, parties are able to enter into contracts with greater certainty as to their rights and responsibilities.
2.	DBIA Standard Form Contract Documents	Since its formation in 1993, the Design-Build Institute of America (“DBIA”) has regularly evaluated the needs of owners, design-builders, and other parties to the design-build process in preparation for developing its own contract forms. Consistent with DBIA’s mission of promulgating best design-build practices, DBIA believes that the design-build contract should reflect a balanced approach to risk that considers the legitimate interests of all parties to the design-build process. DBIA’s Standard Form Contract Documents reflect a modern risk allocation approach, allocating each risk to the party best equipped to manage and minimize that risk, with the goal of promoting best design-build practices.
3.	Use of Non-DBIA Documents	To avoid inconsistencies among documents used for the same project, DBIA’s Standard Form Contract Documents should not be used in conjunction with non-DBIA documents unless the non-DBIA documents are appropriately modified on the advice of legal counsel. Moreover, care should also be taken when using different editions of the DBIA Standard Form Documents on the same project to ensure consistency.
4.	Legal Consequences	DBIA Standard Form Contract Documents are legally binding contracts with important legal consequences. Contracting parties are advised and encouraged to seek legal counsel in completing or modifying these Documents.
5.	Reproduction	DBIA hereby grants to purchasers a limited license to reproduce its Documents consistent with the License Agreement accompanying these Documents. At least two original versions of the Agreement should be signed by the parties. Any other reproduction of DBIA Documents is strictly prohibited.
6.	Modifications	<p>Effective contracting is accomplished when the parties give specific thought to their contracting goals and then tailor the contract to meet the unique needs of the project and the design-build team. For that reason, these Documents may require modification for various purposes including, for example, to comply with local codes and laws, or to add special terms. DBIA’s latest revisions to its Documents provide the parties an opportunity to customize their contractual relationship by selecting various optional contract clauses that may better reflect the unique needs and risks associated with the project.</p> <p>Any modifications to these Documents should be initialed by the parties. At no time should a document be re-typed in its entirety. Re-creating the document violates copyright laws and destroys one of the advantages of standard forms-familiarity with the terms.</p>
7.	Execution	It is good practice to execute two original copies of the Agreement. Only persons authorized to sign for the contracting parties may execute the Agreement.

Specific Instructions

Section	Title	Instruction
General	Purpose of This Agreement	<p>DBIA Document No. 530 (“Agreement”) should be used when the parties intend that Owner pay Design-Builder the Cost of the Work plus a Fee, with or without a Guaranteed Maximum Price (“GMP”). If there is uncertainty about Owner’s Project Criteria, or the Project Criteria remain to be developed by Owner and Design-Builder together, a cost-plus/GMP contracting approach is desirable.</p> <p>If there is certainty as to Owner’s Project Criteria, a lump sum fixed price for the completion of all design and construction services may be suitable, especially when the Owner procures Design-Builder’s services by competitive means. In such case, DBIA Document No. 525 should be used.</p>
General	Purpose of These Instructions	These Instructions are not part of this Agreement, but are provided to aid the parties in their understanding of the Agreement and in completing the Agreement.
General	Related Documents	This Agreement shall be used in conjunction with the General Conditions of Contract. Other related Contract Documents are listed in Article 2 of this Agreement.
General	Date	On Page 1, enter the date when both parties reach a final understanding. It is possible, due to logistical reasons, that the dates when the parties execute the Agreement may be different. Once both parties execute the Agreement, the effective date of the Agreement will be the date recorded on Page 1. This date does not, however, determine Contract Time, which is measured according to the terms of Article 5.
General	Parties: Owner and Design-Builder	On Page 1, enter the legal name and full address of Owner and Design-Builder, as well as the legal form of each entity, e.g., corporation, partnership, limited partnership, limited liability company, or other.
2.1.2	GMP Exhibit, GMP Proposal	If a GMP is established upon execution of this Agreement, the GMP Exhibit must be attached pursuant to Section 6.6.1.1. If a GMP is established after execution of this Agreement, the GMP Proposal must be attached pursuant to Section 6.6.2. Both the GMP Exhibit and GMP Proposal will include those Basis of Design Documents Design-Builder uses as the basis for its GMP.
2.1.5	Construction Documents	After execution of the Agreement, and consistent with the requirements of Section 2.4 of the General Conditions of Contract, Design-Builder will prepare Construction Documents, subject to Owner’s review and approval.
3.2	Order of Precedence	The Contract Documents are listed in Section 2.1 in the order of their precedence. The GMP Exhibit and GMP Proposal are based on the Basis of Design Documents, which are comprised of various documents. The parties should strongly consider establishing the priority of the various documents comprising the GMP Exhibit or GMP Proposal to avoid disputes should discrepancies arise among the documents. Moreover, Section 2.1.3 recognizes that there may be other exhibits attached to this Agreement. If this is the case, the parties should discuss whether these exhibits should be part of the Basis of Design Documents. If these exhibits are not made part of the Basis of Design Documents, these exhibits will not take priority over the Basis of Design Documents in the event of a conflict.
3.3	Definitions	Terms, words and phrases used in the Agreement shall have the same meanings used in the General Conditions of Contract.
3.4	Design Specifications	The Owner is cautioned that if it includes design specifications in its Project Criteria there is case law holding that the Design-Builder is entitled to rely on such information, and to the extent such information is not accurate, the Design-Builder will be entitled to an adjustment in the Contract Price and/or Contract Time. Accordingly, the Owner to avoid such potential liability should consider using performance specifications.

Section	Title	Instruction
4.1	Work Product	This Agreement provides that the Design-Builder shall retain ownership of the Work Product it produces, but obligates Design-Builder to grant a limited license to Owner to use the Work Product according to the terms and circumstances described in Sections 4.2, 4.3, 4.4 and 4.5.
4.2	Owner's Limited License Upon Payment in Full	Design-Builder shall grant Owner, at Owner's sole risk, a limited license to use the Work Product at the completion of the Work in connection with Owner's occupation of the Project. This Section also provides the parties with the option of transferring ownership of some or all of the Work Product to the Owner upon payment in full for all Work performed. Generally, where the Owner desires ownership of Work Product, it is sufficient to transfer ownership of unique architectural and design elements.
4.3	Owner's Limited License Upon Owner's Termination for Convenience or Design-Builder's Election to Terminate	Owner should not use the Termination for Convenience Clause to obtain Design-Builder's valuable design concepts, and then seek lower bids from other design-builders. Therefore, where Owner terminates this Agreement for its convenience, and then decides to complete the Project with its own or third party forces, Design-Builder shall grant Owner the rights set forth in Section 4.2, provided Owner pays Design-Builder all amounts due Design-Builder as required by the Contract Documents, including paying Design-Builder an additional sum per Section 4.3.2 for the use of the Work Product. In the event Design-Builder elects to terminate this Agreement for cause, for reasons set forth in Section 11.4 of the General Conditions of Contract, these same conditions apply to Owner's use of the Work Product.
4.3.2	Additional Compensation	To minimize disputes, the parties should negotiate prior to the execution of the Agreement the amount Owner shall pay Design-Builder for the use of Design-Builder's Work Product in the event Owner terminates this Agreement for its convenience or Design-Builder elects to terminate this Agreement for cause. Enter this amount.
4.4	Owner's Limited License Upon Design-Builder's Default	If Design-Builder is properly terminated for default, Owner is granted a limited license to use the Work Product, to complete the Project, and Owner shall thereafter have the same rights and obligations as set forth in Section 4.2.
4.5	Owner's Indemnification for Use of Work Product	Owner's use or alteration of the Work Product shall be at its sole risk, and Owner must agree to defend, indemnify and hold harmless Design-Builder and anyone working by or through Design-Builder, including Design Consultants of any tier.
5.1	Date of Commencement	Design-Builder's obligation to commence work is triggered by its receipt of a Notice to Proceed unless the parties mutually agree otherwise.
5.2.1	Substantial Completion of the Entire Work	Enter the calendar days duration by which Substantial Completion has to be achieved. The parties in this Section have the option of modifying the definition of Substantial Completion set forth in the General Conditions of Contract if they want to use a Temporary Certificate of Occupancy as the benchmark. If this option is selected, Substantial Completion will be deemed to be achieved no later than the date a Temporary Certificate of Occupancy is issued if applicable to the Project.

Section	Title	Instruction
5.2.2	Interim Milestones	<p>It may be that some portions of the Work must be completed in phases or within a prescribed period of time to accommodate Owner's needs. The parties may, at their option, identify these portions of the Work to be completed prior to Substantial Completion of the entire Work. Enter the calendar days, starting from the Date of Commencement, for achieving Substantial Completion of these identified portions of the Work. If these portions of the Work are required to be substantially completed by certain milestone dates, enter those dates. As presently drafted, no remedy is provided to the Owner if an interim milestone is not met. If the Owner has special requirements as it relates to interim milestones, the Owner may want to consider a remedy for the Design-Builder's failure to meet an interim milestone, as well as providing a bonus to the Design-Builder for satisfying such interim milestone.</p>
5.4	Liquidated Damages	<p>Owner should make a good faith evaluation of the amount that is reasonably necessary to compensate it for delay. Owner should not establish liquidated damages to penalize Design-Builder. Moreover, in the event a GMP is not established upon execution of the Agreement, it appears prudent for the parties to refrain from establishing liquidated damages until such time as the GMP is established.</p> <p>Section 5.4 establishes a grace period between the Scheduled Substantial Completion Date and the assessment of liquidated damages in order to prevent disputes as to which party bears responsibility for only a few days of delay. The parties should enter the calendar days that may pass following the Scheduled Substantial Completion Date before liquidated damages will be assessed.</p> <p>The parties are also provided the option of establishing liquidated damages if the Design-Builder fails to achieve Final Completion within a specified number of days after Substantial Completion. If this option is selected, the parties have to negotiate the number of days, as well as the liquidated damages amount. The parties in negotiating liquidated damages should keep in mind that the amount of liquidated damages for failing to achieve Final Completion should be a considerably scaled down amount and should reflect the financial harm to the Owner. In no case should the total amount of liquidated damages for the Project exceed an amount that is reasonably necessary to compensate Owner for Project delay.</p> <p>The parties also have the option here of eliminating liquidated damages altogether, in which case the Owner can recover actual damages for Project delay at an amount that is capped by the parties. The Owner is cautioned that it still cannot recover consequential damages, as they are waived under Section 10.5.1 of the General Conditions of Contract.</p>
5.5	Liquidated Damages Cap	<p>The parties can agree to cap liquidated damages for delay at a negotiated amount.</p>

Section	Title	Instruction
5.6	Early Completion Bonus	If the Project economics justify liquidated damages, then it is appropriate to couple these liquidated damages with an early completion bonus. The parties should enter the number of calendar days prior to the Scheduled Substantial Completion Date that will set the Bonus Date. Also, enter the amount of the bonus to be paid per day that will allow Owner to share with Design-Builder the economic benefits of early completion. Moreover, in the event a GMP is not established upon execution of the Agreement, it appears prudent for the parties to refrain from establishing an early completion bonus until such time as the GMP is established. The parties also have the option in Section 5.6 of capping the early completion bonus at a negotiated amount.
5.7	Compensation for Force Majeure Events	The parties are provided the opportunity of providing the Design-Builder the right to receive compensation for Force Majeure Events. By selecting this option, the parties agree to modify Section 8.2.2 of the General Conditions of Contract, in which case the parties have to negotiate how many cumulative days of Force Majeure delays must occur before the Design-Builder is entitled to either a negotiated amount per day for delay or the direct costs it has incurred as a result of such delay.
6.1.2	Optional Pricing	This Agreement allows the parties the flexibility to establish within the Contract Price a different payment basis for certain preliminary portions of the Work which may be necessary to permit Design-Builder to furnish Owner with a GMP. Alternatively, the parties may use DBIA Document No. 520 to perform certain preliminary design services prior to setting the GMP. Enter a description of any such services, the basis for determining the price, and the price to be paid.
6.2.1	Design-Builder's Fee	Enter the amount of Design-Builder's Fee as a sum certain or as a percentage of the Cost of the Work. Design-Builder's Fee shall be commensurate with the services it provides and the risk it assumes in providing single point responsibility to Owner.
6.2.2	Adjustments to Design-Builder's Fee	For additive Change Orders, the parties have to negotiate the Fee the Design-Builder will receive. For deductive Change Orders, the parties have the option by checking the appropriate box to signify whether there will be no additional reduction or whether there will be an additional reduction based on a negotiated percentage.
6.3.3	Wages for Design-Builder's Employees at Principal or Branch Offices	DBIA endorses reimbursing salaries and associated benefits of Design-Builder's Project personnel, such as accountants, stationed at offices other than the field office, when to do so is more efficient and cost effective. Enter the percentage markup to be applied for Project-related overhead associated with such personnel. Insert, or attach as an exhibit, a list of such personnel and their job functions.
6.3.4	Employee Benefits	It may be simpler for the parties to agree on a multiplier (rather than actual costs) to compensate the Design-Builder for employee benefits. Accordingly, the parties may want to insert the multiplier to be applied to the wages and salaries of such reimbursable employees.

Section	Title	Instruction
6.3.7	Costs for Defective/Non-Conforming Work	The Cost of the Work shall include the costs to repair or correct defective or non-conforming Work (including warranty or corrective work performed after Substantial Completion). unless caused by Design-Builder's negligence. DBIA believes that Design-Builder should not be penalized for inadvertent mistakes which are inevitable when designing and constructing a Project. To do so would encourage ultra-conservatism in every task, the ultimate cost of which would be greater than a proactive approach to performing the Work.
6.3.23	Maintenance and Warranty Bond	At this section, the parties are provided the opportunity to establish prior to Final Completion an escrow account in a negotiated amount to be used to reimburse the Design-Builder for its costs incurred in performing warranty Work. If funds remain in the escrow account after the expiration of the warranty period, the funds are returned to the Owner subject to Design-Builder's share of any savings. Note that even if the escrow account is exhausted, if funds remain under the GMP, the Owner is still obligated to reimburse the Design-Builder for its warranty Work.
6.4.4	Allowance Value	This section recognizes that the parties may agree that certain items of Work should be treated as an Allowance Item and priced based on Allowance Values. The Allowance Value for which the Design-Builder will be entitled to receive compensation includes direct cost of labor, materials, equipment, transportation, taxes and insurance associated with the Allowance Item. All other costs associated with the Allowance Item, such as design fees, general conditions costs and fee, are deemed to be included in the Contract Price. However, by checking the box, the parties agree that in the event the actual cost of the Allowance Item is greater than or less than the Allowance Value by a negotiated percentage, then Design-Builder's right to Fee and markup shall be determined pursuant to Section 6.2.2.
6.6	The Guaranteed Maximum Price	<p>This Agreement provides the parties flexibility in establishing the Contract Price. Parties can establish a GMP before or after entering into this Agreement, or elect to proceed on the basis of costs plus a fee, without a GMP.</p> <p>If a GMP method is elected, the GMP should not be established until the Basis of Design Documents are sufficiently defined to make the GMP realistic and meaningful. Setting it too early does not permit reasonable opportunity for scope definition and evaluation of Project risk. On the other hand, setting it too late may not achieve Owner's objective of having an early price guarantee to enable it to make decisions relative to the Project.</p>

Section	Title	Instruction
6.6.1.1	GMP at Agreement Execution	<p>Enter the GMP, if appropriate. Attach as an exhibit to this Agreement the Basis of Design Documents used to establish the GMP. These documents comprise the GMP Exhibit which shall become a Contract Document pursuant to Section 2.1.1 of the Agreement. The Design-Builder does not guarantee any specific line item provided as part of the GMP.</p> <p>By selecting the alternate option, the Design-Builder agrees to guarantee the line item in its GMP for general conditions costs only. The Design-Builder agrees that it is responsible for paying general conditions costs in excess of this line item. The Design-Builder does not guarantee any other line items in the GMP.</p>
6.6.1.2	GMP Contingency	<p>Enter the amount of Design-Builder's Contingency. The Contingency is for the exclusive use of the Design-Builder and covers all unanticipated costs incurred that are not the basis of a Change Order. This section sets forth by way of example only the type of costs that would be funded out of the Contingency. Other costs, such as but not limited to any deductibles the Design-Builder is obligated to pay, would be subject to reimbursement. The Design-Builder is also required to provide the Owner with a monthly status report accounting for the Contingency, including all reasonably foreseen uses and potential uses of the Contingency for the upcoming three months.</p> <p>While not provided for in the Contingency provision, DBIA recognizes that there may be situations where the Owner will want to recapture the Contingency prior to Final Completion. For example, the Owner may want to use amounts in the Contingency to fund changes to the Project. The Owner's desire has to be balanced against the Design-Builder's need to use the Contingency to fund unanticipated costs for which it is liable. Accordingly, balancing these competing concerns is usually accomplished by releasing some of the Contingency to the Owner after the Design-Builder has bought out the Subcontractors, providing that the Design-Builder is not obligated to release Contingency amounts in excess of amounts identified for reasonably foreseen uses or potential uses of the Contingency.</p>

Section	Title	Instruction
6.6.2.1	GMP Proposal After Execution of This Agreement	<p>At the request of Owner, Design-Builder shall submit its GMP Proposal, which shall include the items listed in Sections 6.6.2.1.1 to 6.5.2.1.9. If the parties agree to additions or deletions from this list, modify this Section 6.6.2.1 appropriately.</p> <p>The Agreement provides the parties with flexibility as to when the GMP Proposal will be submitted after execution of the Agreement. Prior to execution of the Agreement the parties should discuss when Owner desires Design-Builder to submit its GMP Proposal.</p>
6.6.2.1.4	Schedule	<p>Given that expedited delivery is one of the primary factors driving many owners to select the design-build method, DBIA strongly believes that the parties should discuss and understand what each party must do to support the Project schedule. The entire Work, both design and construction, should be scheduled. The schedule should indicate the dates for the start and completion of the various stages of the Work, including the date when Owner information and approvals are required, and any Owner created constraints. The Agreement also provides flexibility to establish the Scheduled Substantial Completion Date prior to submission of the GMP Proposal.</p>
6.6.2.3	Acceptance of GMP Proposal	<p>If Owner accepts the GMP Proposal, the parties should amend this Agreement to add the final GMP Proposal as a Contract Document pursuant to Section 2.1.2.</p>
6.6.2.4	Failure to Accept the GMP Proposal	<p>This Agreement provides three options for Owner in the event it fails to accept the GMP Proposal and two choices for Design-Builder if Owner fails to exercise any of the three options. These options are specifically designed to prevent one party from receiving a windfall in the event the parties cannot agree on the GMP and the Agreement is terminated.</p> <p>The parties should take note that if Owner exercises its option to terminate for convenience, or Design-Builder suspends performance, Design-Builder will not be entitled to payment for uncompleted Work provided by Section 8.2. However, additional payment for Owner's use of Work Product will be due Design-Builder pursuant to Section 4.3, if Owner proceeds to complete the Project using Design-Builder's Work Product.</p>
6.6.3	Savings	<p>One of the benefits of a GMP approach is the possibility that with good management by Design-Builder and timely support from Owner the actual Cost of the Work and Fee may be less than the GMP. This creates a savings pool that should result in a benefit to both Design-Builder and Owner. Sharing these savings creates an incentive for Design-Builder to save costs. Some factors to consider in determining how the Savings are shared include the timing for the establishment of the GMP and the amount of Design-Builder's Fee established under Section 6.2.1.</p>
6.6.3.1	Savings Calculations	<p>This section provides that if the actual Cost of the Work and Design-Builder's Fee is less than the GMP, as such GMP may have been adjusted, the savings, if any, shall be shared. The Agreement offers two choices for distributing Savings. Choose a method and enter the appropriate figures.</p>

Section	Title	Instruction
6.7	Performance Incentives	In addition for the potential of the Design-Builder to share in Savings as set forth in Section 6.6.3, there may be other performance incentives that will influence Project success. Such incentives may include award fees tied to the Design-Builder achieving certain standards relative to client satisfaction, safety, and personnel retention. The parties are encouraged to discuss the use of such incentives during negotiation of this Agreement. Any agreement on the use of incentives should be set forth in an exhibit attached to this Agreement.
7.1.1	Progress Payments	Enter the day of the month when Design-Builder shall submit its Application for Payment.
7.2.1	Retainage	<p>Enter the percentage Owner will retain from Progress Payments to Design-Builder until fifty percent (50%) of the Work is completed. Owner should recognize that it creates undue hardship to hold retainage on Subcontractors that have completed their work early in the Project. Owner should accordingly consider releasing retainage on Subcontractors that complete work early in the Project, providing that these Subcontractors have satisfactorily performed their portion of the Work.</p> <p>The parties are provided the option of modifying the retainage provision by checking the box. This option excludes from retainage the Design-Builder's General Conditions costs and amounts paid to Design-Builder's Design Consultant. The rationale for selecting this option is that the Design-Builder is obligated to pay its General Conditions costs in full each month and that under the design-bid-build delivery method, the Owner typically does not retain sums from its Designer.</p>
7.2.2	Release of Retainage	This section requires the Owner to release retainage to the Design-Builder. If the Design-Builder and Owner have established a warranty reserve in accordance with Section 6.3.2.4, the parties shall establish an escrow account at this time.
7.4	Interest	The parties should enter the rate at which interest will accrue on Design-Builder's payments if unpaid five (5) days after due. Late payment creates a hardship for Design-Builder, its Design Consultants and Subcontractors.
7.5	Record Keeping	The Owner is provided access to Design-Builder's accounting information as it relates to Costs of the Work. However, if the parties have agreed to multipliers or markups, the time to challenge and negotiate those percentages is at the time the parties execute the Agreement and not during the Project or after it has been completed. Accordingly, the Owner can at any time audit these percentages only to confirm that such percentage has been properly charged and not to challenge the composition of such percentage.

Section	Title	Instruction
8.1.3	Termination for Convenience: Overhead and Profit	The parties should choose prior to execution of the Agreement the method that will be used to determine overhead and profit paid to Design-Builder in the event Owner terminates Design-Builder for its convenience. The parties may choose to set percentage rates for overhead and profit prior to execution of the Agreement, or may choose to determine reasonable sums to be paid for overhead and profit at the time of the termination. If the parties choose to set overhead and profit rates prior to execution of the Agreement, the percentages should be entered in Section 8.1.3.
8.2	Termination for Convenience: Additional Payments	Although it is important for Owner to have a process for terminating this Agreement for convenience, the process must consider the interests of Design-Builder. If Owner terminates this Agreement for its own convenience, compensating Design-Builder for its costs will not be adequate because Design-Builder will have committed its resources for a small amount of revenue. Therefore, in addition to the overhead and profit paid in Section 8.1, Owner shall pay Design-Builder an additional sum, calculated as a percentage of the remaining balance of the Contract Price or, if a GMP has not been established, the remaining balance of the most recent estimated Contract Price. Enter the percentages Owner shall pay Design-Builder if Owner terminates this Agreement for its own convenience prior to or after the start of construction.
8.3	Termination for Convenience: Owner's Use of Work Product	Owner should not use the Termination for Convenience clause to obtain Design-Builder's valuable design concepts and then seek lower bids from another design-builder. If Owner terminates this Agreement for its own convenience, and chooses to proceed with the Project using Design-Builder's Work Product, Owner should pay an additional sum for the use of Design-Builder's Work Product pursuant to Section 4.3.
Article 9	Representatives of the Parties	<p>Enter the name, title, address and telephone number of Owner's Senior Representative and Owner's Representative at Sections 9.1.1 and 9.1.2, respectively.</p> <p>Enter the name, title, address and telephone number of Design-Builder's Senior Representative and Design-Builder's Representative at Sections 9.2.1 and 9.2.2, respectively.</p> <p>The parties can elect to establish these Representatives during the performance of the Project rather than at the time of execution of this Agreement. If Representatives are identified after execution of the Agreement, an appropriate amendment should be made to the Agreement at the time these individuals are designated.</p>
10.1	Insurance	Attach an Insurance Exhibit setting forth in detail the insurance coverages required for the Project. Parties are advised to familiarize themselves with the terms of Article 5 of the General Conditions of Contract, Insurance and Bonds, and to consult their insurance advisor.
10.2	Bonds	Enter the type and amount of bonds or other performance security required for the Project. Where bonding is not required by statute, Owner may want to evaluate the project risks versus the bonding costs in deciding what type of performance security to require.

Section	Title	Instruction
11.1	Other Provisions	Insert any other provisions. For example, the parties may elect to have disputes resolved through litigation rather than arbitration in which case the optional language in this Section should be included.

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Standard Form of Agreement Between Owner and Design-Builder - Cost Plus Fee with an Option for a Guaranteed Maximum Price

*This document has important legal consequences. Consultation with
an attorney is recommended with respect to its completion or modification.*

This **AGREEMENT** is made as of the 9th day of July in the year of 2024, by and between the following parties, for services in connection with the Project identified below:

OWNER:

City of Temecula
41000 Main Street
Temecula, CA 92590

DESIGN-BUILDER:

De La Secura, Inc dba (DLS Builders)
1975 N Batavia Steet
Orange, CA 92685

PROJECT:

Ronald Reagan Sports Park Hockey Rink Design Build, Project No. PW 22-06

In consideration of the mutual covenants and obligations contained herein, Owner and Design-Builder agree as set forth herein.

Article 1

Scope of Work

1.1 Design-Builder shall perform all design and construction services, and provide all material, equipment, tools and labor, necessary to complete the Work described in and reasonably inferable from the Contract Documents.

Article 2

Contract Documents

2.1 The Contract Documents are comprised of the following:

2.1.1 All written modifications, amendments, minor changes, and Change Orders to this Agreement issued in accordance with DBIA Document No. 535, *Standard Form of General Conditions of Contract Between Owner and Design-Builder* (2010 Edition) ("General Conditions of Contract");

2.1.2 The GMP Exhibit referenced in Section 6.6.1.1 herein; ~~or, if applicable, the GMP Proposal accepted by Owner in accordance with Section 6.6.2 herein;~~

2.1.3 This Agreement, including all exhibits (List for example, performance standard requirements, performance incentive arrangements, markup exhibits, allowances, unit prices, or exhibit detailing offsite reimbursable personnel) but excluding, if applicable, the GMP Exhibit;

2.1.4 The General Conditions of Contract; and

2.1.5 Construction Documents prepared and approved in accordance with Section 2.4 of the General Conditions of Contract.

Article 3

Interpretation and Intent

3.1 Design-Builder and Owner, prior to execution of the Agreement, ~~(and again, if applicable, at the time of acceptance of the GMP Proposal by Owner in accordance with Section 6.6.2 hereof),~~ shall carefully review all the Contract Documents, including the various documents comprising the Basis of Design Documents, for any conflicts or ambiguities. Design-Builder and Owner will discuss and resolve any identified conflicts or ambiguities prior to execution of the Agreement or, if applicable, prior to Owner's acceptance of the GMP Proposal.

3.2 The Contract Documents are intended to permit the parties to complete the Work and all obligations required by the Contract Documents within the Contract Time(s) for the Contract Price. The Contract Documents are intended to be complementary and interpreted in harmony so as to avoid conflict, with words and phrases interpreted in a manner consistent with construction and design industry standards. In the event inconsistencies, conflicts, or ambiguities between or among the Contract Documents are discovered after execution of the Agreement, or if applicable, after Owner's acceptance of the GMP Proposal, Design-Builder and Owner shall attempt to resolve any ambiguity, conflict or inconsistency informally, recognizing that the Contract Documents shall take precedence in the order in which they are listed in Section 2.1 hereof. *(Note, the parties are strongly encouraged to establish in the GMP Exhibit or GMP Proposal (as applicable) the priority of the various documents comprising such exhibit or proposal.)*

3.3 Terms, words and phrases used in the Contract Documents, including this Agreement, shall have the meanings given them in the General Conditions of Contract.

3.4 If Owner's Project Criteria contain design specifications: (a) Design-Builder shall be entitled to reasonably rely on the accuracy of the information represented in such design specifications and their compatibility with other information set forth in Owner's Project Criteria, including any performance specifications; and (b) Design-Builder shall be entitled to an adjustment in the Contract Price and/or Contract Time(s) to the extent Design-Builder's cost and/or time of performance have been adversely impacted by such inaccurate design specification.

3.5 The Contract Documents form the entire agreement between Owner and Design-Builder and by incorporation herein are as fully binding on the parties as if repeated herein. No oral representations or other agreements have been made by the parties except as specifically stated in the Contract Documents.

Article 4

Ownership of Work Product

4.1 Work Product. All drawings, specifications and other documents and electronic data, including such documents identified in the General Conditions of Contract, furnished by Design-Builder to Owner under this Agreement ("Work Product") shall become the sole property of Owner and may be used, reused or otherwise disposed of by Owner without the permission of the Design-Builder. With respect to computer files containing data generated for the work, Design-Builder shall make available to Owner, upon reasonable written request by Owner, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files. ~~are deemed to be instruments of service and Design-Builder shall retain the ownership and property interests therein, including but not limited to any intellectual property rights, copyrights and/or patents, subject to the provisions set forth in Sections 4.2 through 4.5 below.~~

~~**4.2 Owner's Limited License upon Project Completion and Payment in Full to Design-Builder.** Upon Owner's payment in full for all Work performed under the Contract Documents, Design-Builder shall grant Owner a limited license to use the Work Product in connection with Owner's occupancy of the Project, conditioned on Owner's express understanding that its alteration of the Work Product without the involvement of Design-Builder is at Owner's sole risk and without liability or legal exposure to Design-Builder or anyone working by or through Design-Builder, including Design Consultants of any tier (collectively the "Indemnified Parties"), and on the Owner's obligation to provide the indemnity set forth in Section 4.5 below.~~

[At the parties' option, one of the following may be used in lieu of Section 4.2.]

Upon Owner's payment in full for all Work performed under the Contract Documents, Design-Builder: (a) grants Owner a limited license to use the Work Product in connection with Owner's occupancy of the Project; and (b) transfers all ownership and property interests, including but not limited to any intellectual property rights, copyrights and/or patents, in that portion of the Work Product that consists of

~~architectural and other design elements and specifications that are unique to the Project. The parties shall specifically designate those portions of the Work Product for which ownership in the Work Product shall be transferred. Such grant and transfer are conditioned on Owner's express understanding that its alteration of the Work Product without the involvement of Design-Builder is at Owner's sole risk and without liability or legal exposure to Design-Builder or anyone working by or through Design-Builder, including Design Consultants of any tier (collectively the "Indemnified Parties"), and on the Owner's obligation to provide the indemnity set forth in Section 4.5 below.~~

~~or~~

~~Upon Owner's payment in full for all Work performed under the Contract Documents, Design-Builder transfers to Owner all ownership and property interests, including but not limited to any intellectual property rights, copyrights and/or patents, in the Work Product. Such transfer is conditioned on Owner's express understanding that its alteration of the Work Product without the involvement of Design-Builder is at Owner's sole risk and without liability or legal exposure to Design-Builder or anyone working by or through Design-Builder, including Design Consultants of any tier (collectively the "Indemnified Parties"), and on the Owner's obligations to provide the indemnity set forth in Section 4.5 below.~~

~~**4.3 Owner's Limited License upon Owner's Termination for Convenience or Design-Builder's Election to Terminate.** If Owner terminates this Agreement for its convenience as set forth in Article 8 hereof, or if Design-Builder elects to terminate this Agreement in accordance with Section 11.4 of the General Conditions of Contract, Design-Builder shall, upon Owner's payment in full of the amounts due Design-Builder under the Contract Documents, grant Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights as set forth in Section 4.2 above, conditioned on the following:~~

~~**4.3.1** Use of the Work Product is at Owner's sole risk without liability or legal exposure to any Indemnified Party, and on the Owner's obligation to provide the indemnity set forth in Section 4.5 below, and~~

~~**4.3.2** Owner agrees to pay Design-Builder the additional sum of _____ Dollars (\$_____) as compensation for the right to use the Work Product to complete the Project and subsequently use the Work Product in accordance with Section 4.2 if Owner resumes the Project through its employees, agents, or third parties.~~

~~**4.4 Owner's Limited License upon Design-Builder's Default.** If this Agreement is terminated due to Design-Builder's default pursuant to Section 11.2 of the General Conditions of Contract, then Design-Builder grants Owner a limited license to use the Work Product to complete the Project and subsequently occupy the Project, and Owner shall thereafter have the same rights and obligations as set forth in Section 4.2 above. Notwithstanding the preceding sentence, if it is ultimately determined that Design-Builder was not in default, Owner shall be deemed to have terminated the Agreement for convenience, and Design-Builder shall be entitled to the rights and remedies set forth in Section 4.3 above.~~

~~**4.5 Owner's Indemnification for Use of Work Product.** If Owner uses the Work Product, in whole or in part, for any facility other than the Project, without the written consent of the Design-Builder, Owner shall defend, indemnify and hold harmless Design-Builder or anyone working by or through Design-Builder, including Design Consultants of any tier, from and against any and all claims, damages, liabilities, losses and expenses, including attorneys' fees, arising out of or resulting from the use or alteration of the Work Product.~~

Article 5

Contract Time

5.1 Date of Commencement. The Work shall commence within five (5) days of Design-Builder's receipt of Owner's Notice to Proceed ("Date of Commencement") unless the parties mutually agree otherwise in writing.

5.2 Substantial Completion and Final Completion.

5.2.1 Substantial Completion of the entire Work shall be achieved no later than three hundred sixty-five (365) calendar days after the Date of Commencement ("Scheduled Substantial Completion Date").

The parties agree that the definition for Substantial Completion set forth in Section 1.2.18 of the General Conditions of Contract is hereby modified to read as follows:

"*Substantial Completion* is the date on which the Work, or an agreed upon portion of the Work, is sufficiently complete in accordance with the Contract Documents so that Owner can occupy and use the Project or a portion thereof for its intended purposes

5.2.2 Interim milestones and/or Substantial Completion of identified portions of the Work ("Scheduled Interim Milestone Dates") shall be achieved as follows: *(Insert any interim milestones for portions of the Work with different scheduled dates for Substantial Completion)*

Design Completion – 12/31/2024

5.2.3 Final Completion of the Work or identified portions of the Work shall be achieved as expeditiously as reasonably practicable. Final Completion is the date when all Work is complete pursuant to the definition of Final Completion set forth in Section 1.2.7 of the General Conditions of Contract.

5.2.4 All of the dates set forth in this Article 5 (collectively the "Contract Time(s)") shall be subject to adjustment in accordance with the General Conditions of Contract.

5.3 Time is of the Essence. Owner and Design-Builder mutually agree that time is of the essence with respect to the dates and times set forth in the Contract Documents.

5.4 Liquidated Damages. Design-Builder understands that if Substantial Completion is not attained by the Scheduled Substantial Completion Date, Owner will suffer damages which are difficult to determine and accurately specify. Design-Builder agrees that if Substantial Completion is not attained by fifteen (15) days after the Scheduled Substantial Completion Date (the "LD Date"), Design-Builder shall pay Owner One Thousand Dollars (\$1000.00) as liquidated damages for each day that Substantial Completion extends beyond the LD Date.

Design-Builder understands that if Final Completion is not achieved within _____ days of the Substantial Completion Date, Owner will suffer damages which are difficult to determine and accurately specify. Design-Builder agrees that if Final Completion is not achieved within _____ (_____) days of Substantial Completion, Design-Builder shall pay to Owner _____ Dollars (\$_____), as liquidated damages for each calendar day that Final Completion is delayed beyond the above-referenced number of days.

~~5.4~~ Design-Builder and Owner have agreed not to provide for liquidated damages in this Agreement for failure of Design-Builder to achieve the Contract Time(s) set forth in this Article 5. Design-Builder understands, however, that Owner may suffer actual damages in the event the Contract Time(s) set forth herein are not timely achieved. Owner shall be able to recover such actual damages from Design-Builder to the extent it can demonstrate that actual damages have been incurred, are directly related and caused by Design-Builder's failure to meet the Contract Time(s) set forth herein, and are not waived by Section 10.5.1 of the General Conditions of Contract. Notwithstanding the foregoing, in no event shall Design-Builder's liability for actual damages for delays exceed _____ Dollars (\$ _____).

5.5 Any liquidated damages assessed pursuant to this Agreement shall be in lieu of all liability for any and all extra costs, losses, expenses, claims, penalties and any other damages, whether special or consequential, and of whatsoever nature, incurred by Owner which are occasioned by any delay in achieving the Contract Time(s).

Owner and Design-Builder agree that the maximum aggregate liability Design-Builder has for any liquidated damages that may be assessed under this Agreement for failure to achieve the Contract Time(s) shall be _____ Dollars (\$ _____).

5.6 **Early Completion Bonus.** If Substantial Completion is attained on or before _____ (_____) days before the Scheduled Substantial Completion Date (the "Bonus Date"), Owner shall pay Design-Builder at the time of Final Payment under Section 7.3 hereof an early completion bonus of _____ Dollars (\$ _____) for each day that Substantial Completion is attained earlier than the Bonus Date. *(If a GMP is not established upon execution of this Agreement, the parties should consider setting the early completion bonus after GMP negotiations. If an early completion bonus is applicable to any dates set forth in Section 5.2.2 or 5.2.3 hereof, this Section 5.6 will need to be modified accordingly.)*

Owner and Design-Builder agree that the maximum aggregate amount that Design-Builder shall receive as the early Completion Bonus is _____ Dollars (\$ _____).

5.7 *[The Parties may also desire to modify Article 8.2.2 of the General Conditions of Contract relative to compensability of delays that would cause the Contract Time(s) to be extended. In such case, the following option can be used.]*

In addition to Design-Builder's right to a time extension for those events set forth in Section 8.2.1 of the General Conditions of Contract, Design-Builder shall also be entitled to an appropriate adjustment of the Contract Price for those events set forth in Section 8.2.1 of the General Conditions of Contract, provided, however, for Force Majeure Events, Design-Builder shall only be entitled to an increase in the Contract Price if said events exceed twenty (20) cumulative days. Said additional compensation shall be limited to:

[Check one box only]

\$ _____ dollars a day for each day work is delayed beyond the Scheduled Substantial Completion Date.

or

the direct costs and expenses Design-Builder can demonstrate it has reasonably and actually incurred as a result of such event.

Article 6

Contract Price

6.1 Contract Price.

6.1.1 Owner shall pay Design-Builder in accordance with Article 6 of the General Conditions of Contract a contract price ("Contract Price") equal to Design-Builder's Fee (as defined in Section 6.2 hereof) plus the Cost of the Work (as defined in Section 6.3 hereof), subject to any GMP established in Section 6.6 hereof and any adjustments made in accordance with the General Conditions of Contract.

6.1.2 For the specific Work set forth below, Owner agrees to pay Design-Builder, as part of the Contract Price, on the following basis: *(This is an optional section intended to provide the parties with flexibility to identify and price limited preliminary services, such as a lump sum or cost-plus arrangement for preliminary design, programming, or services necessary to enable Design-Builder to furnish Owner with a GMP before execution of this Agreement.)*

6.2 Design-Builder's Fee.

6.2.1 Design-Builder's Fee shall be:

[Choose one of the following:]

_____ Dollars (\$ _____), as adjusted in accordance with Section 6.2.2 below.

or

ten percent (10%) of the Cost of the Work, as adjusted in accordance with Section 6.2.2 below.

6.2.2 Design-Builder's Fee will be adjusted as follows for any changes in the Work:

6.2.2.1 For additive Change Orders, including additive Change Orders arising from both additive and deductive items, it is agreed that Design-Builder shall receive a Fee of ten percent (10%) of the additional Costs of the Work incurred for that Change Order, plus any other markups set forth as agreed in the change order.

6.2.2.2 For deductive Change Orders, including deductive Change Orders arising from both additive and deductive items, the deductive amounts shall include:

~~No additional reduction to account for Design-Builder's Fee or any other markup.~~

or

An amount equal to the sum of: (a) ten percent (10%) applied to the direct costs of the net reduction (which amount will account for a reduction associated with Design-Builder's Fee); plus (b) any other markups set forth in the Change Order applied to the direct costs of the net reduction.

6.3 Cost of the Work. The term Cost of the Work shall mean costs reasonably and actually incurred by Design-Builder in the proper performance of the Work. *These items are included within the GMP, and are not individually billable.* The Cost of the Work shall include only the following:

6.3.1 Wages of direct employees of Design-Builder performing the Work at the Site or, with Owner's agreement, at locations off the Site; provided, however, that the costs for those employees of Design-Builder performing design services shall be calculated on the basis of prevailing market

rates for design professionals performing such services or, if applicable, those rates set forth in an exhibit to this Agreement.

6.3.2 Wages or salaries of Design-Builder's supervisory and administrative personnel engaged in the performance of the Work and who are located at the Site or working off-Site to assist in the production or transportation of material and equipment necessary for the Work.

6.3.3 Wages or salaries of Design-Builder's personnel stationed at Design-Builder's principal or branch offices, ~~but only to the extent said personnel are identified in Exhibit _____ and performing the function set forth in said Exhibit.~~ The reimbursable costs of personnel stationed at Design-Builder's principal or branch offices shall include a _____ percent (~~_____~~%) markup to compensate Design-Builder for the Project-related overhead associated with such personnel.

6.3.4 Costs incurred by Design-Builder for employee benefits, premiums, taxes, insurance, contributions and assessments required by law, collective bargaining agreements, or which are customarily paid by Design-Builder, to the extent such costs are based on wages and salaries paid to employees of Design-Builder covered under Sections 6.3.1 through 6.3.3 hereof.

A multiplier of _____ percent (~~_____~~%) shall be applied to the wages and salaries of the employees of Design-Builder covered under Sections 6.3.1 through 6.3.3 hereof.

~~**6.3.5** The reasonable portion of the cost of travel, accommodations and meals for Design-Builder's personnel necessarily and directly incurred in connection with the performance of the Work.~~

6.3.6 Payments properly made by Design-Builder to Subcontractors and Design Consultants for performance of portions of the Work, including any insurance and bond premiums incurred by Subcontractors and Design Consultants.

6.3.7 Costs incurred by Design-Builder in repairing or correcting defective, damaged or nonconforming Work (including any warranty or corrective Work performed after Substantial Completion), provided that such Work was beyond the reasonable control of Design-Builder, ~~or caused by the ordinary mistakes or inadvertence,~~ and not the negligence, ordinary mistakes or inadvertence of Design-Builder or those working by or through Design-Builder. If the costs associated with such Work are recoverable from insurance, Subcontractors or Design Consultants, Design-Builder shall exercise its best efforts to obtain recovery from the appropriate source and provide a credit to Owner if recovery is obtained.

6.3.8 Costs, including transportation, inspection, testing, storage and handling, of materials, equipment and supplies incorporated or reasonably used in completing the Work.

6.3.9 Costs (less salvage value) of materials, supplies, temporary facilities, machinery, equipment and hand tools not customarily owned by the workers that are not fully consumed in the performance of the Work and which remain the property of Design-Builder, including the costs of transporting, inspecting, testing, handling, installing, maintaining, dismantling and removing such items.

6.3.10 Costs of removal of debris and waste from the Site.

6.3.11 The reasonable costs and expenses incurred in establishing, operating and demobilizing the Site office, including the cost of facsimile transmissions, long-distance telephone calls, postage and express delivery charges, telephone service, photocopying and reasonable petty cash expenses.

6.3.12 Rental charges and the costs of transportation, installation, minor repairs and replacements, dismantling and removal of temporary facilities, machinery, equipment and hand tools not customarily owned by the workers, which are provided by Design-Builder at the Site, whether rented from Design-Builder or others, and incurred in the performance of the Work.

6.3.13 Premiums for insurance and bonds required by this Agreement or the performance of the Work.

6.3.14 All fuel and utility costs incurred in the performance of the Work.

6.3.15 Sales, use or similar taxes, tariffs or duties incurred in the performance of the Work.

6.3.16 Legal costs, court costs and costs of mediation and arbitration reasonably arising from Design-Builder's performance of the Work, provided such costs do not arise from disputes between Owner and Design-Builder.

6.3.17 Costs for permits, royalties, licenses, tests and inspections incurred by Design-Builder as a requirement of the Contract Documents.

6.3.18 The cost of defending suits or claims for infringement of patent rights arising from the use of a particular design, process, or product required by Owner, paying legal judgments against Design-Builder resulting from such suits or claims, and paying settlements made with Owner's consent.

6.3.19 Deposits which are lost, except to the extent caused by Design-Builder's negligence.

6.3.20 Costs incurred in preventing damage, injury or loss in case of an emergency affecting the safety of persons and property.

6.3.21 Accounting and data processing costs related to the Work.

6.3.22 Other costs reasonably and properly incurred in the performance of the Work to the extent approved in writing by Owner.

6.3.23 ~~Owner and Design-Builder agree that an escrow account in the amount of _____ Dollars (\$ _____) shall be established prior to Final Completion, which escrow shall be used to reimburse Design-Builder for the Costs of the Work incurred after Final Completion to perform warranty Work. The escrow agreement will provide that any sums not used at the expiration of the warranty period shall be returned to Owner, subject to any savings Design-Builder may be entitled to under this Agreement. In the event the warranty escrow account is exhausted, but funds remain under the GMP, Owner shall be obligated to pay Design-Builder the Costs of the Work incurred after Final Completion to perform warranty Work up to the GMP. Design-Builder shall, upon completion of the Contract and prior to filing of the Notice of Completion, post a Maintenance and Warranty Bond in the amount of ten percent of the Contract value, and in a form acceptable to Owner. The Maintenance and Warranty Bond shall remain in full force and effect through the guaranty period of one year.~~

6.4 Allowance Items and Allowance Values.

6.4.1 Any and all Allowance Items, as well as their corresponding Allowance Values, are set forth in the GMP Exhibit or GMP Proposal and are included within the GMP.

6.4.2 Design-Builder and Owner have worked together to review the Allowance Items and Allowance Values based on design information then available to determine that the Allowance Values constitute reasonable estimates for the Allowance Items. Design-Builder and Owner will continue working closely together during the preparation of the design to develop Construction Documents consistent with the Allowance Values. Nothing herein is intended in any way to constitute a guarantee by Design-Builder that the Allowance Item in question can be performed for the Allowance Value.

6.4.3 No work shall be performed on any Allowance Item without Design-Builder first obtaining in writing advanced authorization to proceed from Owner. Owner agrees that if Design-Builder is not provided written authorization to proceed on an Allowance Item by the date set forth in the Project schedule, due to no fault of Design-Builder, Design-Builder may be entitled to an adjustment of the Contract Time(s) and Contract Price.

6.4.4 The Allowance Value for an Allowance Item includes the direct cost of labor, materials, equipment, transportation, taxes and insurance associated with the applicable Allowance Item. All other costs, including design fees, Design-Builder's overall project management and general conditions costs, overhead and fee, are deemed to be included in the original Contract Price, and are not subject to adjustment, regardless of the actual amount of the Allowance Item.

~~*[In the alternative, the parties may want to delete Section 6.4.4 and add the following provision.]*~~

In the event the actual direct cost of labor, materials, equipment, transportation, taxes and insurance associated with an Allowance Item is _____ percent (_____%) greater than or less than the Allowance Value for such Allowance Item, Design-Builder and Owner agree that Design-Builder's right to Fee and markup shall be adjusted in accordance with Section 6.2.2.

6.4.5 Whenever the actual costs for an Allowance Item is more than or less than the stated Allowance Value, the Contract Price shall be adjusted accordingly by Change Order, subject to Section 6.4.4. The amount of the Change Order shall reflect the difference between actual costs incurred by Design-Builder for the particular Allowance Item and the Allowance Value.

6.5 Non-Reimbursable Costs.

6.5.1 The following shall not be deemed as costs of the Work:

6.5.1.1 Compensation for Design-Builder's personnel stationed at Design-Builder's principal or branch offices, except as provided for in Sections 6.3.1, 6.3.2 and 6.3.3 hereof.

6.5.1.2 Overhead and general expenses, except as provided for in Section 6.3 hereof, or which may be recoverable for changes to the Work.

6.5.1.3 The cost of Design-Builder's capital used in the performance of the Work.

6.5.1.4 If the parties have agreed on a GMP, costs that would cause the GMP, as adjusted in accordance with the Contract Documents, to be exceeded.

6.5.1.5 *The cost of travel, accommodations and meals for Design-Builder's personnel..*

6.6 The Guaranteed Maximum Price ("GMP").

6.6.1 GMP Established Upon Execution of this Agreement.

6.6.1.1 Design-Builder guarantees that it shall not exceed the GMP two million nine hundred fifty seven thousand sixty two dollars (**\$2,957,062.00**). Documents *and exclusions* used as a basis for the GMP shall be identified in an exhibit to this Agreement ("GMP Exhibit"). Design-Builder does not guarantee any specific line item provided as part of the GMP, and has the sole discretion to apply payment due to overruns in one line item to savings due to underruns in any other line item. Design-Builder agrees, however, that it will be responsible for paying all costs of completing the Work which exceed the GMP, as adjusted in accordance with the Contract Documents. *(While the GMP Exhibit will be developed in advance or concurrently with the execution of this Agreement, it is recommended that such exhibit include the items set forth in Section 6.6.2.1 below, to ensure that the basis for the GMP is well-understood).*

~~**[In lieu of 6.6.1.1, Owner and Design-Builder may want to include the following language.]**~~

~~Design-Builder guarantees that it shall not exceed the GMP of _____ Dollars (\$_____). Documents used as basis for the GMP shall be identified as an exhibit to this Agreement ("GMP Exhibit"). Design-Builder does not guarantee any specific line item provided as part of the GMP, provided, however, that it does guarantee the line item for its general project management and general conditions costs, in the amount of _____ Dollars (\$_____); and as set forth in the GMP Exhibit ("General Conditions Cap"). Design-Builder agrees that it will be responsible for paying the applicable general conditions costs in excess of the General Conditions Cap, as well as be responsible for all costs of completing the Work which exceed the GMP, as said General Conditions Cap and the GMP may be adjusted in accordance with the Contract Documents.~~

6.6.1.2 The GMP includes a Contingency in the amount of **seventy thousand six hundred twenty two dollars and eight cents (\$70,622.08)** which is available for Design-Builder's exclusive use for unanticipated costs it has incurred that are not the basis for a Change Order under the Contract Documents. By way of example, and not as a limitation, such costs may include: (a) trade buy-out differentials; (b) overtime or acceleration; (c) escalation of materials; (d) correction of defective, damaged or nonconforming Work, design errors or omissions, however caused; (e) Subcontractor defaults; or (f) those events under Section 8.2.2 of the General Conditions of Contract that result in an extension of the Contract Time but do not result in an increase in the Contract Price. The Contingency is not available to Owner for any reason, including, but not limited to changes in scope or any other item which would enable Design-Builder to increase the GMP under the Contract Documents. Design-Builder shall provide Owner notice of all anticipated charges against the Contingency, and shall provide Owner as part of the monthly status report required by Section 2.1.2 of the General Conditions of Contract an accounting of the Contingency, including all reasonably foreseen uses or potential uses of the Contingency in the upcoming three (3) months. Design-Builder agrees that with respect to any expenditure from the Contingency relating to a Subcontractor default or an event for which insurance or bond may provide reimbursement, Design-Builder will in good faith exercise reasonable steps to obtain performance from the Subcontractor and/or recovery from any surety or insurance company. Design-Builder agrees that if Design-Builder is subsequently reimbursed for said costs, then said recovery will be credited back to the Contingency.

~~**6.6.2 GMP Established after Execution of this Agreement.**~~

~~**6.6.2.1 GMP Proposal.** If requested by Owner, Design-Builder shall submit a GMP Proposal to Owner which shall include the following, unless the parties mutually agree otherwise:~~

~~**6.6.2.1.1** A proposed GMP, which shall be the sum of:~~

- ~~i. Design-Builder's Fee as defined in Section 6.2.1 hereof;~~
- ~~ii. The estimated Cost of the Work as defined in Section 6.3 hereof, inclusive of any Design-Builder's Contingency as defined in Section 6.6.1.2 hereof; and~~
- ~~iii. If applicable, any prices established under Section 6.1.2 hereof.~~

~~**6.6.2.1.2** The Basis of Design Documents, which may include, by way of example, Owner's Project Criteria, which are set forth in detail and are attached to the GMP Proposal;~~

~~6.6.2.1.3~~—A list of the assumptions and clarifications made by Design-Builder in the preparation of the GMP Proposal, which list is intended to supplement the information contained in the drawings and specifications and is specifically included as part of the Basis of Design Documents;

~~6.6.2.1.4~~—The Scheduled Substantial Completion Date upon which the proposed GMP is based, to the extent said date has not already been established under Section 5.2.1 hereof, and a schedule upon which the Scheduled Substantial Completion Date is based;

~~6.6.2.1.5~~—If applicable, a list of Allowance Items, Allowance Values, and a statement of their basis;

~~6.6.2.1.6~~—If applicable, a schedule of alternate prices;

~~6.6.2.1.7~~—If applicable, a schedule of unit prices;

~~6.6.2.1.8~~—If applicable, a statement of Additional Services which may be performed but which are not included in the GMP and which, if performed, shall be the basis for an increase in the GMP and/or Contract Time(s); and

~~6.6.2.1.9~~—The time limit for acceptance of the GMP Proposal.

~~6.6.2.2~~ Review and Adjustment to GMP Proposal. After submission of the GMP Proposal, Design-Builder and Owner shall meet to discuss and review the GMP Proposal. If Owner has any comments regarding the GMP Proposal, or finds any inconsistencies or inaccuracies in the information presented, it shall promptly give written notice to Design-Builder of such comments or findings. If appropriate, Design-Builder shall, upon receipt of Owner's notice, make appropriate adjustments to the GMP Proposal.

~~6.6.2.3~~ Acceptance of GMP Proposal. If Owner accepts the GMP Proposal, as may be amended by Design-Builder, the GMP and its basis shall be set forth in an amendment to this Agreement.

~~6.6.2.4~~ Failure to Accept the GMP Proposal. If Owner rejects the GMP Proposal, or fails to notify Design-Builder in writing on or before the date specified in the GMP Proposal that it accepts the GMP Proposal, the GMP Proposal shall be deemed withdrawn and of no effect. In such event, Owner and Design-Builder shall meet and confer as to how the Project will proceed, with Owner having the following options:

~~6.6.2.4.1~~—Owner may suggest modifications to the GMP Proposal, whereupon, if such modifications are accepted in writing by Design-Builder, the GMP Proposal shall be deemed accepted and the parties shall proceed in accordance with Section 6.6.2.3 above;

~~6.6.2.4.2~~—Owner may authorize Design-Builder to continue to proceed with the Work on the basis of reimbursement as provided in Section 6.1 hereof without a GMP, in which case all references in this Agreement to the GMP shall not be applicable; or

~~6.6.2.4.3~~ Owner may terminate this Agreement for convenience in accordance with Article 8 hereof; provided, however, in this event, Design-Builder shall not be entitled to the payment provided for in Section 8.2 hereof.

~~If Owner fails to exercise any of the above options, Design-Builder shall have the right to (i) continue with the Work as if Owner had elected to proceed in accordance with Item 6.6.2.4.2 above, and be paid by Owner accordingly, unless and until Owner notifies it in writing to stop the Work, or (ii) suspend performance of Work in accordance with Section 11.3.1 of the General Conditions of Contract, provided, however, that in such event Design-Builder shall not be entitled to the payment provided for in Section 8.2 hereof.~~

6.6.3 Savings.

6.6.3.1 If the sum of the actual Cost of the Work and Design-Builder's Fee (and, if applicable, any prices established under Section 6.1.2 hereof) is less than the GMP, as such GMP may have been adjusted over the course of the Project, the difference ("Savings") shall be shared as follows:

twenty-five percent (25%) to Design-Builder and Seventy-five percent (75%) to Owner.

or

The first _____ Dollars (\$ _____) of Savings shall be provided to ~~(choose either Design-Builder or Owner)~~ _____, with the balance of Savings, if any, shared _____ percent (_____%) to Design-Builder and _____ percent (_____%) to Owner.

6.6.3.2 Savings shall be calculated and paid as part of Final Payment under Section 7.3 hereof, with the understanding that to the extent Design-Builder incurs costs after Final Completion which would have been payable to Design-Builder as a Cost of the Work, the parties shall recalculate the Savings in light of the costs so incurred, and Design-Builder shall be paid by Owner accordingly.

6.7 Performance Incentives

~~6.7.1~~ Owner and Design-Builder have agreed to the performance incentive arrangements set forth in Exhibit _____.

[The parties are encouraged to discuss and agree upon performance incentives that will influence project success. These incentives may consist of Award Fees, incentives for safety, personnel retention, client satisfaction and similar items.]

Article 7

Procedure for Payment

7.1 Progress Payments.

7.1.1 Design-Builder shall submit to Owner on the twenty-fifth (25th) day of each month, beginning with the first month after the Date of Commencement, Design-Builder's Application for Payment in accordance with Article 6 of the General Conditions of Contract.

7.1.2 Owner shall make payment within ~~ten (10)~~ *thirty (30)* days after Owner's receipt of each properly submitted and accurate Application for Payment in accordance with Article 6 of the General Conditions of Contract, but in each case less the total of payments previously made, and less amounts properly withheld under Section 6.3 of the General Conditions of Contract.

7.1.3 If Design-Builder's Fee under Section 6.2.1 hereof is a fixed amount, the amount of Design-Builder's Fee to be included in Design-Builder's monthly Application for Payment and paid by Owner shall be proportional to the percentage of the Work completed, less payments previously made on account of Design-Builder's Fee.

7.2 Retainage on Progress Payments.

7.2.1 Owner will retain five percent (5%) of each Application for Payment provided, except as may be provided by Public Contract Code Section 9203. ~~however, that when fifty percent (50%) of the Work has been satisfactorily completed by Design-Builder and Design-Builder is otherwise in compliance with its contractual obligations, Owner will not retain any additional retention amounts from Design-Builder's subsequent Applications for Payment. Owner will also reasonably consider reducing retainage for Subcontractors completing their work early in the Project.~~

[Design-Builder and Owner may want to consider substituting the following retainage provision.]

Owner will retain _____ percent (_____ %) of the cost of Work, exclusive of general conditions costs, and any amounts paid to Design-Builder's Design Consultant, from each Application for Payment provided, ~~however, that when fifty percent (50%) of the Work has been satisfactorily completed by Design-Builder and Design-Builder is otherwise in compliance with its contractual obligations, Owner will not retain any additional amounts from Design-Builder's subsequent Applications for Payment. Owner will also reasonably consider reducing retainage for Subcontractors completing their work early in the Project.~~

7.2.2 ~~Within fifteen (15) days after Substantial Completion of the entire Work or, if applicable, any portion of the Work, pursuant to Section 6.6 of the General Conditions of Contract, Owner shall release to Design-Builder all retained amounts relating, as applicable, to the entire Work or completed portion of the Work, less an amount equal to: (a) the reasonable value of all remaining or incomplete items of Work as noted in the Certificate of Substantial Completion; and (b) all other amounts Owner is entitled to withhold pursuant to Section 6.3 of the General Conditions of Contract.~~

[If Owner and Design-Builder have established a warranty reserve pursuant to Section 6.3.23 above, the following provision should be included.]

~~If a warranty reserve has been established pursuant to Section 6.3.23 above, Owner shall at the time of Substantial Completion retain the agreed-upon amounts and establish an escrow account as contemplated by Section 6.3.24 above.~~

7.3 **Final Payment.** Design-Builder shall submit its Final Application for Payment to Owner in accordance with Section 6.7 of the General Conditions of Contract. Owner shall make payment on Design-Builder's properly submitted and accurate Final Application for Payment (including all retained amounts, less any amount the parties may have agreed to set aside for warranty work) within ten (10) ~~sixty (60)~~ days after Owner's receipt of the Final Application for Payment, provided that Design-Builder has satisfied the requirements for final payment set forth in Section 6.7.2 of the General Conditions of Contract. *Owner shall withhold five percent (5%) of the Contract Price from the final payment until at least thirty-five days after*

recording of the Notice of Completion, or recording of a notice of cessation, but not longer than the period permitted by Public Contract Code Section 7107.

7.4 Interest. ~~Payments due and unpaid by Owner to Design-Builder, whether progress payments or final payment, shall bear interest commencing five (5) days after payment is due at the rate of _____ percent (_____%) per month until paid.~~

7.5 Record Keeping and Finance Controls. Design-Builder acknowledges that this Agreement is to be administered on an "open book" arrangement relative to Costs of the Work. Design-Builder shall keep full and detailed accounts and exercise such controls as may be necessary for proper financial management, using accounting and control systems in accordance with generally accepted accounting principles and as may be provided in the Contract Documents. During the performance of the Work and for a period of three (3) years after Final Payment, Owner and Owner's accountants shall be afforded access to, and the right to audit from time-to-time, upon reasonable notice, Design-Builder's records, books, correspondence, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to the Work, all of which Design-Builder shall preserve for a period of three (3) years after Final Payment. Such inspection shall take place at Design-Builder's offices during normal business hours unless another location and time is agreed to by the parties. Any multipliers or markups agreed to by the Owner and Design-Builder as part of this Agreement are only subject to audit to confirm that such multiplier or markup has been charged in accordance with this Agreement, with the composition of such multiplier or markup not being subject to audit.

Article 8

Termination for Convenience

8.1 Upon ten (10) days' written notice to Design-Builder, Owner may, for its convenience and without cause, elect to terminate this Agreement. In such event, Owner shall pay Design-Builder for the following:

8.1.1 All Work executed and for proven loss, cost or expense in connection with the Work;

8.1.2 The reasonable costs and expenses attributable to such termination, including demobilization costs and amounts due in settlement of terminated contracts with Subcontractors and Design Consultants; and

8.1.3 *[Choose one of the following:]*

The fair and reasonable sums for overhead and profit on the sum of items 8.1.1 and 8.1.2 above.

or

~~Overhead and profit in the amount of _____ percent (_____%)
on the sum of items 8.1.1 and 8.1.2 above.~~

8.2 In addition to the amounts set forth in Section 8.1 above, Design-Builder shall be entitled to receive one of the following as applicable:

8.2.1 If Owner terminates this Agreement prior to commencement of construction, Design-Builder shall be paid zero percent (0%) of the remaining balance of the Contract Price, provided, however, that if a GMP has not been established, the above percentage shall be applied to the remaining balance of the most recent estimated Contract Price.

8.2.2 If Owner terminates this Agreement after commencement of construction, Design-Builder shall be paid zero percent (0%) of the remaining balance of the Contract Price, provided, however, that if a GMP has not been established, the above percentage shall be applied to the remaining balance of the most recent estimated Contract Price.

~~**8.3** If Owner terminates this Agreement pursuant to Section 8.1 above and proceeds to design and construct the Project through its employees, agents or third parties, Owner's rights to use the Work Product shall be as set forth in Section 4.3 hereof. Such rights may not be transferred or assigned to others without Design-Builder's express written consent and such third parties' agreement to the terms of Article 4.~~

Article 9

Representatives of the Parties

9.1 Owner's Representatives.

9.1.1 Owner designates the individual listed below as its Senior Representative ("Owner Senior Representative"), which individual has the authority and responsibility for avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract: *(Identify individual's name, title, address and telephone numbers)*

**Kellen Freeman
Assistant Engineer
City of Temecula
(951) 240-4234
Kellen.freeman@TemeculaCA.gov**

9.1.2 Owner designates the individual listed below as its Owner's Representative, which individual has the authority and responsibility set forth in Section 3.4 of the General Conditions of Contract: *(Identify individual's name, title, address and telephone numbers)*

**Jason Linsdau
Construction Manager
Dudek
605 Third Street
Encinitas, CA 92024
(760) 942-5147
jlinsdau@dudek.com>**

9.2 Design-Builder's Representatives.

9.2.1 Design-Builder designates the individual listed below as its Senior Representative ("Design-Builder's Senior Representative"), which individual has the authority and responsibility for

avoiding and resolving disputes under Section 10.2.3 of the General Conditions of Contract: *(Identify individual's name, title, address and telephone numbers)*

Scott Schalliol
President
De La Secura, Inc.
1975 North Batavia Street
Orange, CA 92865
(714) 998-3790
sschalliol@dlsbuilders.com

9.2.2 Design-Builder designates the individual listed below as its Design-Builder's Representative, which individual has the authority and responsibility set forth in Section 2.1.1 of the General Conditions of Contract: *(Identify individual's name, title, address and telephone numbers)*

Article 10

Bonds and Insurance

10.1 Insurance. Design-Builder and Owner shall procure the insurance coverages set forth in the Insurance Exhibit attached hereto and in accordance with Article 5 of the General Conditions of Contract.

10.2 Bonds and Other Performance Security. Design-Builder shall provide the following performance bond and labor and material payment bond or other performance security:

Performance Bond.

X Required Not Required

Payment Bond.

X Required Not Required

Other Performance Security.

X Required Not Required

10.2.1 Design-Builder shall obtain a Payment Bond in an amount equal to one hundred percent (100%) of the Contract Price and a Performance Bond in an amount equal to one hundred percent (100%) of the Contract Price. The Payment Bond shall remain in full force and effect for the period specified in the attached form of bond. The Performance Bond shall remain in full force and effect for as long as Design-Builder has obligations under the Contract Documents, including the period specified in Section 2.10 of the General Conditions. The Bonds must comply with all conditions regarding bonds detailed in this Agreement and the General Conditions.

Article 11

Other Provisions

11.1 Other provisions, if any, are as follows: *(Insert any additional provisions)*

11.1.1 This Agreement is entered into pursuant to Division 2, Part 3, Chapter 4 of the Public Contract Code.

11.1.2 Prevailing Wages. This Agreement calls for services that, in whole or in part, constitute “public works” as defined in the California Labor Code. As to those services that are “public works”, Design-Builder shall comply in all respects with all applicable provisions of the California Labor Code and Title 8 of the California Code of Regulations, including those set forth in **Exhibit H** hereto.

11.1.3 Skilled and Trained Workforce. Design-Builder and its subcontractors at every tier will use a skilled and trained workforce to perform all Work that falls within an apprenticeable occupation in the building and construction trades, in accordance with Chapter 2.9 (commencing with Section 2600) of Part 1 of the Public Contract Code. Design-Builder executed and submitted to Owner an enforceable commitment to use a skilled and trained workforce as part of its submittal to the Request for Qualifications for this Agreement.

11.2 Listing of Exhibits and documents incorporated herein:

- Exhibit A – Owner’s Project Criteria
- Exhibit B – GMP Exhibit
- Exhibit C – Schedule for Execution of Work
- Exhibit D – Insurance Exhibit
- Exhibit E – Form of Payment Bond
- Exhibit F – Form of Performance Bond
- Exhibit G – Form of Maintenance and Warranty Bond
- Exhibit H – California Labor Law Requirements

~~Notwithstanding Section 2.3.1 of the General Conditions of Contract, if the parties agree upon specific performance standards in the Basis of Design Documents, the design professional services shall be performed to achieve such standards.~~

X Any claims, disputes, or controversies between the parties arising out of or related to the Agreement, or the breach thereof, which have not been resolved in accordance with the procedures set forth in Section 10.2 of the General Conditions of Contract shall be resolved in a court of competent jurisdiction in the state in which the Project is located.

In executing this Agreement, Owner and Design-Builder each individually represents that it has the necessary financial resources to fulfill its obligations under this Agreement, and each has the necessary corporate approvals to execute this Agreement, and perform the services described herein.

DATED: 6/20/21

Design-Builder:
De La Secura, Inc dba (DLS Builders)
1975 N Batavia Steet
Orange, CA 92685

By: 

Scott Schauer
Print or type NAME

President
Print or type TITLE*

CITY OF TEMECULA

DATED: _____

By: _____
James Stewart, Mayor

ATTEST:

Randi Johl, City Clerk

APPROVED AS TO FORM:

Peter M. Thorson, City Attorney

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Washington, DC 20004

(202) 682-0110
dbia@dbia.org

Exhibit A

Owners Project Criteria

Owner's Project Criteria includes the following:

- All services and requirements of City of Temecula Request for Proposal (RFP) No. 287 for Ronald Reagan Sports Park Hockey Rink Design Build, PW22-06
- All Addendums issued as part of RFP No 287
- All documents, standards, or criteria referenced in, or included with the above documents, the general conditions, and this agreement. This includes, but is not limited to, the Ronald Reagan Sports Park Hockey Rink Schematic Design Guidelines.

Unless specifically modified in this Exhibit A, project shall be delivered per the aforementioned documents. The specific revisions agreed by the Owner and Design-Builder are as follows:

Revision #	Revision
1	Replacement of all dasher boards, kickplate, and cap rail for the entire court.
2	Replacement of chain link fencing on the cap rail that is located along the sides of the court with plexiglass.
3	Deletion of chain link security fence surrounding project site.

Exhibit B

Guaranteed Maximum Price Exhibit



OWNER: CITY OF TEMECULA

ADDRESS: 41000 MAIN STREET
TEMECULA, CA 92590

PHONE: (951) 308-6385

CONTACT: KELLEN FREEMAN

PROJECT: RONALD REAGAN SPORTS PARK
HOCKEY RINK

LOCATION: 30875 RANCHO VISTA RD.
TEMECULA, CA. 92591

RFP 279

PW22-06 DESIGN BUILD

DATE: 6/6/2024

DESIGN COST PROPOSAL

ITEM NO.	DESCRIPTION	COST
1	Design Development	Included
2	Construction Documents	Included
3	Construction Administration	Included
4	Preconstruction Services	Included
5	Reimbursable	Included
6	Contingency	Included
7	Survey	Included
	Subtotal:	\$90,909.00
	Overhead & Profit, 10%	\$9,091.02
	TOTAL DESIGN COST:	\$100,000.02

CONSTRUCTION COST PROPOSAL

DIV. NO.	TRADE	COST
01	General Requirements - Temporary Office, Temp. Fence, Power, Toilets, Equipment rental	\$86,100.00
	Cleaning	\$10,684.16
02	Existing Conditions - Demo of existing walkway, existing stairs, concrete slab at player and penalty boxes, removal of dasher boards to provide ADA modifications as required, removal of	\$78,420.00

	existing bleachers, removal of existing scoreboard and footing to landscape condition, remove (2) light poles in its entirety (return to owner), on west side of rink remove light fixtures that face the rink, saw-cut existing concrete for new utility and footing installation	
03	Concrete - Installation of concrete stairs, new ADA compliant ramp from sidewalk to rink area, concrete maintenance pad to accommodate two 20' conex boxes, install new concrete for player and penalty boxes, installation of new ADA viewing platform at existing concrete bleachers, install required footings for pre-fab metal building, patchback concrete from new utility installation	\$188,000.00
05	Steel - Fabrication and installation of pre-fab metal building with roof material made of PBR 26 gauge, using standard color selection, height at eve will be 24'-0", height to bottom of siding on all four sides to be 12'-0", roofgutters to be installed and collect at downspout locations then sheet flow onto existing walkways around the hockey rink. Roof structure to withstand wind load of 97/MPH wind exposure C or current requirements at time of permitting Misc. Steel - Fabrication and installation of industry standard handrail and guardrails at new stairs and ADA ramp as required	\$874,500.00
09	Finishes - Drywall - Open drywall at Skate Park building to access existing electrical/plumbing as needed. Patch drywall, finish to match existing Paint - Paint walls at Skate Park building from new work, paint new metal handrails and guardrails at ADA ramp and new stairs, paint new pre-fab metal structure (columns/roof beams/girders/etc..) metal siding around perimeter of building Flooring - Prep existing hockey rink as required prior to installation of new floor tile, install new 12" x 12", Mateflex III or equal, interlocking floor tile throughout the entire hockey rink per RFP, new permanent game lines are to be marked to accommodate hockey, futsal and another sport T.B.D.	\$3,000.00 \$46,500.00 \$155,000.00
10	Specialties - Provide and install electronic scoreboard with wireless control and mounted inside of roof structure. Provide and install (2) sets of ADA compliant	\$160,000.00

	bleachers with (2) 18" wheelchair companion seats with ramp and stairs. Provide and install new dasher board facing and kick plates at required ADA modifications at player boxes, scorekeeping box, penalty boxes and any other entrances to the rink per RFP. Remove existing rink shielding at both ends of hockey rink, install new Acrylite RinkShield or approved equal in same location using existing channel framing at both ends of hockey rink. Provide and install cap rails at dasher boards as needed where ADA modifications are required	
11	Equipment - Provide heavy equipment for transport of structural steel from parking lot to designated location at rink site, provide scissor lifts for required high work, provide crane for lifting and placing of structural steel (columns/roof beams/girders/etc..)	\$251,000.00
15	Landscaping - Repair grass areas as required from new underground electrical and plumbing installation from Skate Park building to hockey rink. Trimming of existing trees not included in proposal	\$15,000.00
22	Plumbing - Install Most Dependable Model 2440 SMSS w/optional bottle filler drinking fountain, provide trenching for new water line from Skate Park building to new drinking fountain location at northeast corner of Hockey rink walkway, drinking fountain to be installed with drywell in lieu of new waste line installation	\$15,000.00
26	Electrical - Power figured to come from existing panel at Skate Park building. Provide power for new electronic scoreboard, provide and install LED lighting suspended from roof structure with a rendition of 3,000 Kelvin or below, provide and install security lighting on exterior of structure, provide and install circulating fans at both gable ends of the roof structure, provide conduit throughout structure for new communication systems, cameras, power, and speakers. Provide trenching for new electrical from Skate Park building hockey rink structure	\$130,000.00
32	Fencing - Provide and install 8'-0" high black chain link fencing around perimeter of hockey rink area. Fencing to tie into existing fencing around skate park	\$65,000.00
	Subtotal:	\$2,078,204.16

	Supervision	\$120,000.00
	Project Management	\$31,173.06
	Insurance	\$31,173.06
	Contractor Fees	\$93,519.19
	General Construction Cost:	\$275,865.31
	Contingency, 3%	\$70,622.08
	Overhead&Profit,10%	\$235,406.95
	Subtotal Project Proposal:	\$2,660,098.50
	Bond	\$39,901.48
	TOTAL CONSTRUCTION COST:	\$2,699,999.98
	TOTAL DESIGN COST:	\$100,000.02
	COST FOR DESIGN & CONSTRUCTION:	\$2,800,000.00

CITY REQUESTED CHANGES

A	Removing of Perimeter Fencing (DEDUCT)	-\$65,000.00
B	Replace all of the dasher board facing (1/2"), kickplates (1/2"), and cap rail (3/4") around the entire rink, not just the ADA modifications. (ADD)	\$114,114.00
C	Replace the chain link fencing that is on top of the dasher boards along the sides of the rink. with the same plexiglass that is being replaced around the corners/end. (ADD)	\$107,948.00
	TOTAL OF REQUESTED CHANGES:	\$157,062.00
	COST FOR DESIGN & CONSTRUCTION INCLUDING REQUESTED CHANGES:	\$2,957,062.00

Bid Qualifications

City of Temecula - RR Sports Park Hockey Rink Bid Qualifications:

- 1) Existing Power panels at Adjacent restroom Building has enough power and the correct voltage for the Hockey Rink remodel.
- 2) Existing water source at the Adjacent restroom Building has enough water flow and pressure for a new drinking fountain located within the hockey rink footprint.
- 3) New Drinking fountain sewer accommodation will be made via a drywell.
- 4) Rainwater collected by the new Hockey rink roof will be brought down to the existing ground level via gutters and downspouts and then allowed to sheet flow as the existing hockey rink drains currently. No new WQMP's are included in this proposal.
- 5) The new Security fence to enclose the hockey rink will match the existing Skate park security fencing as close as possible.
- 6) We assume that the existing Hockey Rink surface and levelness will stay as is and the new tile system will be installed over this surface.
- 7) Hockey rink is based on 300 occupancy load.
- 8) New Hockey Rink tiles will be installed up to the dasher boards, not under them.
- 9) Dasher board replacement is figured only at (9) doors leading in & out of rink.
- 10) Other than areas clearly identified in the RFP as needing to be ADA complaint: Entry ramp, ADA seating, and rink accesses, all other existings conditions figured to remain as is.
- ~~11) Compensable delay to be charged \$1000 a day, for delays caused by the City or it's agents.~~
- 12) Existing netting to remain and be reused.
- 13) This proposal includes striping for two sports, hockey and futsal.
- 14) Steel pricing is based on the purchase of the structure on or before July 15, 2024. After this date, there will be 10% cost increase due to elevated steel cost.
- 15) No underlayment to be installed over existing hockey surface.
- 16) Excludes fire protection in our proposal.
- 17) All new perimeter gates figured to be installed with hasp and locks.
- 18) Removal and replacement of existing Conex boxes by others.

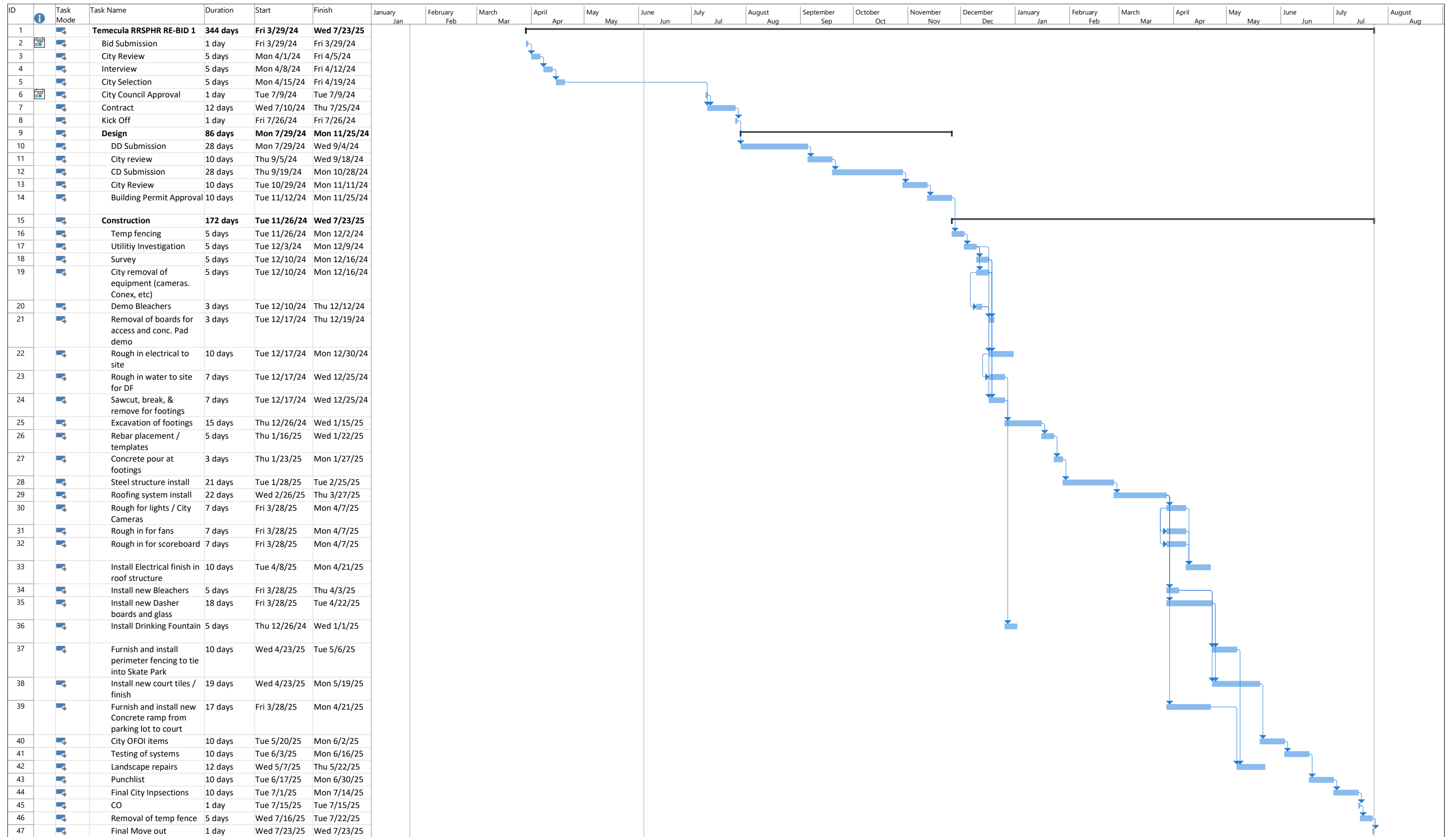
Thank you, for the opportunity to bid this project.

Scott Schalliol

Scott Schalliol
President

Exhibit C

Schedule for Execution of Work



Project: Preliminary schedule Re
Date: Tue 6/4/24

Task		Summary		Inactive Milestone		Duration-only		Start-only		External Milestone		Manual Progress
Split		Project Summary		Inactive Summary		Manual Summary Rollup		Finish-only		Deadline		
Milestone		Inactive Task		Manual Task		Manual Summary		External Tasks		Progress		

Exhibit D

Insurance Exhibit

EXHIBIT D

Insurance

11.1.1 INSURANCE

Design-Builder shall procure and maintain for the duration of this 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 and the results of that work by Design-Builder, his agents, representatives, employees or subcontractors. Agreement will not be considered by the City Council until all insurance has been obtained that is required under this section and such insurance has been verified by Owner, nor shall Design-Builder allow any Subcontractor to commence work on its contract until all similar insurance required of the Subcontractor has been so obtained and approved.

Minimum Scope and Limits of Insurance

Design-Builder shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

- Commercial General Liability Insurance with a minimum limit of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Four Million Dollars (\$4,000,000) per project or location. If Design-Builder is a limited liability company, the commercial general liability coverage shall be amended so that Design-Builder and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.
- Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Design-Builder does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Design-Builder shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under this Section 11.1.
- Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Design-Builder has no employees while performing services under this Agreement, workers' compensation policy is not required, but Design-Builder shall provide an executed declaration that it has no employees.
- Professional Liability Insurance [or Errors and Omissions Insurance] with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate

Acceptability of Insurers

The insurance policies required under this Section 11.1 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self-insurance shall not be considered to comply with the insurance requirements under this Section.

Additional Insured

The commercial general, automobile liability, and professional liability insurance policies shall contain an endorsement naming the City of Temecula, its officers, officials, employees, agents and volunteers as additional insureds for all activities arising from this contract.

Primary and Non-Contributing

The insurance policies required under this Section shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to Owner. Any insurance or self-insurance maintained by Owner, its officers, officials, employees, agents or volunteers, shall be in excess of Design-Builder's insurance and shall not contribute with it.

Design-Builder's Waiver of Subrogation

The insurance policies required under this Section shall not prohibit Design-Builder and Design-Builder's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Design-Builder hereby waives all rights of subrogation against Owner.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be approved by Owner. At Owner's option, Design-Builder shall either reduce or eliminate the deductibles or self-insured retentions with respect to Owner, or Design-Builder shall procure a bond guaranteeing payment of losses and expenses.

Cancellations or Modifications to Coverage

Design-Builder shall not cancel, reduce or otherwise modify the insurance policies required by this Section during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to Owner. If any insurance policy required under this Section is canceled or reduced in coverage or limits, Design-Builder shall, within two (2) business days of notice from the insurer, phone, fax or notify Owner via certified mail, return receipt requested, of the cancellation of or changes to the policy.

Owner Remedy for Noncompliance

If Design-Builder does not maintain the policies of insurance required under this Section in full force and effect during the term of this Agreement, or in the event any of Design-Builder's policies do not comply with the requirements under this Section, Owner may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, Owner may, but has no duty to, take out the necessary insurance and pay, at Design-Builder's expense, the premium thereon. Design-Builder shall promptly reimburse City for any premium paid by Owner or Owner may withhold amounts sufficient to pay the premiums from payments due to Design-Builder.

Evidence of Insurance

A minimum of ten (10) calendar days prior to City Council consideration of award of the contract, Design-Builder shall furnish a certificate of insurance and all original endorsements evidencing and effecting the coverages required under this Section for review by Owner's Risk Manager. The certificate of insurance and all original endorsements evidencing and effecting the coverages required under

this Section must receive approval from Owner's Risk Manager a minimum of five (5) calendar days prior to City Council consideration of award of the contract. The endorsements are subject to Owner's approval. Design-Builder may provide complete, certified copies of all required insurance policies to Owner. Design-Builder shall maintain current endorsements on file with Owner's Risk Manager. Design-Builder shall provide proof to Owner's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Design-Builder shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

Indemnity Requirements not Limiting

Procurement of insurance by Design-Builder shall not be construed as a limitation of Design-Builder's liability or as full performance of Design-Builder's duty to indemnify under Article 7 of the General Conditions or any other provision of this Agreement.

Subcontractor Insurance Requirements

Design-Builder shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section.

Exhibit E

Form of Payment Bond

CITY OF TEMECULA, DEPARTMENT OF PUBLIC WORKS

BOND NO. _____

LABOR AND MATERIALS BOND

for

RONALD REAGAN SPORTS PARK HOCKEY RINK
PROJECT NO. PW22-06

KNOW ALL PERSONS BY THESE PRESENTS:

THAT, WHEREAS, the City of Temecula has awarded to:

NAME AND ADDRESS OF CONTRACTOR

(hereinafter called "Contractor"), a contract for the work described as follows: **RONALD REAGAN SPORTS PARK HOCKEY RINK, PROJECT NO. PW22-06** (hereinafter called "Contract"), and

WHEREAS, said Contractor is required by the provisions of Sections 9550 through 9566 of the Civil Code to furnish a bond in connection with said Contract, as hereinafter set forth.

NOW, THEREFORE, WE, the undersigned Contractor, as Principal, and

NAME AND ADDRESS OF SURETY

are duly authorized to transact business under the laws of the State of California, as Surety (hereinafter called "Surety"), are held and firmly bound unto the City of Temecula, California, and all contractors, subcontractors, laborers, material men, and other persons employed in the performance of the aforesaid Contract and referred to in Section 9100 of the Civil Code, in the penal sum of _____ **DOLLARS AND** _____ **CENTS (\$ _____)**, lawful money of the United States, said sum being not less than 100% of the estimated amount payable by the said City of Temecula under the terms of the Contract, for the payment of which we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that, if said Contractor, or its heirs, executors, administrators, successors, and assigns, or subcontractors, shall fail to pay for any materials, provisions, provender or other supplies, or teams, implements or machinery, used in, upon, for, or about the performance of the work under the Contract to be done, or for any work or labor thereon of any kind or for amounts due under Section 13020 of the Unemployment Insurance Code with respect to such work or labor, as required by Section 9550 et seq. of the Civil Code, and provided that the claimant shall have complied with the provisions of said Civil Code, the Surety shall pay for the same in an amount not exceeding the sum specified in this bond, otherwise the above obligation shall be void.

As a part of the obligation secured hereby and in addition to the face amount specified, costs and reasonable expenses and fees shall be included, including reasonable attorneys' fees incurred

by the City of Temecula in successfully enforcing this obligation, all to be taxed as costs and included in any judgment rendered.

This bond shall inure to the benefit of any and all persons, companies, and corporations entitled to file claims under Section 9100 of the Civil Code, so as to give a right of action to them or their assigns in any suit brought upon this bond, and shall also cover payment for any amounts required to be deducted, withheld, and paid over to the Employment Development Department from the wages of employees of the Contractor or its subcontractors pursuant to Section 13020 of the Unemployment Insurance Code.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Contract, or to the work to be performed thereunder, or to the specifications accompanying the same, shall in any way affect its obligations on this bond. The Surety hereby waives notice of any such change, extension of time, alteration, or addition to the terms of the Contract, or to the work to be performed thereunder, or to the specifications accompanying the same.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on this _____ day of _____, 20_____.

(Seal)

SURETY:

PRINCIPAL:

By: _____

By: _____

(Name)

(Name)

(Title)

(Title)

By: _____

APPROVED AS TO FORM:

(Name)

Peter M. Thorson, City Attorney

(Title)

NOTE: Signatures of two corporate officers required for corporations. A Notarial Acknowledgement or Jurat must be attached for each of the Surety and Principal Signatures.

Exhibit F

Form of Performance Bond

CITY OF TEMECULA, DEPARTMENT OF PUBLIC WORKS

BOND NO. _____

PERFORMANCE BOND

for

RONALD REAGAN SPORTS PARK HOCKEY RINK
PROJECT NO. PW22-06

KNOW ALL PERSONS BY THESE PRESENTS:

THAT, WHEREAS, the City of Temecula, State of California, entered into a Contract on this _____ day of _____, 20____, hereinafter called "Contract," with

NAME AND ADDRESS OF CONTRACTOR

(hereinafter called "Principal"), for the work described as follows: **RONALD REAGAN SPORTS PARK HOCKEY RINK, PROJECT NO. PW22-06**; and

WHEREAS, the said Principal is required under the terms of said Contract to furnish a bond for the faithful performance of said Contract.

NOW, THEREFORE, WE, the Principal, and

NAME AND ADDRESS OF SURETY

are duly authorized to transact business under the laws of the State of California, as Surety (hereinafter called "Surety"), are held and firmly bound unto the City of Temecula in the penal sum of _____ **DOLLARS AND** _____ **CENTS (\$_____)**, lawful money of the United States, for the payment of which sum we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that, if the Principal, its heirs, executors, administrators, successors, or assigns, shall in all things stand to, abide by, and well and truly keep and perform the covenants, conditions and agreements in the said Contract, and in any alteration thereof made as therein provided, on its part to be kept and performed, at the time and in the manner therein specified, in all respects according to their true intent and meaning, and shall indemnify and save harmless the City of Temecula, its officers and agents, as therein stipulated, then this obligation shall become null and void; otherwise it shall be and remain in full force and virtue.

As a part of the obligation secured hereby and in addition to the face amount specified, costs and reasonable expenses and fees shall be included, including reasonable attorneys' fees incurred by the City of Temecula in successfully enforcing this obligation, all to be taxed as costs and included in any judgment rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Contract, or to the work to be performed thereunder, or to the specifications accompanying the same, shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration, or addition to the terms of the Contract, or to the work, or to the Specifications.

IN WITNESS WHEREOF, this instrument has been duly executed by the Principal and Surety above named, on this _____ day of _____, 20_____.

(Seal)

SURETY:

By: _____

(Name)

(Title)

PRINCIPAL:

By: _____

(Name)

(Title)

By: _____

(Name)

(Title)

APPROVED AS TO FORM:

Peter M. Thorson, City Attorney

NOTE: Signatures of two corporate officers required for corporations. A Notarial Acknowledgement or Jurat must be attached for each of the Surety and Principal Signatures.

Exhibit G

Form of Maintenance and Warranty Bond

CITY OF TEMECULA, DEPARTMENT OF PUBLIC WORKS

BOND NO. _____

MAINTENANCE AND WARRANTY BOND

for

RONALD REAGAN SPORTS PARK HOCKEY RINK
PROJECT NO. PW22-06

KNOW ALL PERSONS BY THESE PRESENT THAT

NAME AND ADDRESS OF DESIGN-BUILD CONTRACTOR

a _____ (hereinafter called "Principal"), and
(fill in whether a Corporation, Partnership, or Individual)

NAME AND ADDRESS OF SURETY

(hereinafter called "Surety"), are held and firmly bound unto CITY OF TEMECULA (hereinafter called "Owner") in the penal sum of _____ **DOLLARS AND _____ CENTS (\$ _____)** in lawful money of the United States, said sum being not less than ten percent of the Contract value payable by the said City of Temecula under the terms of the Contract, for the payment of which, we bind ourselves, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION is such that whereas, the Principal entered into a certain Desing-Build Contract with the Owner, dated the _____ day of _____, 20____, a copy of which is hereto attached and made a part hereof for the construction of **RONALD REAGAN SPORTS PARK HOCKEY RINK, PROJECT NO. PW22-06.**

WHEREAS, said Contract provides that the Principal will furnish a maintenance and warranty bond conditioned to guarantee for the period of one year after approval of the final estimate on said job, by the Owner, against all defects in workmanship and materials which may become apparent during said period; and

WHEREAS, the said Contract has been completed, and was the final estimate approved on this the _____ day of _____, 20____.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if within one year from the date of approval of the final estimate on said job pursuant to the Contract, the work done under the terms of said Contract shall disclose poor workmanship in the execution of said work, and the carrying out of the terms of said Contract, or it shall appear that defective materials were furnished thereunder, then this obligation shall remain in full force and virtue, otherwise this instrument shall be void.

As a part of the obligation secured hereby and in addition to the face amount specified, costs and reasonable expenses and fees shall be included, including reasonable attorney's fees incurred by the City of Temecula in successfully enforcing this obligation, all to be taxed as costs and included in any judgment rendered.

The Surety hereby stipulates and agrees that no change, extension of time, alteration, or addition to the terms of the Contract, or to the work to be performed thereunder, or to the specifications accompanying the same, shall in any way affect its obligations on this bond, and it does hereby waive notice of any such change, extension of time, alteration, or addition to the terms of the Contract, or to the work, or to the Specifications.

Signed and sealed this _____ day of _____, 20____.

(Seal)

SURETY:

By: _____

(Name)

(Title)

PRINCIPAL:

By: _____

(Name)

(Title)

By: _____

(Name)

(Title)

APPROVED AS TO FORM:

Peter M. Thorson, City Attorney

NOTE: Signatures of two corporate officers required for corporations. A Notarial Acknowledgement or Jurat must be attached for each of the Surety and Principal Signatures.

Exhibit H

California Labor Law Requirements

EXHIBIT H
TERMS FOR COMPLIANCE WITH CALIFORNIA LABOR LAW REQUIREMENTS

1. This Agreement calls for services that, in whole or in part, constitute “public works” as defined in Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code (“Chapter 1”). Further, Design-Builder (“Contractor”) acknowledges that this Agreement is subject to (a) Chapter 1 and (b) the rules and regulations established by the Department of Industrial Relations (“DIR”) implementing such statutes. Therefore, as to those Services that are “public works”, Contractor shall comply with and be bound by all the terms, rules and regulations described in 1(a) and 1(b) as though set forth in full herein.

2. California law requires the inclusion of specific Labor Code provisions in certain contracts. The inclusion of such specific provisions below, whether or not required by California law, does not alter the meaning or scope of Section 1 above.

3. Contractor shall be registered with the Department of Industrial Relations in accordance with California Labor Code Section 1725.5, and has provided proof of registration to City prior to the Effective Date of this Agreement. Contractor shall not perform work with any subcontractor that is not registered with DIR pursuant to Section 1725.5. Contractor and subcontractors shall maintain their registration with the DIR in effect throughout the duration of this Agreement. If the Contractor or any subcontractor ceases to be registered with DIR at any time during the duration of the project, Contractor shall immediately notify City.

4. Pursuant to Labor Code Section 1771.4, Contractor’s Services are subject to compliance monitoring and enforcement by DIR. Contractor shall post job site notices, as prescribed by DIR regulations.

5. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages for each craft, classification, or type of worker needed to perform the Agreement are on file at City Hall and will be made available to any interested party on request. Contractor acknowledges receipt of a copy of the DIR determination of such prevailing rate of per diem wages, and Contractor shall post such rates at each job site covered by this Agreement.

6. 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 City, forfeit \$200.00 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.

7. 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 City of the location of the records. Pursuant to Labor Code Section 1771.4, Contractor and each subcontractor shall furnish such records to the Labor Commissioner, at least monthly, in the form specified by the Labor Commissioner.

8. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1777.5, 1777.6 and 1777.7 and California Administrative Code 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 60 days after concluding work pursuant to this Agreement, Contractor and each of its subcontractors shall submit to City a verified statement of the journeyman and apprentice hours performed under this Agreement.

9. The Contractor shall not perform Work with any Subcontractor that has been debarred or suspended pursuant to California Labor Code Section 1777.1 or any other federal or state law providing for the debarment of contractors from public works. The Contractor and Subcontractors shall not be debarred or suspended throughout the duration of this Contract pursuant to Labor Code Section 1777.1 or any other federal or state law providing for the debarment of contractors from public works. If the Contractor or any subcontractor becomes debarred or suspended during the duration of the project, the Contractor shall immediately notify City.

10. Contractor acknowledges that eight hours labor constitutes a legal day's work. Contractor shall comply with and be bound by Labor Code Section 1810. 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 City, forfeit \$25.00 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 hours in any one calendar day and 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 hours per day, and 40 hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay.

11. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby 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.”

12. For every subcontractor who will perform work on the project, Contractor shall be responsible for such subcontractor's compliance with Chapter 1 and Labor Code Sections 1860 and 3700, and Contractor shall include in the written contract between it and each subcontractor a copy of those statutory provisions and a requirement that each subcontractor shall comply with those statutory provisions. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor's compliance, including without limitation,

conducting a periodic review of the certified payroll records of the subcontractor and 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 failure.

13. To the maximum extent permitted by law, Contractor shall indemnify, hold harmless and defend (at Contractor's expense with counsel reasonably acceptable to City) City, its officials, officers, employees, agents and independent contractors serving in the role of City officials, and volunteers from and against any demand or claim for damages, compensation, fines, penalties or other amounts arising out of or incidental to any acts or omissions listed above by any person or entity (including Contractor, its subcontractors, and each of their officials, officers, employees and agents) in connection with any work undertaken or in connection with the Agreement, including without limitation the payment of all consequential damages, attorneys' fees, and other related costs and expenses. All duties of Contractor under this Section shall survive the termination of the Agreement.