

**CITY OF PALM DESERT
CONTRACT FOR CONSTRUCTION**

This Agreement is made and entered into this **22nd** day of **May, 2025**, by and between the City of Palm Desert, a municipal corporation organized under the laws of the State of California with its principal place of business at 73-510 Fred Waring Drive, Palm Desert, California 92260-2578, ("City") and **American Asphalt South, Inc., an S Corporation**, with its principal place of business at **2990 Myers Street, Riverside, CA 92503**. ("Contractor").

WITNESSETH: That the parties hereto have mutually covenanted and agreed, and by these presents do covenant and agree with each other as follows:

ARTICLE 1. SCOPE OF WORK.

The Contractor shall perform all Work within the time stipulated in the Contract, and shall provide all labor, materials, equipment, tools, utility services, and transportation to complete all of the Work required in strict compliance with the Contract Documents as specified in Article 5, below, for the following Project:

**2025 Slurry Seal Project
Project No. CSL00001**
(hereinafter referred to as "the Project").

This project will slurry seal and restripe various streets throughout the City of Palm Desert. The project will consist of mobilization, traffic control, striping removals, cold milling, crack fill, crack seal, construct rubberized slurry seal, paint road striping and markings, install preformed thermoplastic markings, install reflective pavement markers, and installation of traffic signal loop detectors.

Contractor is an independent contractor and not an agent of the City. The Contractor and its surety shall be liable to the City for any damages arising as a result of the Contractor's failure to comply with this obligation.

ARTICLE 2. TIME FOR COMPLETION.

Time is of the essence in the performance of the Work. The Work shall be commenced on the date stated in the City's Notice to Proceed. The Contractor shall complete all Work required by the Contract Documents within 90 Days from the commencement date stated in the Notice to Proceed. By its signature hereunder, Contractor agrees the time for completion set forth above is adequate and reasonable to complete the Work.

ARTICLE 3. CONTRACT PRICE.

The City shall pay to the Contractor as full compensation for the performance of the Contract, subject to any additions or deductions as provided in the Contract Documents, and including all applicable taxes and costs, the sum of **Two million seven hundred ten thousand one hundred seventy-five Dollars (\$2,710,175)**. Payment shall be made as set forth in the General Conditions. The City will pay to Contractor compensation based upon the prices set forth in the Bid Schedule.

ARTICLE 4. LIQUIDATED DAMAGES.

Contractor acknowledges that the City will sustain actual damages for each and every Day completion of the Project is delayed beyond the Contract Time. Because of the nature

of the Project, it would be impracticable or extremely difficult to determine the City's actual damages. Accordingly, Pursuant to Government Code Section 53069.85, Contractor shall pay to the City as fixed and liquidated damages the sum of One Thousand Dollars (\$1,000) per day for each and every calendar day of delay beyond the Contract Time or beyond any completion schedule, construction schedule, or Project milestones established pursuant to the Contract. In the event this is not paid, the Contractor agrees the City may deduct that amount from any money due or that may become due the Contractor under the Contract. This Section does not exclude recovery of other damages specified in the Contract Documents. Liquidated damages may be deducted from progress payments due Contractor, or retention may be collected directly from Contractor, or from Contractor's surety. These provisions for liquidated damages shall not prevent the City, in case of Contractor's default, from terminating the Contractor.

ARTICLE 5. COMPONENT PARTS OF THE CONTRACT.

The "Contract Documents" include the following:

- Notice Inviting Bids
- Instructions to Bidders
- Bid Forms
- Bid Acknowledgement
- Bid Schedule
- Bid Guarantee
- Designation of Subcontractors
- Information Required of Bidders
- Non-Collusion Declaration Form
- Iran Contracting Act Certification
- Public Works Contractor DIR Registration Certification
- Performance Bond
- Payment (Labor and Materials) Bond
- Contract for Construction
- General Conditions
- Special Conditions
- Specifications
- Addenda
- Construction Plans and Drawings
- Standard Specifications for Public Works Construction "Greenbook", latest edition, Except Sections 1-9
- Standard Plans of the City of Palm Desert, latest edition
- Standard Plans for Public Works Construction, latest edition
- Caltrans Standard Specifications, latest edition, Except Division 1
- Caltrans Standard Plans, latest edition
- California Manual on Traffic Control Devices for Streets and Highways (CAMUTCD), latest edition
- Work Area Traffic Control Handbook, latest edition
- Reference Specifications
- Approved and fully executed Change Orders
- Permits
- Any other documents contained in or incorporated into the Contract

The Contractor shall complete the Work in strict accordance with all of the Contract Documents.

All of the Contract Documents are intended to be complementary. Work required by one of the Contract Documents and not by others shall be done as if required by all. In the event of conflict, the various Contract Documents will be given effect in the order set forth in the General Conditions. This Contract shall supersede any prior agreement of the parties.

ARTICLE 6. PROVISIONS REQUIRED BY LAW AND CONTRACTOR COMPLIANCE.

Each and every provision of law required to be included in these Contract Documents shall be deemed to be included in these Contract Documents. The Contractor shall comply with all requirements of applicable federal, state, and local laws, rules, and regulations, including, but not limited to, the provisions of the California Labor Code and California Public Contract Code which are applicable to this Work.

ARTICLE 7. INDEMNIFICATION AND INSURANCE.

A. Indemnification

1. To the fullest extent permitted by law, Contractor shall immediately defend (with counsel of the City's choosing), indemnify, and hold harmless the City, its officials, officers, agents, employees, and representatives, and each of them from and against:
 - (a) Any and all claims, demands, causes of action, costs, expenses, injuries, losses or liabilities, in law or in equity, of every kind or nature whatsoever, but not limited to, injury to or death, including wrongful death, of any person, and damages to or destruction of property of any person, arising out of, related to, or in any manner directly or indirectly connected with the Work or this Contract, including claims made by subcontractors for nonpayment, including without limitation the payment of all consequential damages and attorney's fees and other related costs and expenses, however caused, regardless of whether the allegations are false, fraudulent, or groundless, and regardless of any negligence of the City or its officers, employees, or authorized volunteers (including passive negligence), except the sole negligence or willful misconduct or active negligence of the City or its officials, officers, employees, or authorized volunteers;
 - (b) Contractor's defense and indemnity obligation herein includes, but is not limited to damages, fines, penalties, attorney's fees and costs arising from claims under the Americans with Disabilities Act (ADA) or other federal or state disability access or discrimination laws arising from Contractor's Work during the course of construction of the improvements or after the Work is complete, as the result of defects or negligence in Contractor's construction of the improvements;
 - (c) Any and all actions, proceedings, damages, costs, expenses, fines, penalties or liabilities, in law or equity, of every kind or nature whatsoever, arising out of, resulting from, or on account of the violation of any governmental law or regulation, compliance with which is the responsibility of Contractor;
 - (d) Any and all losses, expenses, damages (including damages to the Work itself), attorney's fees, and other costs, including all costs of defense which any of them may incur with respect to the failure, neglect, or refusal of Contractor to

faithfully perform the Work and all of Contractor's obligations under Contract. Such costs, expenses, and damages shall include all costs, including attorney's fees, incurred by the indemnified parties in any lawsuit to which they are a party.

2. Contractor shall immediately defend, at Contractor's own cost, expense and risk, with the counsel of the City choosing, any and all such aforesaid suits, actions or other legal proceedings of every kind that may be brought or instituted against the City, its officials, officers, agents, employees and representatives. Contractor shall pay and satisfy any judgment, award or decree that may be rendered against the City, its officials, officers, employees, agents, employees, and representatives, in any such suit, action or other legal proceeding. Contractor shall reimburse the City, its officials, officers, agents, employees, and representatives for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. The only limitations on this provision shall be those imposed by Civil Code section 2782.
3. The provisions of this Article shall survive the termination of this Contract howsoever caused, and no payment, partial payment, or acceptance of occupancy in whole or part of the Work shall waive or release any of the provisions of this Article.

B. Insurance

1. Without limiting Contractor's indemnification of City, and prior to commencement of Work, Contractor shall obtain, provide, and maintain at its own expense during the term of this Contract, policies of insurance of the type and amounts described below and in a form that is satisfactory to City.
2. **General Liability Insurance.** Contractor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$2,000,000 per occurrence, \$4,000,000 general aggregate, for bodily injury, personal injury, and property damage, and a \$4,000,000 completed operations aggregate. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.
3. **Automobile Liability Insurance.** Contractor shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of the Contractor arising out of or in connection with Work to be performed under this Contract, including coverage for any owned, hired, non-owned or rented vehicles, in an amount not less than \$1,000,000 combined single limit for each accident.
4. **Umbrella or Excess Liability Insurance.** Contractor may opt to utilize umbrella or excess liability insurance in meeting insurance requirements. In such circumstances, Contractor may obtain and maintain an umbrella or excess liability insurance policy with limits that will provide bodily injury, personal injury, and property damage liability coverage at least as broad as the primary coverages set forth above, including commercial general liability, automotive liability and employer's liability. Such policy or policies shall include the following terms and conditions:

A drop-down feature requiring the policy to respond in the event that any primary insurance that would otherwise have applied proves to be uncollectible in whole or in part for any reason;

- (a) Pay on behalf of wording as opposed to reimbursement; and
- (b) Concurrency of effective dates with primary policies; and
- (c) Policies shall “follow form” to the underlying primary policies; and
- (d) Insureds under primary policies shall also be insureds under the umbrella or excess policies.

5. **Workers’ Compensation Insurance.** Contractor shall maintain Workers’ Compensation Insurance (Statutory Limits) and Employer’s Liability Insurance (with limits of at least \$1,000,000) for Contractor’s employees in accordance with the laws of the State of California, Section 3700 of the Labor Code. In addition, Contractor shall require each subcontractor to similarly maintain Workers’ Compensation Insurance and Employer’s Liability Insurance in accordance with the laws of the State of California, Section 3700 for all of the subcontractor’s employees. Contractor shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of the City, its officers, agents, employees, and volunteers.
6. Fidelity Coverage. Reserved.
7. Pollution Liability Insurance. Environmental Impairment Liability Insurance shall be written on a Contractor’s Pollution Liability form or other form acceptable to the City providing coverage for liability arising out of sudden, accidental, and gradual pollution and remediation. The policy limit shall be no less than \$1,000,000 dollars per claim and in the aggregate. All activities contemplated in this Agreement shall be specifically scheduled on the policy as “covered operations”. The policy shall provide coverage for the hauling of waste from the Project site to the final disposal location, including non-owned disposal sites.

C. Other Provisions or Requirements

1. Proof of Insurance. Contractor shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers’ compensation. Insurance certificates and endorsements must be approved by City’s Risk Manager prior to commencement of performance. Current certification of insurance shall be kept on file with City at all times during the term of this contract. City reserves the right to require complete, certified copies of all required insurance policies, at any time.
2. Duration of Coverage. Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by Contractor, its agents, representatives, employees, or subcontractors. Contractor must maintain general liability and umbrella or excess liability insurance for as long as there is a statutory exposure to completed operations claims. The City and its officers, officials, employees, and agents shall continue as additional insureds under such policies.

3. Primary/Non-Contributing. Coverage provided by Contractor shall be primary and any insurance or self-insurance procured or maintained by City shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of City before the City's own insurance or self-insurance shall be called upon to protect it as a named insured.
4. Products/Completed Operations Coverage. Products/completed operations coverage shall extend a minimum of three (3) years after project completion. Coverage shall be included on behalf of the insured for covered claims arising out of the actions of independent contractors. If the insured is using subcontractors, the Policy must include work performed "by or on behalf" of the insured. Policy shall contain no language that would invalidate or remove the insurer's duty to defend or indemnify for claims or suits expressly excluded from coverage. Policy shall specifically provide for a duty to defend on the part of the insurer. The City, its officials, officers, agents, and employees, shall be included as additional insureds under the Products and Completed Operations coverage.
5. City's Rights of Enforcement. In the event any policy of insurance required under this Contract does not comply with these requirements, or is canceled and not replaced, City has the right, but not the duty, to obtain the insurance it deems necessary, and any premium paid by City will be promptly reimbursed by Contractor, or City will withhold amounts sufficient to pay premium from Contractor payments. In the alternative, City may cancel this Contract.
6. Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.
7. Waiver of Subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against the City, its elected or appointed officers, agents, officials, employees, and volunteers, or shall specifically allow Contractor or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Contractor hereby waives its own right of recovery against the City, its elected or appointed officers, agents, officials, employees, and volunteers and shall require similar written express waivers and insurance clauses from each of its subcontractors.
8. Enforcement of Contract Provisions (non estoppel). Contractor acknowledges and agrees that any actual or alleged failure on the part of the City to inform Contractor of non-compliance with any requirement imposes no additional obligations on the City nor does it waive any rights hereunder.
9. Requirements Not Limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any

type. If the Contractor maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for the higher limits maintained by the Contractor. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

10. Notice of Cancellation. Contractor agrees to oblige its insurance agent or broker and insurers to provide to City with a thirty (30) Day notice of cancellation (except for nonpayment for which a ten (10) Day notice is required) or nonrenewal of coverage for each required coverage.
11. Additional Insured Status. General liability, automobile liability, and if applicable, pollution liability policies shall provide or be endorsed to provide that the City and its officers, officials, employees, agents, and volunteers shall be additional insureds under such policies. This provision shall also apply to any excess/umbrella liability policies. Coverage shall be at least as broad as coverage provided by ISO's Owners, Lessees, or Contractors Additional Insured Endorsement for the ongoing (i.e. ISO Form CG 20 10 07 04) and completed operations (i.e. ISO Form CG 20 37 07 04) of Contractor.
12. Prohibition of Undisclosed Coverage Limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to City and approved of in writing.
13. Separation of Insureds. A severability of interests provision must apply for all additional insureds ensuring that Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.
14. Pass Through Clause. Contractor agrees to ensure that its sub-consultants, sub-contractors, and any other party involved with the Project who is brought onto or involved in the project by Contractor, provide the same minimum insurance coverage and endorsements required of Contractor. Contractor agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. Contractor agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the Project will be submitted to City for review.
15. City's Right to Revise Requirements. The City or its Risk Manager reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the Contractor ninety (90) Days advance written notice of such change. If such change results in substantial additional cost to the Contractor, the City and Contractor may renegotiate Contractor's compensation. If the City reduces the insurance requirements, the change shall go into effect immediately and require no advanced written notice.
16. Self-Insured Retentions. Any self-insured retentions must be declared to and approved by City. City reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by City.
17. Timely Notice of Claims. Contractor shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Contractor's performance under this Contract, and that involve or may involve coverage under any of the required liability policies.

18. Additional Insurance. Contractor shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the Work.
19. Safety. Contractor shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Contractor shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions, where applicable, shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subcontractors, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

ARTICLE 8. PREVAILING WAGES.

Contractor shall be required to pay the prevailing rate of wages in accordance with the Labor Code which such rates shall be made available at the City's Office or may be obtained online at <http://www.dir.ca.gov> and which must be posted at the job site.

ARTICLE 9. FALSE CLAIMS.

Contractor acknowledges that if a false claim is submitted to the City, it may be considered fraud and Contractor may be subject to criminal prosecution. Contractor acknowledges that the False Claims Act, California Government Code sections 12650, et seq., provides for civil penalties where a person knowingly submits a false claim to a public entity. These provisions include within their scope false claims made with deliberate ignorance of the false information or in reckless disregard of the truth or falsity of the information. In the event the City seeks to recover penalties pursuant to the False Claims Act, it is entitled to recover its litigation costs, including attorneys' fees. Contractor hereby acknowledges that the filing of a false claim may the Contractor to an administrative debarment proceeding wherein Contractor may be prevented from further bidding on public contracts for a period of up to five (5) years.

[SIGNATURES ON FOLLOWING PAGE]

**SIGNATURE PAGE TO LONG FORM CONSTRUCTION AGREEMENT
BY AND BETWEEN THE CITY OF PALM DESERT
AND AMERICAN ASPHALT SOUTH, INC.**

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on the day and year first above written.

CITY OF PALM DESERT

AMERICAN ASPHALT SOUTH, INC., AN S CORPORATION

By: _____

Chris Escobedo
Interim City Manager

By: _____

Jeff Petty
President

Attest:

By: _____

Anthony J. Mejia
City Clerk

By: _____

Tyler Skender
Secretary

Contractor's License Number and
Classification

Approved as to form:

DIR Registration Number (*if applicable*)

By: _____

Isra Shah
Best Best & Krieger LLP
City Attorney

City Clerk QC: _____

Contracts QC: _____

Insurance: _____

Initial Review

Final Approval

Bonds