

LAKE HAVASU CITY

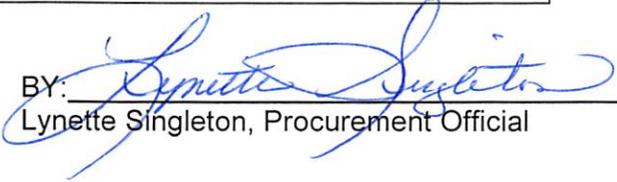
**INVITATION TO BID
FY 2016-17 CHIP SEAL PROGRAM
PROJECT NO. SM580C
ADDENDUM NO. 2
October 24, 2016**

Attention is called to the following changes, additions, clarifications and/or deletions to the original solicitation and they shall be taken into account in preparing submissions:

There is no change in the opening date. **Submissions are due no later than 3:00 p.m., Arizona Time, November 1, 2016**, at the City Clerk's Office, 2330 McCulloch Blvd. N., Lake Havasu City, AZ 86403.

SECTION	DESCRIPTION or ISSUE
00500A-1 through 00500A-7 (PDF pgs 38-45)	Replace Section 500A-1 through 500A-7, Construction Contract Indemnification and Insurance requirements with the minimum scope and limits of insurance herein.

DATE: 10/24/2016

BY: 
Lynette Singleton, Procurement Official

LAKE HAVASU CITY CONSTRUCTION CONTRACT
INDEMNIFICATION AND INSURANCE REQUIREMENTS
(long form)

I. INDEMNIFICATION

Contractor shall indemnify and hold harmless City, its officers, volunteers and employees from and against any and all liabilities, damages, losses, and costs, including reasonable attorney's fees, but only to the extent caused by the negligence, recklessness, or intentional wrongful conduct of Contractor or other persons employed or used by the Contractor in the performance of this Contract. It is agreed that Contractor will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable.

II. INSURANCE REQUIREMENTS

A. CONTRACTOR and its subcontractors shall procure and maintain until all of their obligations have been discharged, including any warranty periods under this CONTRACT, are satisfied, insurance against claims for injury to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the CONTRACTOR, its agents, representatives, employees or subcontractors.

B. The insurance requirements herein are minimum requirements for this CONTRACT and in no way limit the indemnity covenants contained in this CONTRACT. City in no way warrants that the minimum limits contained herein are sufficient to protect the CONTRACTOR from liabilities that might arise out of the performance of the work under this CONTRACT by the CONTRACTOR, its agents, representatives, employees or subcontractors, and CONTRACTOR is free to purchase additional insurance.

C. MINIMUM SCOPE AND LIMITS OF INSURANCE: CONTRACTOR shall provide coverage with limits of liability not less than those stated below.

1. Commercial General Liability – Occurrence Form

Policy shall include bodily injury, property damage, personal injury and broad form contractual liability coverage.

a. General Aggregate	\$2,000,000
b. Products – Completed Operations Aggregate	\$1,000,000
c. Personal and Advertising Injury	\$1,000,000
d. Blanket Contractual Liability – Written and Oral	\$1,000,000
e. Fire Legal Liability	\$ 50,000
f. Each Occurrence	\$1,000,000

- i. The policy shall be endorsed to include the following additional insured language: ***“Lake Havasu City, its departments, agencies, boards, commissions, and its officers, officials, agents, volunteers and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the CONTRACTOR”.***
- ii. Policy shall contain a waiver of subrogation against Lake Havasu City, its departments, agencies, boards, commissions, and its officers, officials, agents, volunteers and employees for losses arising from work performed by or on behalf of the CONTRACTOR.
- iii. Completed operations coverage shall remain effective for at least two years following expiration of CONTRACT.

2. Business Automobile Liability

- a. Bodily Injury and Property Damage for any owned, hired, and/or non-owned vehicles used in the performance of this CONTRACT.

Combined Single Limit (CSL) \$1,000,000

- i. The policy shall be endorsed to include the following additional insured language: “Lake Havasu City, its departments, agencies, boards, commissions, and its officers, officials, agents, volunteers and employees shall be named as additional insureds with respect to liability arising out of the activities performed by or on behalf of the CONTRACTOR, involving automobiles owned, leased, hired or borrowed by the CONTRACTOR.”
- ii. Policy shall contain a waiver of subrogation against Lake Havasu City, its departments, agencies, boards, commissions, and its officers, officials, agents, volunteers and employees for losses arising from work performed by or on behalf of the CONTRACTOR.

3. Workers’ Compensation and Employers’ Liability

- a. Workers' Compensation Statutory
- b. Employers' Liability Each Accident \$ 500,000
 - Disease – Each Employee \$ 500,000
 - Disease – Policy Limit \$1,000,000

- i. Policy shall contain a waiver of subrogation against Lake Havasu City, its departments, agencies, boards, commissions, and its officers, officials, agents, volunteers and employees for losses arising from work performed by or on behalf of the CONTRACTOR.
- ii. This requirement shall not apply if exempt under A.R.S. Section 23-901.

**4. Professional Liability (Errors and Omissions Liability)*
* If Applicable**

- a. Each Claim \$1,000,000
- b. Annual Aggregate \$2,000,000
 - i. In the event that the professional liability insurance required by this CONTRACT is written on a claims-made basis, CONTRACTOR warrants that any retroactive date under the policy shall precede the effective date of this CONTRACT; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two (2) years beginning at the time work under this CONTRACT is completed.
 - ii. The policy shall cover professional misconduct or lack of ordinary skill for those positions defined in the Scope of Work of this CONTRACT.

5. Builders' Risk (Property) Insurance (Vertical Construction Only)

a. CONTRACTOR shall purchase and maintain, on a replacement cost basis Builders' Risk insurance in the amount of the initial CONTRACT amount as well as subsequent modifications thereto, including modifications through Change Order, for the entire work at the site. Such Builders' Risk insurance shall be maintained until final payment has been made or until no person or entity other than CITY has an insurable interest in the property required to be covered, whichever is earlier. This insurance shall include interests of CITY, CONTRACTOR and any tier of CONTRACTOR's subcontractors in the work during the life of the CONTRACT and course of construction, and shall continue until the work is completed and accepted by CITY. For new construction projects, CONTRACTOR agrees to assume full responsibility for loss or damage to the work being performed and to the buildings or structures under construction. For renovation construction projects, CONTRACTOR agrees to assume responsibility for loss or damage to the work being performed at least up to the full CONTRACT amount, unless otherwise required by the Contract documents or amendments thereto.

b. Builders' Risk insurance shall be on an all-risk policy form and shall also cover false work and temporary buildings or structures and shall insure against risk of direct physical loss or damage from external causes including debris removal, demolition occasioned by enforcement of any applicable legal requirements and shall cover reasonable compensation for architects' and engineers' services and expenses, and other "soft costs," required as a result of such insured loss.

c. Builders' Risk insurance must provide coverage from the time any covered property falls within CONTRACTOR's control and/or responsibility and continue without interruption during construction or renovation or installation, including any time during which covered property is being transported to the construction or installation site, and while on the construction or installation site awaiting installation. The policy will provide coverage while the covered premises or any part thereof is occupied. Builders' Risk insurance shall be primary and not contributory.

d. If the CONTRACT requires testing of equipment or materials or other similar operations, at the option of CITY, CONTRACTOR will be responsible for providing property insurance for these exposures under a Boiler Machinery insurance policy.

6. Contractor's Personal Property

CONTRACTOR and each of its subcontractors and suppliers shall be solely responsible for any loss or damage to its or their personal property and that of their employees and workers, including, without limitation, property or materials created or provided pursuant to this CONTRACT, any subcontract or otherwise, its or their tools, equipment, clothing, fencing, forms, mobile construction equipment, scaffolding, automobiles, trucks, trailers or semi-trailers including any machinery or apparatus attached thereto, temporary structures and uninstalled materials, whether owned, used, leased, hired or rented by CONTRACTOR or any subcontractor, consultant or supplier or employee or worker (collectively, "Personal Property"). CONTRACTOR and its subcontractors, consultants and suppliers, at its or their option and own expense, may purchase and maintain insurance for such Personal Property and any deductible or self-insured retention in relation thereto shall be its or their sole responsibility. Any such insurance shall be CONTRACTOR's and the subcontractors', suppliers' volunteers and employees' and workers' sole source of recovery in the event of loss or damage to its or their Personal Property. Any such insurance purchased and maintained by CONTRACTOR and any subcontractor, consultant or supplier shall include a waiver of subrogation as to Owner. CONTRACTOR waives all rights of

recovery, whether under subrogation or otherwise, against all such parties for loss or damage covered by CONTRACTOR's property insurance. CONTRACTOR shall require the same waivers from all subcontractors and suppliers and from the insurers issuing property insurance policies relating to the Work or the Project purchased and maintained by all subcontractors and suppliers. The waivers of subrogation referred to in this subparagraph shall be effective as to any individual or entity even if such individual or entity (a) would otherwise have a duty of indemnification, contractual or otherwise, (b) did not pay the insurance premium, directly or indirectly, and (c) whether or not such individual or entity has an insurable interest in the property which is the subject of the loss or damage.

7. Theft, Damage, or Destruction of Work

In the event of theft, damage or destruction of the Work, CONTRACTOR will re-supply or rebuild its Work without additional compensation and will look to its own resources or insurance coverages to pay for such re-supply or rebuilding. CONTRACTOR will promptly perform, re-supply or rebuild, regardless of the pendency of any claim by CONTRACTOR against any other party, including Owner, that such party is liable for damages, theft or destruction of CONTRACTOR's Work. This subparagraph shall apply except to the extent that the cost of re-supply or rebuilding is paid by Owner's builder's risk insurance; in such event, Owner waives (to the fullest extent permitted by the builder's risk policy) all rights of subrogation against CONTRACTOR and each of its subcontractors to the extent of such payment by Owner's builder's risk insurer.

- D. ADDITIONAL INSURANCE REQUIREMENTS: The policies shall include, or be endorsed to include, the following provisions:
1. Lake Havasu City, its departments, agencies, boards, commissions and its officers, officials, agents, volunteers and employees wherever additional insured status is required. Such additional insured shall be covered to the full limits of liability purchased by the CONTRACTOR, even if those limits of liability are in excess of those required by this CONTRACT.
 2. The Contractor's insurance coverage shall be primary insurance with respect to all other available sources.
 3. Coverage provided by the Contractor shall not be limited to the liability assumed under the indemnification provisions of this CONTRACT.

- E. NOTICE OF CANCELLATION: Each insurance policy required by the insurance provisions of this CONTRACT shall not be suspended, voided, cancelled, reduced in coverage or in limits without ten (10) business days written notice to City. Such notice shall be mailed directly to Lake Havasu City, Community Investment Department, Procurement Division, 2330 McCulloch Blvd. North, Lake Havasu City, AZ, 86403 and shall be sent by certified mail, return receipt requested.
- F. ACCEPTABILITY OF INSURERS: Insurance is to be placed with duly licensed or approved non-admitted insurers in the state of Arizona with an "A.M. Best" rating of not less than A- VII. CITY in no way warrants that the above-required minimum insurer rating is sufficient to protect the CONTRACTOR from potential insurer insolvency.
- G. VERIFICATION OF COVERAGE:
1. CONTRACTOR shall furnish CITY with certificates of insurance as required by this CONTRACT. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf and the Project/contract number and project description shall be noted on the certificate of insurance.
 2. All certificates and endorsements are to be received and approved by CITY at least ten (10) days before work commences. Each insurance policy required by this CONTRACT must be in effect at or prior to commencement of work under this CONTRACT and remain in effect for the duration of the Project. Failure to maintain the insurance policies as required by this CONTRACT, or to provide evidence of renewal, is a material breach of contract.
 3. All renewal certificates required by this CONTRACT shall be sent directly to Lake Havasu City, Community Investment Department, Procurement Division, 2330 McCulloch Blvd. North, Lake Havasu City, AZ, 86403. The Project/contract number and project description shall be noted on the certificate of insurance. CITY reserves the right to require complete, certified copies of all insurance policies required by this CONTRACT at any time.
- H. SUBCONTRACTORS: CONTRACTOR's certificate(s) shall include all subcontractors as insureds under its policies **or** CONTRACTOR shall furnish to CITY separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum requirements identified above.
- I. APPROVAL: Any modification or variation from the insurance requirements in this CONTRACT must have prior approval from the CITY's Risk

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Management Division, whose decision shall be final. Such action will not require a formal CONTRACT amendment, but may be made by administrative action.

- J. EXCEPTIONS: In the event the CONTRACTOR or sub-contractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a Certificate of Self-Insurance.