

CONTRACT AGREEMENT

THIS AGREEMENT, entered into this 19th day of November, 2024, by and between The City of Bisbee, State of Arizona (hereinafter called the "CITY") acting herein by Mr. Ken Budge, Mayor of the City of Bisbee, hereunto duly authorized, and Step Up Bisbee/Naco (hereinafter called the "CONTRACTOR") acting herein by Grady Meadows, President, hereunto authorized.

WITNESSETH THAT:

The CITY desires to engage the CONTRACTOR to render construction services for the Saginaw Owner-Occupied Housing Rehabilitation Group 2 Project, CDBG # 134-23.

NOW, THEREFORE the parties do mutually agree as follows:

1. Work

CONTRACTOR shall complete all work as specified or indicated in the contract documents. The work is generally described as follows:

SCOPE OF WORK AS FOLLOWS: Bisbee's Owner-Occupied Housing Rehabilitation Program will assist homeowners in the Saginaw Colonias with home repairs up to \$15,000 per residence. Repairs will address health and safety concerns, including but not limited to, inadequate roofing; faulty electrical and/or plumbing; lack of smoke alarms and carbon monoxide detectors; unsafe heating and cooling; and accessibility needs. All of these improvements will last beyond five (5) years.

It is agreed that all information, data reports, records and plans necessary for carrying out the work outlined above have been furnished to the CONTRACTOR by the CITY and its agencies. CONTRACTOR hereby acknowledges receipt of same. No charge will be made to the CONTRACTOR for such information and the CITY and its agencies will cooperate with the CONTRACTOR in every way possible to facilitate the performance of the work described in the Contract and any addendum.

3. Project Manager - Administration

The CITY has designated SouthEastern Arizona Governments Organization (SEAGO) as administration project manager. SEAGO shall be empowered to perform all administrative functions as required for management of the project and verification of compliance with ADOH requirements.

4. Contract Times

The work will be completed and ready for final payment within one hundred and twenty (120) calendar days of the date in the Notice to Proceed. The CITY may administratively grant a time extension to this contract time at its discretion, in writing.

5. Liquidated Damages

CITY and CONTRACTOR recognize that time is of the essence of this Agreement and that the CITY will suffer financial loss if the work is not completed within the time specified. They also recognize the delays, expense and difficulties involved in proving the actual loss suffered by the CITY if the work is not completed on time. Accordingly, instead of requiring any such proof, the CITY and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay the CITY \$500.00 for each day that expires after the time specified for final completion until the work is complete and ready for final payment.

6. Compensation and Method of Payment

The amount of compensation and reimbursement to be paid hereunder is: One Hundred Five Thousand Dollars (\$105,000.00), the total of the base bid. Originals of the Applications for Payment are to be submitted no later than the first day of the month to Melissa Hartman, 76 Erie Street, Bisbee, AZ, 85603, mhartman@bisbeeaz.gov.

The CITY shall review and verify the percentage, progress and quality of work completed. The CITY will also submit a copy of the approved Application for Payment to: William D. Osborne, AICP, Community Development Program Manager, at wosborne@seago.org.

SEAGO shall verify compliant completion of all necessary documentation required by ADOH. Should there be repeated non-compliance issues on the part of the CONTRACTOR, SEAGO is authorized to advise the CITY to withhold payment until the issues are resolved.

The CITY and CONTRACTOR mutually agree that the CITY will make a progress payment based on the estimate of the work covered by the corresponding Application for Payment, subject to those conditions stipulated below and in other parts of the contract documents.

The CITY will make payments in the amount equal to ninety percent (90%) of work completed (i.e. CITY will retain ten percent (10%) of each estimate as additional guarantee for complete performance of the work), less the aggregate of payments previously made and less such deductions as the CITY determines are appropriate to cover claims requiring a greater sum to be retained.

Except as qualified above, upon final completion and acceptance of the work or designated part of the work on which separate final completion and acceptance and contract price are specified and upon compliance with other terms and conditions of the contract documents, payment may be made in full, including retainage withheld less such deductions as the CITY may withhold to cover claims requiring a greater sum to be retained and liquidated damages.

The CITY may deduct from each progress payment and final payment an amount equal to the CITY's estimate of the liquidated damages then due or that would become due based on the CITY's estimate of late completion of the work if CONTRACTOR fails to submit and implement a written schedule recovery plan describing the cause of schedule slippage or delayed progress and the actions proposed to recover schedule.

7. Indemnification

a. CONTRACTOR shall comply with the requirements of all applicable laws, rules and regulations and shall exonerate, indemnify and hold harmless the CITY and its employees and officers, SEAGO and the State of Arizona Department of Housing (ADOH) ["Indemnified Parties"] from and for any violation caused by him and shall assume full responsibility for payment of federal, state and local taxes on contributions imposed or required under the Social Security, workers' compensation and income tax laws. This section shall survive any termination of this Agreement.

b. The CONTRACTOR shall indemnify, defend, and hold the Indemnified Parties harmless from any and all claims, demands, suits, actions, proceedings, loss cost, and damages of every kind and description, including any reasonable attorney's fees and/or litigation expenses, which may be brought or made against the Contractor, its employees and officers, the Indemnified Parties, or any person, regardless of who makes the claim, to the extent they result from the acts of the Contractor, its employees, agents, representatives, or sub-contractors, their employees, agents or representatives in connection with or incidental to the performance of this Contract. The CONTRACTOR'S obligation under this Section shall not apply to any damages caused by the negligence of CITY or its employees. The indemnity provided in this Section shall survive termination of this Contract. Neither the contract amount, nor the minimum limits and types of insurance provided for shall limit the scope and extent of indemnity hereunder.

8. Miscellaneous Provisions

a. This Agreement shall be construed under and in accordance with the laws of the State of Arizona and all obligations of the parties created hereunder are performable in the City of Bisbee, Arizona. Venue and jurisdiction for any conflict resolution proceeding, formal or informal, shall occur in the City of Bisbee, Arizona.

b. This Agreement shall be binding upon and ensure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns where permitted by this Agreement.

c. In any case one (1) or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable said holding shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

d. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, expert witness fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

e. This Agreement may be amended only by mutual agreement of the parties hereto in writing to be attached to and incorporated into this Agreement.

f. The Contractor hereby certifies it shall comply with A.R.S. §35-394 which mandates the City of Safford, as a Public entity of Arizona, and using Public funds, may not enter into or renew a contract with a company unless the contract includes written certification that the company does not currently, and agrees for the duration of this contract that it will not use:

- 1) the forced labor of ethnic Uyghurs in the People's Republic of China, or;
- 2) any goods or services produced by the forced labor of the ethnic Uyghurs in the People's Republic of China, or;
- 3) any subcontractors or suppliers that use the forced labor or any goods or services produced by the forced labor of ethnic Uyghurs in the People's Republic of China.

Additionally, if during the term of this contract, after providing written certification pursuant to the above conditions, your company becomes aware that it is not in compliance with this written certification, your company shall notify the City of Safford within five (5) business days.

If within one hundred and eighty (180) days of notification of noncompliance your company does not provide the City of Safford with written certification of company's remedy of the noncompliance, the City of Safford shall terminate this contract. Exception: if the contract termination date occurs before the end of the remedy period, the contract shall terminate on the contract termination date.

g. The Contractor hereby certifies that it shall comply with A.R.S. §35-393 and §35-393.01, which mandates that the City of Safford, as a Public entity of Arizona, and using Public funds, may not enter into a contract with a value of \$100,000 or more with a company to acquire or dispose of services, supplies, information technology or construction unless that contract includes a written certification that:

- 1) the company is not currently engaged in, and;
- 2) agrees for the duration of the contract to not engage in, a boycott of goods or services from Israel.

h. Tampering with Public Records: Per A.R.S. §13-2407, this certification is a public record and concerns a matter within the jurisdiction of Arizona in that the making of a false record may render the maker subject to prosecution for a Class 6 Felony.

9. Project Familiarity and Identification of Conflicts

In order to induce the CITY to enter into this Agreement, CONTRACTOR makes the following representation:

- a. CONTRACTOR has familiarized himself/herself with the nature and extent of the contract documents, work, site, locality and all local conditions and laws and regulations that in any manner may affect cost, progress, performance or furnishing of the work.
- b. CONTRACTOR has given the CITY a written notice of all conflicts, errors or discrepancies discovered in the contract documents and the written resolution thereof is acceptable to the CONTRACTOR.
- c. CONTRACTOR has examined and carefully studied the contract documents and other related data identified in the bidding documents including any "technical data".
- d. CONTRACTOR is familiar with and satisfied as to all federal, state and local laws and regulations that may affect cost, progress, performance and furnishing of the work.

10. Insurance

The CONTRACTOR shall purchase and maintain the herein stipulated minimum insurance with companies duly licensed, possessing a current A.M. Best, Inc. Rate of A10, or approved by CITY in its sole discretion and licensed to do business in the State of Arizona with policies and forms satisfactory to the CITY.

All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the Contract is satisfactorily completed and formally accepted; failure to do so may, at the sole discretion of the CITY, constitute a material breach of this Contract.

The CONTRACTOR'S insurance shall be primary insurance as respects the CITY, and any insurance or self-insurance maintained by the CITY shall not contribute to it.

Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect coverage afforded under the insurance policies to protect the CITY.

The insurance policies, except Workers' Compensation, shall contain a waiver of transfer rights of recovery (subrogation) against the CITY, its agents, officers, officials and employees for any claims arising out of the CONTRACTOR's acts, errors, mistakes, omissions, work or service.

The insurance policies may provide coverage which contains deductible or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to the CITY under such policies. The CONTRACTOR shall be solely responsible for the deductible and/or insured retention and the CITY, at its option, may require the CONTRACTOR to secure payment of such deductibles or self-insured retentions by a Surety Bond or an irrevocable and unconditional letter of credit.

The CITY reserves the right to request and to receive, within ten (10) working days, certified copies of any or all of the herein required insurance policies and/or endorsements. The CITY shall not be

obligated, however, to review same or to advise CONTRACTOR of any deficiencies in such policies and endorsements, and such receipt shall not relieve CONTRACTOR from, or be deemed a waiver of, the CITY's rights to insist on strict fulfillment of CONTRACTOR'S obligations under this Contract.

The insurance policies, except Workers' Compensation and Professional Liability, required by this Contract, shall name the CITY, its agents, officers, officials and employees as Additional Insured.

REQUIRED COVERAGE

Commercial General Liability

CONTRACTOR shall maintain Commercial General Liability insurance with an unimpaired limit of **not less than \$2,000,000.00 for each occurrence with a \$2,000,000.00 Products/Completed Operations Aggregate** and a **\$2,000,000.00 General Aggregate Limit**. The policy shall include coverage for bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage including, but not limited to, the liability assumed under the indemnification provisions of this Contract which coverage will be at least as broad as Insurance Service Office, Inc. Policy Form CG 0001 or any replacements thereof. The coverage shall not exclude X,C,U.

Such policy shall contain a severability of interest provision, and shall not contain a sunset provision or commutation clause, or any provision which would serve to limit third party action over claims.

The Commercial General Liability additional insured endorsement shall be at least as broad as the Insurance Service Office, Inc., Additional Insured, Form B, CG 20101185, and shall include coverage for CONTRACTOR's operations and products and completed operations.

Automobile Liability

CONTRACTOR shall maintain Commercial/Business Automobile Liability insurance with a combined single limit for bodily injury and property damage of **not less than \$2,000,000.00 each occurrence** with respect to the CONTRACTOR's any owned, hired, and non-owned vehicles assigned to or used in performance of the CONTRACTOR's work. Coverage will be at least as broad as coverage code 1, "any auto", (Insurance Service Office, Inc. Policy Form CA 0001, or any replacements thereof). Such insurance shall include coverage for loading and off-loading hazards. If hazardous substances, materials or wastes are to be transported, MCS 90 endorsement shall be included and **\$5,000,000.00 per accident limits for bodily injury and property damage** shall apply.

Workers' Compensation

The CONTRACTOR shall carry Workers' Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of CONTRACTOR's employees engaged in the performance of the work or services; and, Employer's Liability insurance of **not less than the statutory limits**.

In case any work is sub-contracted, the CONTRACTOR will require the Sub-Contractor to provide Workers' Compensation and Employer's Liability to at least the same extent as required of the CONTRACTOR.

Certificates of Insurance

Prior to commencing work or services under this Contract, CONTRACTOR shall furnish the CITY with Certificates of Insurance, or formal endorsements as required by the Contract, issued by CONTRACTOR's insurer(s), as evidence that policies providing the required coverages, conditions and limits required by the Contract are in full force and effect.

In the event any insurance policy(ies) required by this Contract, is(are) written on a "claims made" basis, coverage shall extend for two years past completion and acceptance of the CONTRACTOR's work or services and as evidenced by annual Certificates of Insurance.

If a policy does expire during the life of the Contract, a renewal certificate must be sent to the CITY fifteen (15) days prior to the expiration date.

Cancellation and Expiration Notice

Insurance required herein shall not expire, be cancelled, or materially changed without thirty (30) days prior written notice to the CITY.

11. Contract Documents

The contract documents which comprise the entire agreement between the CITY and the CONTRACTOR concerning the work consist of the following:

This Contract, Exhibit A - Terms and Conditions, and Exhibit B – General OOHHR Terms
Specifications incorporated in the bidding documents
Bidding documents including addenda acknowledged in CONTRACTOR bid
Invitation to Bid
Information for Bidders
Bid Proposal
Bid Bond
Performance Bond
Labor & Material Payment Bond
List of Sub-Contractors
Notice to Proceed
Environmental Conditions

In the event of any conflict in the provision of these Contract Documents, these respective documents shall prevail.

13. Terms and Conditions

This Agreement is subject to the provisions entitled "Terms and Conditions" attached hereto and incorporated by reference herein as Exhibit A. This Addendum shall be interpreted as if Exhibit A were printed in full herein.

14. Certifications

This Agreement is subject to the provisions entitled "Certifications" which were submitted by the CONTRACTOR in the bid dated July 25, 2023 and are incorporated by reference herein and shall be interpreted as if the Certifications were printed in full herein.

15. Compliance with Immigration Laws and E-VERIFY Requirement.

As mandated by Arizona Revised Statutes ("A.R.S.") Section 41-4401, the CITY is prohibited from awarding a contract to any contractor or subcontractor that fails to comply with A.R.S. Section 23-214(A). (That subsection reads: "After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.") The CITY must also ensure that every contractor and subcontractor complies with federal immigration laws and regulations that relate to their employees and A.R.S. Section 23-214(A). Therefore, in signing or performing any Contract (including this Agreement) for the CITY, the Contractor fully understands that:

- a. It warrants that both it and any subcontractors it may use comply with all federal immigration laws and regulations that relate to their employees and their compliance with A.R.S. Section 23-214(A);
- b. A breach of the warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the Contract that is subject to penalties up to and including termination of the Contract; and
- c. The CITY or its designee retains the legal right to inspect the papers or any contractor or subcontractor employee who works on the Contract to ensure that the contractor or subcontractor is complying with the warranty under paragraph (a).

16. Safety

The safety requirements of the Occupational Safety and Health Act (29 U.S.C. Sections 651-678) as promulgated by the Federal government, and as implemented by the State of Arizona, apply to all work performed under this Contract. The Contractor will be solely responsible for implementing and enforcing the safety requirements of this Act at all times.

17. Retention of Records

The Contractor shall retain all work materials and records relating to the performance of the Scope of Work of the Contract for a period of not less than three (3) years after the final payment is made under the Contract.

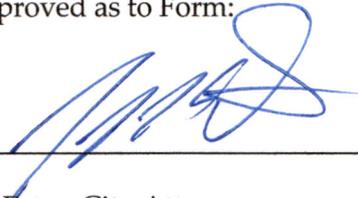
18. Independent Contractor

It is clearly understood that CONTRACTOR will act in its individual capacity and not as an agent, employee, partner, joint venture, or associate of the CITY. No employee or agent of CONTRACTOR or CITY shall be deemed or construed to be the employee or agent of the other party for any purpose whatsoever.

IN WITNESSETH HEREOF, the parties have hereunto set their hands and seals.

Approved as to Form:

The City of Bisbee



Joe Estes, City Attorney



Mr. Ken Budge, Mayor

ATTEST:

CONTRACTOR:



Ashlee Coronado, City Clerk



Grady Meadows, President

(ATTACHED EXHIBITS "A" and "B" also to be SIGNED)

EXHIBIT A: TERMS AND CONDITIONS

1. Termination of Contract

- a. If, for any reason, the CONTRACTOR shall fail to fulfill in a timely and proper manner his/her obligations under this contract or if the CONTRACTOR shall violate any of the covenants, agreements or stipulations of this contract, the CITY shall thereupon have the right to terminate the contract by giving written notice to the CONTRACTOR of such termination and specifying the effective date thereof. In such event, all finished or unfinished site or structural improvements, as well as all materials or equipment acquired or stored by the CONTRACTOR under this contract shall, at the option of the CITY, become CITY'S property and the CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed hereunder.

Notwithstanding the above, the CONTRACTOR shall not be relieved of liability to the CITY for damages sustained by the CITY by virtue of any breach of the contract by the CONTRACTOR and the CITY may withhold any payments to the CONTRACTOR for the purpose of set-off until such time as the exact amount of damages due the CITY from the CONTRACTOR is determined.

- b. The CITY may terminate this contract at any time by giving at least ten (10) days written notice to the CONTRACTOR. If the contract is terminated by the CITY as provided herein, the CONTRACTOR will be paid as provided in this Addendum for the time expended and expenses incurred up to the termination date. If this contract is terminated due to the fault of the CONTRACTOR, Paragraph 1.a hereof relative to termination shall apply.
- c. This contract may be terminated per A.R.S. §38-511, Conflict of Interest.

2. Changes

The CITY may request changes in the scope of the services of the CONTRACTOR to be performed hereunder. Such changes, including any increase or decrease in the amount of the CONTRACTOR'S compensation, which are mutually agreed upon by and between the CITY and the CONTRACTOR, shall be incorporated in written amendments (Change Orders) to this contract.

3. Personnel

- a. The CONTRACTOR represents that he/she has, or will secure at his own expense, all personnel required in performing the services under this contract. Such personnel shall not be employees of or have any contractual relationship with the CITY.

- b. All of the services required hereunder will be performed by the CONTRACTOR or under his/her supervision and all personnel engaged in the work shall be fully qualified, authorized and permitted for such work under state and local law to perform such services.
- c. None of the work or services covered by this Contract shall be sub-contracted without the prior written approval of the CITY. Any work or services sub-contracted hereunder shall be specified by written contract or agreement and shall be subject to each provision of this Contract.

4. Assignability

The CONTRACTOR shall not assign any interest on this Contract and shall not transfer any interest in the same, whether by assignment or novation, without the prior written consent of the CITY thereto: provided, however, that claims for money by the CONTRACTOR from the CITY under this Contract may be assigned to a bank, trust company or other financial institution without such approval. Written notice of any such assignment or transfer shall be furnished promptly to the CITY.

5. Reports and Information

The CONTRACTOR, at such times and in such forms as the CITY may require, shall furnish the CITY such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Contract, the costs and obligations incurred or to be incurred in connection therewith and any other matters covered by this Contract.

6. Records Maintenance and Retention

The CONTRACTOR shall maintain accounts and records including personnel, property and financial records, adequate to identify and account for all costs pertaining to the Contract and such other records as may be deemed necessary by the CITY to assure proper accounting for all project funds, both federal and non-federal shares. These records will be retained for at least three (3) years following the grant contract closeout between ADOH and U.S. Department of Housing and Urban Development (HUD) unless permission to destroy them is granted in writing by the CITY.

7. Findings Confidential

All of the reports, information, data, etc., prepared or assembled by the CONTRACTOR under this Contract are confidential and the CONTRACTOR agrees that they shall not be made available to any individual or organization without the prior written approval of the CITY, ADOH or HUD.

8. Copyright

No report, plan, drawing or other documents produced in whole or in part under this Contract shall be the subject of an application for copyright by or on behalf of the CONTRACTOR.

9. Compliance with Local Laws

The CONTRACTOR shall comply with all applicable laws, ordinances and codes of the state and local governments and the CONTRACTOR shall save the CITY harmless with respect to any damages arising from any tort done by the CONTRACTOR or representatives in performing any of the work embraced by this Contract.

10. Interest of Members of a Governing Body

No member of the governing body of the CITY and no other officer, employee or agent of the CITY who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct, or indirect, in this Contract and the CONTRACTOR shall take appropriate steps to assure compliance.

11. Interest of Other Local Public Officials

No member of the governing body of the locality and no other public official of such locality who exercises any functions or responsibilities in connection with the planning and carrying out of the program, shall have any personal financial interest, direct or indirect, in this Contract and the CONTRACTOR shall take appropriate steps to assure compliance.

12. Interest of CONTRACTOR and Employees

The CONTRACTOR covenants that he/she presently has no interest and shall not acquire interest, direct or indirect, in the study area or any parcels therein or any other interest which would conflict in any manner or degree with the performance of his/her services hereunder. The CONTRACTOR further covenants that no person having any such interest shall be employed in the performance of this Contract.

13. Access for Persons with Disabilities

In performing all construction CONTRACTOR agrees to comply with the 2010 ADA Standards for Accessible Design. CONTRACTOR represents that he understands said standard specifications and same are incorporated herein by this reference.

14. Clean Air Act, Clean Water Act

The CONTRACTOR shall comply with all applicable standards, orders or requirements issued under Section 306 of the Clean Air Act (42 U.S.C. 7606), Section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738 and EPA regulations which prohibit the use of non-exempt federal contracts, grants or loans of facilities included on the EPA List of Violating Facilities.

The provision requires reporting of violations to the USEPA Assistant Administrator for Enforcement.

15. Pre-Construction Conference

The purpose of the pre-construction conference is to provide a forum for SEAGO, the CITY, CONTRACTOR and Sub-Contractors to discuss the technical nature of the construction project and all of the compliance requirements of the Contract. CONTRACTOR and Sub-Contractor representatives shall attend.

END OF EXHIBIT A

EXHIBIT B: OWNER-OCCUPIED HOUSING REHABILITATION GENERAL TERMS

1. SCOPE OF SERVICES

The Contractor will furnish all labor, equipment, tools, building materials and services to perform all work as described in the Bid Schedule, Specifications, and approved Plans as attached hereto. All work is to be completed in a workmanlike manner in accordance with the provisions of the City of Bisbee Comprehensive Building Safety Code (IRC 2012).

2. BID SCHEDULE

The Bid Schedule submitted is the Contractor's cost to acquire, deliver and install the specified items.

3. BUILDING PERMITS

The Contractor will be responsible for submitting the necessary plans and obtaining the necessary building permits and any surveys or engineering required by the City of Bisbee prior to beginning construction. The City of Bisbee will waive permit application fees for this project, on a case-to-case basis.

If this project requires demolition the Contractor shall be responsible to acquire demolition permits for the approved structures on the property and comply with the locally adopted code at Contractor's own expense.

4. FEDERALLY FUNDED (CDBG) PROJECT

This project is funded by a U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG), as administered through the Arizona Department of Housing. The Contractor shall be licensed by the State of Arizona, have an EIN number and a current registration with the government website SAM.GOV in order to participate in the program.

5. HAZARD CONTROLS

A. LEAD BASED PAINT

The parties agree to comply, where necessary, with 24 CFR Section 35. The use of lead based paint for any improvements made with federal funds received under this Agreement is thereby prohibited. LBP/EPA/Certified workers and Supervisor must do lead base Paint Hazard Control.

All HUD, EPA, AND OSHA guidelines must be followed. All materials and methods of construction related to work performed on this project must comply with locally adopted code requirements and must meet local permit requirements.

B. RADON

The parties agree to comply, where necessary, with radon testing prior to initiating any improvements made with federal funds received under this Agreement, as required by the Arizona Department of Housing.

6. PRODUCTS, MATERIALS, SUBSTITUTION AND APPROVAL

All equipment and material shall be new and shall conform to the first class standards of the manufacturer, unless otherwise agreed upon by homeowner, Contractor, and the City of Bisbee. Defective, damaged, sub-standard or used materials are **not acceptable**; and if used shall be removed and replaced with new materials by the Contractor at no cost.

Materials: The Contractor is to give homeowner choice of paint colors, carpet patterns and color, vinyl tile patterns and color, and cabinet fronts and finishes, roof materials and colors. All replaced/installed items should be replaced with Energy Star products (example; windows, A/C, water heater) unless written **not** to use Energy Star.

A/C Unit: The Contractor must verify that the proper size unit and its components (air return, size and number of vents, etc.) are correct for the home. If changes are necessary for proper installation the cost of changes should be included in the A/C prices above. The Contractor must guarantee the proper functioning of any A/C unit installed.

Installed Product Education: The Contractor agrees to ensure the homeowner is educated on operation on any newly installed equipment. Reference materials and operational guides will also be left with the homeowner. The City is not responsible for the education of newly installed equipment.

Where conflict occurs between requirements of the Bid Schedule, Specifications approved Plans, and building department, the stricter of the requirements shall apply.

7. COST ALLOWANCES

When specifications in the Bid Schedule refer to a cost "allowance", the Contractor is to permit the homeowner to select the product to be installed, providing the total cost of the product, including taxes, delivery fees, set up fees and any necessary accessory items that do not exceed the allowance. The product selected must meet the quality standards specified in the Bid Schedule, Specifications, and approved Plans.

When several materials or items are specified by name for one use, the Contractor may, with the homeowner's concurrence, select any of those specified. Should a contractor desire to substitute another material or item for one or more specified by name, that product must be of equal quality as that specified, and must be identified, in writing, on the proposal for work. The Contractor must provide samples to the City of Bisbee, if requested. No such materials shall be used unless approved in writing by the City of Bisbee.

8. CHANGE ORDERS

The Contractor must immediately cease any work if he/she notices a change in the Bid Schedule, Specifications, or Plans, and notify the Housing Rehabilitation Specialist immediately. Any changes in the work shall be mutually agreed upon, in writing, signed and approved by the City of Bisbee before any changes in the work are executed. If the Contractor so elects to proceed without written agreement and approval, the Contractor will do so at Contractor's own expense and will relinquish any lien or legal action to be paid for this work.

9. CLEAN-UP AND SECURITY

The Contractor shall keep the premises clean and orderly during the course of the work and shall be broom clean upon completion. The City will provide containers on or around site for the collection of waste materials, rubbish and debris. Contractor shall not allow debris, rubbish and waste materials to accumulate and become unsightly or hazardous.

At the conclusion of each workday, the Contractor is to remove debris from the ground surrounding the work site. At regular intervals during the work progress, the site shall be cleaned and waste materials must be removed from the site. Drop cloths or other appropriate protective materials or devices shall be used at all times to protect items and the grounds during construction or painting.

The Contractor is responsible for construction-site security to prevent theft of valuable construction materials and tools.

The Contractor shall be responsible to erect and maintain guard rails, barricades, temporary walks, etc., as may be required for workmen and homeowners.

10. DAMAGES

Any damages done to the property on the site or to any adjacent property caused by the Contractor, in the performance of this contract by any of its employees or subcontractors shall be repaired or replaced by the Contractor at no expense to the homeowner or the City of Bisbee.

11. INSPECTION OF WORK

The Contractor and homeowner will permit the City of Bisbee's representatives with safe access to inspect all work.

The Contractor will be responsible for notifying the Building Permit Division and the Housing Rehabilitation Specialist when required inspections are needed. Work completed without the required inspection may be required to be removed at the Contractor's expense.

12. DELAYS

The Contractor must request time extensions in writing and subject to approval by the City of Bisbee prior to the expiration date of the contract. Unjustified project delays may be subject to potential project termination.

13. COMPLETION OF WORK

All work is to be satisfactorily completed by the date set forth in the proposal for work unless extended in writing by the **City of Bisbee** or designee.

14. GUARANTEE OF WORK

The Contractor shall guarantee all work performed and be responsible for any defects or other faults in the work for a period of two years.

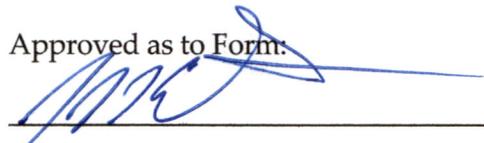
The Contractor, at the Contractor's expense must correct any defects that appear within this period that results from defective or improper workmanship or materials. In the event any such defects appear, it is the homeowner's responsibility to notify in writing, both the contractor and the Housing Rehabilitation Specialist.

The Contractor shall furnish the Housing Rehabilitation Specialist with all original warranties on new items installed (i.e. appliances, a/c units, doors, windows, faucets, floor coverings etc.). All warranties begin on the date of final acceptance by City of Bisbee and the homeowner.

If any of the above is not clear it is the responsibility of the Contractor or homeowner to ask in writing to have any question clarified before starting any work. Otherwise, it will be up to the Housing Rehabilitation Specialist to make the decision of the quality of materials, work, colors, finishes, clean-up, etc.

IN WITNESSETH HEREOF, the parties have hereunto set their hands and seals.

Approved as to Form:



Joe Estes, City Attorney

The City of Bisbee



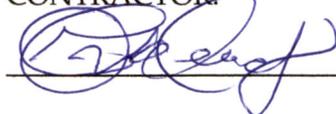
Mr. Ken Budge, Mayor

ATTEST:



Ashlee Coronado, City Clerk

CONTRACTOR:



Grady Meadows, President

CONTRACTORS: Return the ORIGINAL package to the City of Bisbee. Keep a copy of your proposal for your records.