

## **DISTRICT MANAGEMENT AGREEMENT**

### **Agreement between the City of San Diego and Hillcrest Business Improvement Association, Inc. for the Management and Administration of the Hillcrest Commercial Core Maintenance Assessment District Commencing Fiscal Year 2022**

THIS MANAGEMENT AGREEMENT (Agreement) is made and entered into by and between the City of San Diego, a municipal corporation (City), and Hillcrest Commercial Core (Contractor).

#### **RECITALS**

WHEREAS, the Hillcrest Commercial Core Maintenance Assessment District (District) is governed by Article XIID of the California Constitution, the Proposition 218 Omnibus Implementation Act (California Government Code sections 53750 – 53758), the San Diego Maintenance Assessment Districts Ordinance (San Diego Municipal Code sections 65.0201 – 65.0234), and San Diego City Council Policy 100-21 (collectively, “District Laws”); and

WHEREAS, Contractor is an “Owners’ Association” as defined in the District Laws; and

WHEREAS, Contractor, as the Owners Association, seeks to represent the interests of the Property Owners located within the District in accordance with the San Diego Municipal Code section 65.0217; and

WHEREAS, pursuant to San Diego Municipal Code section 65.0218, an agreement between the City and an owners’ association for administration of a district may be awarded without a competitive process; and

WHEREAS, the City desires to retain the services of Contractor to administer all contracts necessary to provide the Improvements and Activities within the District as well as managing the day to day operations of the District; and

WHEREAS, the boundaries of the District are generally defined as follows: along University Avenue corridor from First Avenue to Sixth Avenue; along Fifth Avenue corridor from Washington Street and Pennsylvania Street; and short segments of Sixth Avenue corridor from Robinson Street to Pennsylvania Street; and

WHEREAS, every year the City Council approves an Annual Report that includes a budget for the Improvements and Activities to be provided within the District for the applicable fiscal year (Annual Report); and

WHEREAS, all capitalized terms not otherwise defined in this Agreement shall have the same meaning as identified in the District Laws;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, and for other valuable consideration which is hereby acknowledged, City and Contractor hereby agree as follows:

## **ARTICLE I SCOPE OF SERVICES**

### **1.1 Services**

- 1.1.1 Contractor shall provide the following services in accordance with the “Maintenance Assessment Districts Procedural Ordinance” Chapter 6, Article 5, Division 2 of the San Diego Municipal Code and as set forth in the District Management Plan and Assessment Engineer’s Report approved by the City Council in connection with the formation of the District (collectively, the “Engineer’s Report”): i) Administration services for all contracts necessary to provide the activities, services, and improvements identified in the Engineer’s Report (collectively, “Improvements and Activities”) within the District; ii) Management of the day to day operations of the District; and iii) Preparation of financial statements for the District.
- 1.1.2 Contractor shall perform all duties as reasonable and necessary to accomplish the intent of this Agreement in a manner consistent with the standards outlined in this Agreement and the Engineer’s Report.

### **1.2 Specific Requirements**

- 1.2.1 Contractor, at a minimum, shall provide the maintenance standards described in the Scope of Work (Exhibit B) within the boundaries of the District and for any Zone within the District, consistent with the Annual Report approved by City Council in the current fiscal year and as authorized pursuant to the Engineer’s Report.
- 1.2.2 Contractor shall conduct on-site inspections of all work done under this Agreement in the District and shall submit a report to the City indicating that such on-site inspections have been completed.
- 1.2.3 The City, upon receiving a complaint in connection with Contractor’s obligations under this Agreement, may forward the complaint to Contractor for response. Once received, Contractor shall respond in writing to the City as well as other relevant parties identified by the City. Contractor shall provide its written response within 7 calendar days. Contractor’s written response must include proposed corrective action and must be adequate to address the identified issue(s). Contractor is subject to withholding, reduction, and suspension under Articles V and VI of this Agreement for failure to provide timely written response or failure to perform corrective action in accordance with this section 1.2.3.
- 1.2.4 Contractor shall correct deficient work reported to Contractor by City staff pursuant to Section 5.1.6, or any other deficiency reported by City to the Contractor, within thirty calendar days.

- 1.2.5 Contractor shall conduct at least one noticed meeting per year which shall include the Property Owners, any applicable Property Owners' designated representatives pursuant to Municipal Code section 65.0212, and City staff, to discuss the budget, Improvements, and Activities for the upcoming fiscal year.
- 1.2.6 In addition to the annual noticed meeting required in Municipal Code section 65.0218(f), Contractor shall hold at least three other noticed meetings per year, which must be open to the public and Property Owners within the District, to receive comments on all matters related to the District, including input on bids or proposals received by the Contractor for any contracts for Improvements and Activities of the District, evaluation of the performance of any contractor for the District, and advice to the Contractor regarding the Improvements and Activities for the District. With respect to any such meeting, The Contract Administrator may modify the annual budget prior to submitting it to the City Council for consideration. Contractor shall use its best efforts to contact in writing the City, the relevant community planning group, and designated Property Owners' representatives of the District, and provide notice in community newspapers, or if unavailable, other local resources customarily used to distribute information within the District.
- 1.2.7 Contractor shall submit to the City a prospective annual report pursuant to section 65.0220 for the Improvements and Activities for the District, including a line item budget for the upcoming fiscal year, no later than April 1 of each year. The prospective annual report shall be consistent with the Engineer's Report, and shall contain all information and meet all requirements described in Municipal Code section 65.0220 (a) and (b). Contractor shall budget and maintain reserves in accordance with Section V of the Maintenance Assessment District Council Policy 100-21 and the Engineer's Report. The proposed District budget for Improvements and Activities will be brought forward to City Council for consideration as part of the annual plan for the upcoming fiscal year.
- 1.2.8 Contractor shall maintain separate books and records of costs associated with Contractor's responsibilities under this Agreement, which shall be available for audit at any time during normal business hours and as often as the City deems necessary. All records shall be made available within the City of San Diego, and the City or its designee shall be allowed to audit, examine, and make excerpts from such data pertaining to all matters covered by the agreement. The Contractor shall maintain such books and records for a period of three years following completion of the agreement. The District shall pay for the costs of any audit performed by or at the direction of the City.

**ARTICLE II  
SERVICES PROVIDED BY THE CITY**

**2.1 Annual Report and District Budget**

- 2.1.1 The City will carry out all actions reasonably necessary for processing the Annual Report for the Improvements, Activities, administration and reserves for the District.
- 2.1.2 The City will review and consider the Contractor's prospective annual report and budget for the Improvements, Activities, administration and reserves of the District.
- 2.1.3 The City may, at its sole discretion, amend line items in the District budget upon a written request from Contractor, provided the amendments would not increase the total amount authorized for reimbursement to Contractor.

**2.2 Services**

- 2.2.1 The City reserves the right to deploy its public safety personnel in a manner which, in the City's sole discretion, best serves the needs of the public. Further, nothing in this Agreement shall be deemed to abrogate or waive the provisions of California Government Code section 845.
- 2.2.2 The City will coordinate the collection of Assessments with the County of San Diego and provide administrative services, assistance, and information to Contractor.

**ARTICLE III  
CONTRACT ADMINISTRATION, ROLES, AND DUTIES**

**3.1 City's Contract Administrator**

City's Economic Development Department is the Contract Administrator for purposes of this Agreement. Contractor shall communicate with City Staff at the Department on all matters related to the administration of the Agreement and Contractor's performance of its obligations and duties rendered. The Mayor or designee (City Representative) shall be the primary contact between the City and Contractor for purposes of this Agreement (see Exhibit D).

**3.2 Contractor as Owners' Association**

- 3.2.1 Contractor shall serve as the Owners' Association for the District. Contractor is currently, and shall remain throughout the Term of this Agreement, a private non-profit entity which represents, and whose membership includes, the assessed property owners or property owners' representatives in the District.

3.2.2 As the Owners' Association, Contractor shall comply with the Ralph M. Brown Act, California Government Code section 54950 et seq., at all times when matters within the subject matter of the District are heard, discussed, or deliberated, and with the California Public Records Act, California Government Code section 6250 et seq., for all documents relating to Improvements and Activities of the District. Board members, officers, and members of the Owners' Association are intended and understood to represent and further the interest of the property owners located within the District. Each property owner or property owner's representative paying the assessment shall have the right to vote in, and seek nomination in, annual elections to the board of directors of the Owners' Association.

### **3.3 Contractor's Representatives**

3.3.1 Contractor agrees that a designated officer of Contractor (Contractor Representative) shall be the primary contact between Contractor and the City for the purposes of this Agreement (see Exhibit D). The Contractor Representative shall coordinate Contractor's activities for the engagement and shall participate in all phases of the engagement. In order to simplify invoice processing, it is agreed by Contractor that the Contractor Representative shall act as billing agent for work provided by Contractor. Contractor shall notify the City within ten calendar days of replacement of the Contractor Representative and shall provide an amended Exhibit D to reflect the replacement.

3.3.2 Contractor's management of the services of this Agreement is of substantial concern and importance to the City, requiring coordination with City services. The quality of performance will reflect on the City and its management. Accordingly, the City requires Contractor to inform the City on a regular basis of any changes in the Officers of Contractor and of the identity of its subcontractors and their areas of responsibility.

3.3.3 In addition to compliance with all applicable laws, rules, regulations, ordinances, resolutions, and policies of the federal, state, and local governments as they pertain to this Agreement, Contractor shall comply immediately with any and all directives issued by the City, through its Administrator, or other authorized representatives, under authority of any law, rule, ordinance, or regulation.

### **3.4 Delegation of Duties**

Contractor is an independent contractor. Contractor shall administer the District Improvements and Activities and may engage one or more contractors to provide routine maintenance services including trash collection and disposal, graffiti removal, repair, landscaping, and lighting improvements or otherwise Improvements and Activities listed in within the District's Engineer Report and Annual Report. Accordingly, Contractor's duties specified in this Agreement may not be delegated by Contractor without the prior written consent of the City.

**ARTICLE IV  
CONTRACTS AWARDED BY CONTRACTOR**

**4.1 Procurement Policy**

Contractor shall comply with the Conflict of Interest and Procurement Policy for Nonprofit Corporations Contracting with the City of San Diego, attached hereto as Exhibit E. Neither the Contractor nor any of its board members shall have a financial interest in any contract awarded for the District.

**4.2 Subcontractors Policy**

Contractor must ensure that all Subcontractors engaged for the purpose of providing improvements, activities, maintenance or service required of, or administered by, Contractor pursuant to this Agreement meet all obligations required in Article X.

**ARTICLE V  
COMPENSATION AND REIMBURSEMENT**

**5.1 Invoices**

5.1.1 Contractor shall submit monthly reimbursement requests to the City along with all supporting receipts, invoices, checks, payroll statements, bank statements, and all other records of services performed. Each expenditure submitted for reimbursement must show as cleared on the submitted bank statements. If Contractor is required to return funds to the District account in accordance with section 5.4.1, Contractor shall include, in a monthly reimbursement request, the amount to be returned and any supporting records. The reimbursement amount will be adjusted accordingly. Additionally, Contractor is permitted to submit reimbursement requests for expenses incurred after July 1, 2021 and incurred in connection with providing services, Improvements, and Activities described in this Agreement.

5.1.2 The City will reimburse Contractor from District assessment funds within thirty days of receipt of a proper reimbursement request. The request must include both a Trial Balance and Summary of Expenses as of the period claimed. The Summary of Expenses shall detail expenses by expenditure category and line item as reflected in the City Council-approved current fiscal year Engineer's Report for the first year of formation and subsequent Annual Reports each fiscal year.

5.1.3 All invoices shall include the names and rates of pay for contracted personnel who have performed services on behalf of the District, the hours worked, and details of any reasonable and necessary out-of-pocket expenses. Reimbursement requests shall be signed by a representative of Contractor's board, not the Executive Director.

- 5.1.4 Contractor shall not request, nor shall it be entitled to, reimbursement under this Agreement for any expenditure that has been or will be properly charged to a funding source other than District assessment funds.
- 5.1.5 Contractor shall not request reimbursement under this Agreement for any expenditure that has been or will be properly charged to a funding agency other than the City.
- 5.1.6 If the City receives an invoice for Improvements or Activities that have been provided in a manner that fails to meet industry best practice standards, fails to meet the quality or acceptability required under this Agreement, or is otherwise found to be deficient or incomplete (deficient work), the City shall have the right to withhold all or a portion of the requested reimbursement amounts related to the deficient work until Contractor has demonstrated that the deficient work has been completed satisfactorily. Upon discovery of deficient work, City agrees it will provide written communication to Contractor with a description of the deficient work and any corrective action necessary to entitle Contractor to reimbursement. If the deficient work is not satisfactorily corrected within thirty calendar days, the Mayor or designee may use such findings as the basis for termination of this Agreement for cause pursuant to Article VI hereof and Municipal Code section 65.0218(n).

## **5.2 Compensation**

- 5.2.1 Contractor shall be compensated for its services pursuant to this Agreement solely by the terms of this Section 5.2. In any given fiscal year, Contractor is entitled to receive an amount of up to 15 percent of budgeted annual expenditures, as reflected in the District annual report in order to pay for Administrative expenses as defined by Municipal Code section 65.0202. Contractor shall not be authorized to include charges for Administration on any amounts paid by Contractor that contain any administrative expense charges by the billing entity. If Contractor enters into any contracts with third parties for the performance of any of Contractor's duties under this Agreement and any such contract includes an administrative expenses charge, Contractor shall not be entitled to receive Administration reimbursements for its own administrative expense activities related to the work performed by third party contractors.
- 5.2.2 The Administrative expenses reimbursement to Contractor shall be limited to 15 percent of the budgeted annual expenditures in the District.
- 5.2.3 The City shall be compensated a flat rate of \$3,500 associated with the annual budget processing, property tax enrollment and collections, professional engineering services, and audit services from the District budget. The City reserves the right however, to amend this section, including, without limitation, the District budget, should the City experience revenue shortfalls in which negatively impact the General Fund and/or the City's ability to fund basic City services.

- 5.2.4 The City will not reimburse Contractor for any expenditure that has been or may be properly charged to, or reimbursed by (1) a City funding source other than District assessment funds; or (2) a public agency other than the City.
- 5.2.5 Contractor agrees that the City's monetary contribution is limited to the amount provided for in this Agreement, and that the City shall not be responsible for cash costs or support services other than as provided for in this Agreement.

### **5.3 Advances**

- 5.3.1 Upon a written request from Contractor, the City may make an annual cash advance of three months of working capital to Contractor based on the District's monthly cash flow budget requirements related to the City Council-approved current fiscal year District annual report and budget. If the District reserves are not adequate to cover the working capital advance request, an advance will be based on available cash at the time of the request.
- 5.3.2 The advance will be returned on or before the termination of this Agreement as either a reduction of the final reimbursement request or a transfer of funds from Contractor. Contractor shall indicate in writing, no later than six months prior to the termination of this Agreement, detailing how the advance shall be returned to the City.

### **5.4 Other Revenue/ Non-Public Funds**

- 5.4.1 If the Contractor receives revenue directly generated by activities carried out with any District assessment funds, then a portion of that revenue must be returned to the District account based on the District's proportional monetary contribution toward the activity generating the revenue. All revenue owed to the District pursuant to this section must be returned in accordance with section 5.1.1 prior to the end of the fiscal year in which the revenue was generated.
- 5.4.2 In the event Contractor collects any funds other than District assessment funds ("Non-Public Funds"), such Non-Public Funds may be utilized or obligated by Contractor for activities and/or improvements and shall not be subject to the provisions in this Agreement, with the exception of Sections 10.2.1 and 3.3.3, so long as Contractor does not utilize or obligate any District assessment funds towards:
  - (1) any portion of the proposed activity or improvement to which Contractor proposes the use of Non-Public Funds; and
  - (2) any staff time or resources associated with the proposed activity or improvement to which Contractor proposes the use of Non-Public Funds, including but not limited to facilitating committee or board discussions, implementing the proposed activity or improvement, soliciting for goods or services necessary for implementation, and accounting or reporting on



the proposed activity or improvement. Notwithstanding the foregoing sentence, Contractor's use of District assessment funds for purposes of generating reports pertaining to Non-Public Funds in accordance with the requirements set forth in Exhibit B of this Agreement shall not, by itself, subject such Non-Public Funds to the provisions in this Agreement.

## **ARTICLE VI SUSPENSION AND TERMINATION**

### **6.1 City's Right to Suspend Payment**

If Contractor fails to perform any of its obligations as set forth in this Agreement, the City shall have the right to suspend the payment of Administration costs to Contractor, or withhold an amount deemed appropriate, in the sole and absolute discretion of the City, until such time as Contractor is in compliance with the terms of this Agreement. If, as a result of Contractor's failure to perform, the City elects to withhold payment, the City shall give Contractor written notice of its intention to suspend payment of Administration costs until Contractor has cured its noncompliance. Such notice shall provide Contractor with a description of the failure to perform upon which the City has based its suspension of payment hereunder. Upon the performance by Contractor of its obligations under this Agreement, the City shall resume payments of Administrative costs to Contractor in conformance with the terms of Article III set forth above. If the deficiency is not satisfactorily corrected within thirty calendar days, the Mayor or designee may deem such findings as the basis for termination of this Agreement for cause pursuant to Article VI hereof and Municipal Code section 65.0218(n).

### **6.2 City's Right To Terminate**

Contractor's failure to comply with any terms or conditions of this Agreement may result in termination of the Agreement.

#### **6.2.1 City's Right To Terminate For Default**

Contractor's failure to satisfactorily perform any obligation required by this Agreement constitutes a default. Examples of default include Contractor's failure to do the following: (1) perform the services of the required quality or within the time specified; (2) perform any of the obligations of this Contract; (3) make sufficient progress in performance which may jeopardize full performance; (4) comply with applicable laws; and (5) comply with all notice, review, training and other requirements in Exhibit H, Accountability Provisions.

If the nature of the default could endanger the public's health and safety, Contractor shall cure the default within twenty-four hours of receipt of notice of the default. If Contractor fails to fully and timely cure the default, then the Mayor or designee may, in its sole and absolute discretion, immediately terminate this Agreement.

For all other defaults except non-curable defaults, as described below, the Mayor or designee shall promptly give Contractor written notice of the occurrence of the default, and shall allow Contractor thirty (30) days thereafter to cure the default, or to submit a written plan of action for Contractor to promptly cure the default. Failure to cure the default within the thirty-day period, or timely submit an plan of action within the thirty-day period that would promptly cure the default, or failure to adhere to the plan of action, shall entitle the Mayor or designee to immediately terminate this Agreement. Contract Administrator, in its sole discretion, shall determine whether a submitted plan of action adequately sets forth a plan to promptly cure the default.

In addition to all other Right to Terminate, the Mayor or designee may terminate the Agreement for cause in accordance with Article VI hereof and Municipal Code section 65.0218(n) if the default is not curable (“non-curable default”). Non-curable default shall include the following: (1) any intentional breach; (2) acts of willful misconduct or acts constituting gross negligence; and (3) Contractor’s, or its Subcontractors, demonstrated record of repetitive or recurring default, considered cumulatively, under the terms of this Agreement, including repeated failure to perform work to industry best practice standard, repetitive notices of deficient work under section 5.1.6, repetitive failure to comply with section 1.2.4, or other repeated failure to perform work as described in Exhibit B, Scope of Work.

#### 6.2.2 City’s Right to Terminate For Convenience

Notwithstanding any other provision of this Agreement, the City Council may terminate this Agreement for any reason and at any time, provided the termination is carried out in accordance with Municipal Code section 65.0218(n).

#### 6.2.3 City’s Right to Terminate for Bankruptcy or Assignment for the Benefit of Creditors

If Contractor files a voluntary petition in bankruptcy, is adjudicated bankrupt, or makes a general assignment for the benefit of creditors, the City may at its option and without further notice to, or demand upon Contractor, terminate this Contract, and terminate each and every right of Contractor, and any person claiming rights by and through Contractor under this Contract.

### 6.3 **Remedies Cumulative**

City’s remedies are cumulative and are not intended to be exclusive of any other remedies or means of redress to which City may be lawfully entitled in case of any breach or threatened breach of any provision of this Contract.

### 6.4 **Notice and Hearing for Termination for Convenience**

The City Council may terminate this Agreement with Contractor for convenience by resolution after completing the following:

- 6.4.1 The City Council adopts a resolution of intention to terminate the Agreement; and
- 6.4.2 Contractor is provided thirty (30) calendar days' written notice of a public hearing on the City's intention to terminate this Agreement; and
- 6.4.3 A public hearing is held on the City's intention to terminate this Agreement with Contractor.

**6.5 Contractor's Obligations and Rights Following Contract Termination**

- 6.5.1 Upon termination of this Agreement, the City shall assume administration of the District as defined in Municipal Code section 65.0202 and provide the Improvements and Activities for the District. Contractor shall transmit to the City all funds, books, records, data, equipment and other assets of the District no later than thirty calendar days after receipt of written notice of termination. Until the actual transfer of these assets is complete, Contractor shall continue to administer the contracts necessary to provide the Improvements and Activities for the District so that there is no interruption in or loss of service to Property Owners within the District.
- 6.5.2 Following a termination of this Agreement, Contractor may be entitled to permitted costs as set forth in Article V until the actual transfer of all District assets to the City is complete. By accepting payment for completion of obligations as called for in this section, Contractor discharges City of all of City's payment obligations and liabilities under this Agreement with regard to the affected performance.

**6.6 Contractor's Right To Terminate**

Contractor may terminate this agreement for any reason after providing ninety calendar days written notice of its intent to terminate to the City. Contractor shall transmit to the City all funds, books, records, data, equipment and other assets of the District no later than ninety calendar days of issuance of written notice of termination. Until the actual transfer of these assets is complete, Contractor shall continue to administer the contracts necessary to provide the Improvements and Activities for the District so that there is no interruption in or loss of service to Property Owners within the District.

**ARTICLE VII  
EFFECTIVE DATE AND TERM**

**7.1 Effective Date**

This Agreement is effective on the last date that the contract is signed by the parties and approved by the City Attorney in accordance with Charter section 40.

**7.2 Term**

This Agreement shall be effective as of the Effective Date and shall terminate on June 30, 2022 unless extended, at the City’s sole discretion, or terminated earlier in accordance with the terms of this Agreement. City may extend the Term by one year, up to four times, upon written notice by Contract Administrator to Contractor. Contract Administrator may authorize up to four one-year extensions and under no circumstance shall this Agreement exceed five years.

**ARTICLE VIII  
DOCUMENTS, RECORDS, AND REPORTS**

**8.1 Ownership Of Documents**

- 8.1.1 Contractor shall own and retain all documents, including, but not limited to reports and maps prepared in connection with or related to the Scope of Services, including Exhibit B Scope of Work.
- 8.1.2 Contractor shall require that each Subcontractor retain all documents, including, but not limited to reports and maps prepared in connection with or related to the Scope of Services, including Exhibit B Scope of Work

**8.2 Documents and Records**

- 8.2.1 At any time during normal business hours and as often as the City deems necessary, Contractor and all subcontractors shall make available to the City for auditing, examination and copying at reasonable locations within the City of San Diego all data and records relating to all matters covered by this Agreement. Contractor and all subcontractors will permit the City to make audits of all invoices, materials, payrolls, records of personnel, and other data and media relating to all matters covered in this Agreement.
- 8.2.2 Contractor and subcontractors shall maintain such data and records for a period of three years following receipt of the final payment of this Agreement. With respect to receipts, invoices, checks, payroll statements, bank statements, and all other evidence of payments for which Contractor is reimbursed by the City pursuant to this Agreement, Contractor shall maintain such documentation at its principal place of business in the City of San Diego for the required period of time. With respect to all records covered by this Section 8.2, if Contractor does not make them available within the City of San Diego, then Contractor shall pay all City’s travel related costs to audit records associated with this Agreement where records are maintained. The District shall pay for the costs of any audit performed by or at the direction of the City.
- 8.2.3 Contractor shall post all regular meeting agendas and any non-confidential back-up materials; approved meeting minutes; Contractor's Articles of Incorporation or Formation, including any and all amendments thereto; Contractor's Bylaws, including any and all amendments thereto; any annual audits or financial disclosures, the Annual Report; Contractor's tax returns, including any and all

amendments thereto; any and all determinations of Contractor's tax-exempt status by the Internal Revenue Service or Franchise Tax Board; and any other information or materials required by this Agreement to be posted on a website. All such items shall be posted not more than ten business days after they become available. Social security numbers, employer identification numbers, and other confidential information must be redacted from the posted materials.

### **8.3 Financial Reports**

Contractor shall provide an audited financial statement of all reimbursements and working capital advances paid to Contractor with District funds within ninety days after the end of Contractor's fiscal year. The financial statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by an independent Certified Public Accountant (CPA) as selected or approved by the City in accordance with Generally Accepted Auditing Standards (GAAS). The statements must include a Statement of Expenditures of the District's funds identified in the same expenditure classifications as contained in the City Council-approved District Budget and show a comparison to the budgeted amounts, and a Statement of Compliance with the terms of this Agreement signed by Contractor. Failure to comply with these requirements could result in suspension of any current payments or possible future funding, which shall be at the sole discretion of the City.

## **ARTICLE IX ACCEPTABILITY OF WORK**

The City shall decide any and all questions that may arise as to the quality or acceptability of the services performed, the manner of performance, the interpretation of instructions to Contractor, the acceptable completion of this Agreement, and the amount of compensation due. In the event Contractor believes that any requirement of the City interferes with or affects the independence of Contractor, Contractor shall confer with the City in order to resolve any possible conflict. In the event Contractor and the City cannot agree as to the quality or acceptability of the work, the manner of performance and/or the compensation payable to Contractor in this Agreement, the City or Contractor shall give to the other written notice thereof. No later than ten calendar days thereafter, Contractor and the City shall each prepare a written report that supports its position and file the same with the other party. Thereafter, the City shall, with reasonable diligence, determine the quality or acceptability of the work, the manner of performance, and/or the compensation payable to Contractor. This is not intended to be in any arbitration dispute between the parties of this Agreement.

**ARTICLE X  
SUBCONTRACTORS**

**10.1 Subcontractors List and Subcontracts**

10.1.1 On or before the date this Agreement is executed by the Parties, Contractor shall provide the City with each of the following:

10.1.1.1 a completed Subcontractors List (Attached as Exhibit I), listing the names and contact information of all Subcontractors it has hired or retained, or intends to hire or retain, in connection with this Agreement, which the City will forward to Equal Opportunity Contracting Program (EOCP); and

10.1.1.2 a copy of all subcontracts entered into in connection with this Agreement, including the scope of work, along with a written statement describing the justification for the Subcontractor services, and an itemization of all costs for the Subcontractor services.

10.1.2 If, during the term of this Agreement, Contractor identifies a need for additional Subcontractor services, Contractor shall, within ten calendar days of the date of any subcontract for such services, provide the City with each of the following:

10.1.2.1 a copy of the subcontract, including the scope of work, along with a written statement describing the justification for the additional Subcontractor services, and an itemization of all costs for the additional Subcontractor services; and

10.1.2.2 an updated Exhibit I, Subcontractors List that includes the name and contact information of any new or substitute Subcontractor hired to provide the additional Subcontractor services, which the City will forward to EOCP.

10.1.3 Contractor shall procure the services of all Subcontractors in conformance with the procedures set forth in Exhibit E. Contractor shall maintain documentation of the process used to procure any such Subcontractor services, and shall provide a copy of all such documentation to the City within ten calendar days of any written request by the City.

**10.2 Required Language for Subcontracts**

10.2.1 Contractor shall ensure that all subcontracts entered into in connection with this Agreement contain language which requires Subcontractors to at all times comply with all applicable laws, statutes, ordinances, and regulations of City, county, state, and federal governments. Subcontractor shall also comply with all notices issued by the City under the authority of all current or future laws, statutes, ordinances, or regulations.

10.2.2 Subcontractor shall obtain all insurance coverage required of Contractor in this Agreement. Subcontractor shall maintain, in full force and effect, such insurance coverage during any and all work performed in connection with this Agreement. Subcontractor shall not begin work on a subcontract until all insurance required of the Subcontractor under this Section has been obtained.

10.2.3 If the City is made a party to any judicial or administrative proceeding to resolve the dispute between Contractor and Subcontractor, Contractor shall defend and indemnify the City as described herein.

10.2.4 All other requirements identified in the Exhibit G, General Terms and Provisions.

**10.3 Prohibition on Use of Certain Subcontractors.** Contractor shall not employ, award any contract to, engage the services of, or fund any Subcontractor during any period of federal, state, or local debarment, suspension, or ineligibility of Subcontractor, when Contractor has been noticed of such debarment, suspension, or ineligibility.

**10.4 Definition of Subcontractor.** For purposes of this Agreement, the term “Subcontractor” means any person or entity with which Contractor contracts for the performance of services or the supplying of materials that will be paid for in whole or in part with funds received by Contractor pursuant to this Agreement.

## **ARTICLE XI INFORMAL DISPUTE RESOLUTION**

If Contractor and the City have any dispute as to their respective rights and obligations under this Agreement, or the meaning or interpretation of any provisions hereof, they shall first attempt to resolve such disputes by informal discussion between their respective representatives. Within five calendar days of determining the existence of any such dispute, the determining party shall initiate efforts to informally meet by delivering written notice to the other party that describes the dispute. The parties shall seek to meet within five days of the second party’s receipt of such notice, or at such time thereafter as is reasonable under the circumstances. If the dispute cannot be resolved in this manner, Article XI of Exhibit G, General Terms and Provisions shall apply.

## **ARTICLE XII INDEMNIFICATION**

Contractor agrees to indemnify, defend, and hold the City free and harmless from and against any and all actions, suits, proceedings, liability, claims, demands, liens, or judgments for death of or injury to any person or damage to any property whatsoever alleged to be caused, or caused, by any act or omission of the Contractor or any officer, contractor, agent, or employee of the Contractor and all expenses of investigating and defending against same.

## **ARTICLE XIII INSURANCE**

### **13.1 Minimum Required Coverages**

13.1.1 **Contractor's Insurance.** Contractor shall complete all insurance requirements described in Article VII of the General Terms and Provisions, attached hereto as Exhibit G.

13.1.2 **Subcontractor's Insurance.** Contractor shall ensure that all Subcontractors used on work subject to this Agreement meet all insurance requirements described in Exhibit G. Contractor shall not allow any Subcontractor to commence work on public property, unless and until all insurance required of the Subcontractor, as described in Exhibit F has been obtained.

13.1.3 **Endorsements.** All insurance policies shall contain, or be endorsed to contain, all Other Insurance Provisions described in Article VII of Exhibit G. All endorsements required under this Agreement shall be in full force and effect for the entire term of this Agreement. There shall be no endorsement or modification of the policies limiting the scope of coverage for insured versus insured claims, or for contractual liability.

### **13.2 Prerequisites To Commencement Of Work**

Prior to the execution of this Agreement by the Parties and approval by the City Attorney in accordance with Charter Section 40, and prior to Contractor's performance of its obligations and/or duties under this Agreement, Contractor shall furnish City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. Contractor shall not allow any Subcontractor to commence work on public property, unless and until all insurance required of the Subcontractor, as described in this Agreement, including Exhibit F, has been obtained.

### **13.3 City's Right To Request And Review Contractor's Insurance Policies**

The City reserves its right to request, and Contractor shall immediately submit to the City upon the City's request, copies of any policy required under this Agreement, including attachments, and its right to review, at any time, Contractor's insurance coverage, limits, deductibles, and self-insured retentions to determine if they are acceptable to the City. If the City determines that such insurance coverage, limits, deductibles, and/or self-insured retentions are unacceptable, the City and Contractor shall amend this Agreement to adjust such insurance coverage, limits, deductibles, and/or self-insured retentions to a level acceptable to the City, and Contractor shall comply with any such amendment.



**13.4 Contractor's Liability Not Limited To Insurance Coverage**

Contractor's, or Subcontractor's, liability, including, but not limited to, Contractor's indemnity obligations under this Agreement, shall not be deemed limited in any way to the insurance coverage required in this Article.

**13.6 Expiration Of Policies**

At least thirty calendar days prior to the expiration of each insurance policy required herein, Contractor shall provide the City an insurance certificate, showing that a new or extended policy has been obtained which meets the requirements of this Agreement.

**ARTICLE XIV  
CONFLICT OF INTEREST AND ACCOUNTABILITY**

- 14.1** In addition to this Article XIV, Contractor shall comply with all requirements identified in Exhibit H, Accountability Provisions and Article X of Exhibit G, General Terms and Provisions.
- 14.2** Contractor shall make known to its board members, employees, and agents be aware of and are subject to all federal, state, and local conflict of interest laws, regulations, and policies applicable to public contracts and procurement practices, including but not limited to California Government Code sections 1090, et. seq., and 81000, et. seq., and the City of San Diego Ethics Ordinance, codified in the Municipal Code at sections 27.3501 to 27.3595.
- 14.3** Contractor shall establish and make known to its board members, employees, and agents appropriate safeguards to prohibit employees from using their positions for a purpose that is, or that gives the appearance of being, motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business, or other relationships.
- 14.4** Contractor's personnel, employed in performing the obligations and duties under this Agreement, shall not accept gratuities, or any other favors, from any subcontractor or potential subcontractor. Contractor shall not recommend or specify any product, supplier, or contractor with whom Contractor has a direct or indirect financial or organizational interest or relationship that would violate conflict of interest laws, regulations, or policies.
- 14.5** Contractor's personnel, employed in performing the obligations and duties under this Agreement, shall not accept gratuities, or any other favors, from any subcontractor or potential subcontractor. Contractor shall not recommend or specify any product, supplier, or contractor with whom Contractor has a direct or indirect financial or organizational interest or relationship that would violate conflict of interest laws, regulations, or policies.
- 14.6** If Contractor violates any conflict of interest law, any of the provisions of this Article XIV, or any provisions of Exhibit H, the violation shall be grounds for immediate termination of

this Agreement, and/or the imposition of other remedies set forth in Exhibit G and Exhibit H. Further, any such violation shall subject Contractor to liability to the City for attorney's fees and all damages sustained as a result of the violation. It is hereby understood and agreed that the parties to this Agreement have read and are aware of the provisions of sections 1090 *et seq.* 87100 *et seq.* of the California Government Code relating to conflicts of interest for public officers and employees, as well as the conflict of interest codes of the City. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of the City relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the City shall immediately terminate this Agreement by giving written notice thereof. Contractor agrees to abide by section 87100 *et. seq.* of the California Government Code during the term of this Agreement. The City may determine that Contractor is subject to a conflict of interest code and is required to complete one or more statements of economic interest disclosing relevant financial interests. Upon the City's request, Contractor shall submit the necessary documentation.

## **ARTICLE XV NOTICE**

Unless otherwise provided in this Agreement, in all cases where written notice is required under this Agreement, service shall be deemed sufficient if said notice is personally delivered or deposited in the United States mail, with first class postage paid, attention to the Economic Development Department. Proper notice is effective on the date of personal delivery or five (5) days after the deposit in a United States postal mailbox unless provided otherwise in the Agreement. writing from the respective parties, notice shall be addressed as follows:

Notice to the City shall be addressed:

City of San Diego  
Economic Development Department  
1200 3<sup>rd</sup> Ave, 14<sup>th</sup> Floor, MS-56D  
San Diego, California 92101

Notice to Contractor shall be addressed:

Hillcrest Business Improvement Association, Inc.  
Ben Nicholls, Executive Director, [benjamin@hillcrestbia.org](mailto:benjamin@hillcrestbia.org)  
Paul Smith, Board of Directors President, [paulsmerrow@gmail.com](mailto:paulsmerrow@gmail.com)  
3737 Fifth Ave, Suite 205  
San Diego, California 92103

**ARTICLE XVI  
WAGE REQUIREMENTS**

- 16.1** Contractor is subject to all wage requirements identified in Exhibit D, Wage Requirements. Contractor shall comply with all wage requirements described in Exhibit F, Wage Requirements, attached to this Agreement.

**ARTICLE XVII  
MISCELLANEOUS PROVISIONS**

**17.1 Integrated Agreement**

This Agreement including Attachments and/or Exhibits contains all of the agreements of the parties and all prior negotiations and agreements are merged herein. This Agreement cannot be amended or modified except by written agreement, and mutually agreed upon by the City and Contractor.

**17.2 Political Activities**

Contractor shall not use, and require its subcontractors not to use, any of the funds, personnel, or materials received in connection with this Agreement, to influence, or attempt to influence, any governmental decision or election in any manner, whatsoever. This prohibition shall apply to any decision of any kind to be made by any electorate, legislative body, agency, bureau, board, commission, district, or any other instrument of federal, state, or local government. The term, "influence or attempt to influence," shall mean the making, with the intent to influence, any communication to, or appearance before, any officer, employee, or appointee of any governmental entity, as well as any communication made to any electorate, regarding any ballot measure or candidate election.

**17.3 Counterparts**

This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all parties had executed the same page.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement executed by City of San Diego acting by and through the Mayor or designee and by Contractor pursuant to Resolution No. R-313646.

THE CITY OF SAN DIEGO

NAME OF CONTRACTOR

By: \_\_\_\_\_  
Name: Christina Bibler  
Title: Economic Development Director

By: \_\_\_\_\_  
Name: Paul Smith  
Title: Board of Directors President

I HEREBY APPROVE the form and legality of the foregoing Agreement this \_\_\_\_ day of \_\_\_\_\_, 2022.

MARA W. ELLIOTT, City Attorney

By: \_\_\_\_\_  
Name: Daphne Skogen  
Title: Deputy City Attorney

## EXHIBIT A TO DISTRICT MANAGEMENT AGREEMENT

### City of San Diego Baseline Services

Pursuant to the Management and Maintenance Agreement for the Hillcrest Commercial Core Maintenance Assessment District (Agreement) between the City and Hillcrest Business Improvement Association, Inc. (Contractor) to which this document is attached as Exhibit A, the proposed Baseline Services each year would be subject to confirmation by the City Council through the City's annual budget process. The Parties to the Agreement understand that the City baseline services, including but not limited to the level and frequency of the services, may change, at the sole discretion of the City Council and as allowed by law. As of July 2021, the City provides, the following citywide Baseline Services within the Hillcrest Commercial Core Maintenance Assessment District (District):

1. Maintenance of Street Safety Lights, Signals and Signal Lights: Maintain and repair street safety lights, signals and signal lights. In addition to responding to any repair needs reported to the City by the Contractor, the City repairs lights, signals and signal lights as needed. The City shall also, without reimbursement from the Contractor, re-paint the general benefit street lighting within the boundaries of the District. Only standard paint types and colors will be used. [Transportation and Storm Water Department: Street Division]
2. Maintenance of Streets, Signs, Curbs, and Traffic Legends: Repair and replace all street signs; paint curbs and traffic legends; and stripe streets consistent with the then current citywide baseline service level. [Transportation and Storm Water: Street Division]
3. Street Sweeping: Regularly sweep the streets, pursuant to a schedule provided to the Owner's Association but not less frequently than six times per year in each of the benefit zones within the District boundaries. The City Transportation and Storm Water Department liaison to the Contractor shall provide the City's schedule for street sweeping and keep the Contractor advised of the current schedule. The Contractor shall post the schedule on its website. [Transportation and Storm Water Department: Storm Water Division]
4. Storm Drains: Clean the storm drains prior to the rainy season. Repair storm drains as needed, and remove debris from blocked storm drains. [Transportation and Storm Water Department: Storm Water Division]
5. Tree Maintenance: Maintain all palm trees in the public right-of-way in each of the benefit zones within the District pursuant to a schedule provided to the Contractor. Trimming of palm trees may be performed as needed to prevent or minimize dead trees, fronds, leaves or other debris from littering the sidewalks and blocking the storm drains.

In accordance with City Council Policy 200-05, remove damaged, dead or dying trees of any kind in the public right-of-way and repair the tree area in each of the benefit zones within the District boundaries. At the City's discretion, and if funding is available, the City may replace the tree. If an unsafe condition related to a damaged tree grate exists and is reported to the City's Street

Division (619-527-7500 OR e-mail [www.sandiego.gov](http://www.sandiego.gov) and select Request a Street Repair - either means of reporting provides a "standard notification number" confirming that the report was made and received), the City will take action to mitigate the potential hazard. [Transportation & Storm Water Department: Street Division]

6. Graffiti Control: When graffiti is reported or observed in public places not related to City streets and traffic control, the City's Graffiti Control Program staff and its private contractor, will work with Contractor staff to remove graffiti located on privately owned property in the area which is visible from the street using the administrative abatement procedures found in Municipal Code Section 54.0405 and established practices.

With respect to graffiti that is on City streets and traffic control devices (i.e., stickers on street signs, signal boxes and poles,), the Street Division will respond to reports (619-527-7500 OR e-mail [www.sandiego.gov](http://www.sandiego.gov) and select Request a Street Repair - either means of reporting provides a "standard notification number" confirming that the report was made and received) by taking action to remove the graffiti. In the course of maintaining street and traffic-related infrastructure for which they are responsible, the Street Division will periodically remove graffiti from street infrastructure within the District boundaries. [Development Services Department: Graffiti Control Program and Transportation and Storm Water Department: Street Division]

7. Refuse Collection: Remove refuse and recycling from all eligible residences within the District boundaries in compliance with the San Diego Municipal Code. Remove trash from street litter refuse containers, as identified in collaboration with the Contractor, in the public right-of-way, in compliance with the San Diego Municipal Code and pursuant to a schedule provided to the Contractor but not less frequently than weekly within the District boundaries. The City will work with the Contractor to coordinate the City's regular street litter collection with the enhanced services provided by the Contractor. [Environmental Services Department: Collection Services Division]

8. Street Litter Receptacles: Provide maintenance of City owned concrete street litter containers upon request of the Contractor as needed. Provide (directly or indirectly) serviceable replacement street litter receptacles when such receptacles are damaged or have otherwise exceeded their reasonable expected useful term. [Environmental Services Department: Collection Services Division]

9. Sidewalk Maintenance: Regularly maintain in good condition all sidewalks consistent with City Council Policy 200-12. This Policy places the responsibility for replacement of all sidewalks on the abutting property owner unless some act or property of the City has damaged the sidewalk. The City does not maintain decorative pavement or sidewalks above basements. If an unsafe sidewalk condition exists and is reported to the City's Street Division (619-527-7500 OR e-mail [www.sandiego.gov](http://www.sandiego.gov) and select Request a Street Repair - either means of reporting provides a "standard notification number" confirming that the report was made and received), the City will take action to temporarily mitigate the potential hazard and notify abutting property owners of their responsibility to permanently repair/replace the sidewalk. [Transportation and Storm Water Department: Street Division]

10. Public Parks: The City will regularly clean and maintain or cause to be cleaned and maintained all public parks in the District. [Park & Recreation Department: Developed Regional Parks]

11. Public Restrooms: Satisfactorily clean and maintain or cause to be cleaned and maintained on a daily basis existing City public restrooms and other public restrooms which the City has agreed separately to maintain which are located in the District, including but not limited to these locations: 202 C Street, 14th and K Street, Park Boulevard and Market Street, and adjacent to Gaslamp Square Park. [Park & Recreation Department: Developed Regional Parks]

12. Illegally Dumped Objects in Public Rights of Way: Remove or cause to be removed all illegally dumped trash, furniture, appliances, office equipment, construction materials and other items that are not the Contractor's responsibility under this Agreement. [Environmental Services Department: Waste Reduction & Disposal Division]

13. Contact Information: For each of the Contractor obligations set forth in Exhibit B to the Agreement, the City shall identify (including phone and e-mail contact information) the person(s) to whom the Contractor's reports of problems, issues, or questions should be directed.

The Parties agree that if the level or frequency any of the City's services falls below its baseline, the Contractor will not be obligated to correspondingly increase its level of such services hereunder. The Contractor may assume provision of services reduced or eliminated by the City in accordance with and subject to the District Management Plan and Engineer's Report, and all applicable laws.

## **EXHIBIT B TO DISTRICT MANAGEMENT AGREEMENT**

### **Hillcrest Commercial Core Maintenance Assessment District Enhanced Services Scope of Work**

The Hillcrest Commercial Core Maintenance Assessment District (District) is governed by the District Management Plan and Assessment Engineer's Report approved by the City Council in connection with the formation of the District (collectively, the "Engineer's Report").

Pursuant to the Management and Maintenance Agreement for the Hillcrest Commercial Core Maintenance Assessment District (Agreement) to which this document is attached as Exhibit B, Hillcrest Business Improvement Association, Inc. (Contractor, also referred to as "District Manager" in this Exhibit B) agrees to undertake this Scope of Work, which consists of activities, improvements, and services described in the District's Engineer's Report (Services). Exhibit A of the Agreement sets forth the baseline services provided by the City within the District (Baseline Services). Exhibit A may change from time to time throughout the Term of the Agreement. In the event that Exhibit A is amended to include Services described in the Engineer's Report and listed on this Exhibit B, Contractor shall not provide such Services identified in Exhibit A.

- 1) The Contractor shall maintain all areas consistent with requirements set forth in the Engineer's Report. A map showing general areas of maintenance is provided in the Engineer's Report as "Exhibit A - District Boundary Map."
- 2) The Contractor and its Subcontractors must perform all work within this Scope of Work to meet or exceed industry best practice standards. If the City determines that the District Manager or its Subcontractors have failed to perform the work to industry best practice standards, or has failed to perform the work at all, payment for such work may be withheld until the work is completed to the City's satisfaction, subject to the terms of the Agreement including Article VI. Ongoing or repeated instances regarding Contractor's or Subcontractor's failure to provide quality or acceptable services as required may be considered cumulatively as a Default under this Agreement.
- 3) The Contractor, at a minimum, shall provide the Services (as described below) within the boundaries of the District. Contractor may provide additional Improvements and Activities described in the Engineer's Report, contingent on written approval by the City, and subject to requirements under state and local laws.

#### **A. HILLCREST COMMERCIAL CORE MAINTENANCE ASSESSMENT DISTRICT CONTRACT SITE LOCATIONS**

The Hillcrest Commercial Core Maintenance Assessment District generally includes the area along University Avenue from 1<sup>st</sup> Avenue to 6<sup>th</sup> Avenue and encompasses Washington to Pennsylvania Streets, and 4<sup>th</sup> Avenue to 6<sup>th</sup> Avenue. Two Zones were created based on the level of special benefit received by the properties. Zone A includes the trimming of street trees and Zone B does not include street trees; the Boundary Diagram outlines the location of the Zones.



## **B. CONTRACT ADMINISTRATION**

District Manager (Nonprofit Manager) for the administration of this Contract is the Hillcrest Business Improvement Association, Inc.'s designee specified on Notice to Proceed letter issued under a contract with the City of San Diego's designee.

The District Manager will provide regular oversight of all work to ensure compliance to the scope of work and/or performance to Contract Specifications. The District Manager, or designee, is also responsible for oversight of all invoice payments and billing questions for Purchase Orders issued for the work described in the Scope of Work.

The City shall be responsible for all contractual matters and is the only individual authorized to make changes of any kind to the Contract. The Contractor shall not rely upon any oral change from anyone, or a written request for change from someone other than the City. All changes must be in writing, signed by the City.

The District Manager, authorized to discuss matters related to this Scope of Work, must be available during normal working hours, Monday through Friday between 9:00 a.m. and 5:00 p.m. The Contractor shall have the capability to receive and to respond immediately to calls of an emergency nature during normal working hours and outside of normal working hours. Calls of an emergency nature received by the District Manager may be referred to a Subcontractor for immediate disposition.

## **C. USE OF SUBCONTRACTORS**

The District Manager may employ the use of Subcontractors in the implementation of any work specified in this Scope of Work. All Subcontractors must hold the appropriate qualifications, registrations, certifications, licenses and/ or other required documentation of their ability to perform the work subcontracted for by the District Manager. The District Manager is responsible to verify qualifications. Additionally, the District Manager will approve, supervise, and accept all completed work by Subcontractor and invoice for all Subcontractor work in a timely fashion.

## **D. DESCRIPTION OF IMPROVEMENTS , MAINTAINANCE AND SERVICES**

All District Manager and Subcontractor services shall be limited to maintenance, improvements, and activities authorized under the Assessment Engineer's Report (Annual Report) for the Hillcrest Commercial Core Maintenance Assessment District.

The Hillcrest Commercial Core Maintenance Assessment District, through the levy of special assessments, provides funding for ongoing maintenance, operation and servicing of landscaping, lighting, and other improvements or appurtenant facilities located within the public rights-of-ways and dedicated easements located within the District. Maintenance services will be provided by District Manager or its Subcontractors. The improvements maintained and services provided by the District are limited to and generally described in the Assessment Engineer's Report (Annual Report) for the Hillcrest Commercial Core Maintenance Assessment District as follows:

- Increased security services;

- Debris and litter removal;
- Enhanced litter containers;
- Leaf sweeping and debris removal;
- Steam cleaning of sidewalks;
- Increased trash pick-up;
- Tree trimming;
- Operation of enhanced street lighting;
- Special Projects – Acquisition of litter containers;
- Administration/Corporate Operations/Outreach including;
  - District management
  - Overseeing of contract
  - Relations with City and Council office
  - Relations with property owners
  - Relations with the former Redevelopment Agency, and Community Planning Groups
  - Insurance
  - Legal and accounting management
  - Office related expenses

**E. SERVICE FREQUENCY BY BENEFIT ZONE**

The frequency of basic services as generally described in the Assessment Engineer’s Report (Annual Report) for the Hillcrest Commercial Core Maintenance Assessment District are as follows:

e	Zone A Frequency	Zone B Frequency
Janitorial services	5 days per week	5 days per week
Tree trimming (18 Ficus trees)	Annual	N/A
Security services	5 – 7 days per week	5 – 7 days per week
Sidewalk Steam cleaning	3 times per year	3 times per year
Special projects: Acquisition of litter containers	As determined, costs expended equally between each Zone	As determined, costs expended equally between each Zone
Administration/Corporate Operations	Monday – Friday	Monday – Friday

**F. SPECIFICATIONS FOR WORK**

- 1. Landscape Plant and Shrub Maintenance (Medians & Sidewalks):** District Manager or its Subcontractors shall perform complete landscape maintenance of all contract areas identified in Section A of these Specifications (Contract Sites) including, but not limited to, the following: irrigation, pruning, shaping and training of trees, shrubs, and groundcover plants; fertilization; litter control; weed control; control of all plant diseases and pests; edging; renovation; sweeping; irrigation; and all other maintenance required to maintain the Contract Sites included in the Assessment Engineer’s Report (Annual Report) in a safe, attractive and useable condition and to maintain the plant

material in good condition with horticulturally acceptable growth and color.

2. **Sidewalk Sweeping:** District Manager or its Subcontractors will sweep all sidewalks and street gutters within the area described in Section A of this Scope of Work to remove all litter debris and other refuse from the area. All debris collected will be immediately hauled to and placed in the on-site dumpsters provided by the District Manager. This work will be completed, at minimum per the schedule shown in Section E of this Scope of Work.
3. **Trashcan Emptying:** District Manager or its Subcontractors shall empty all sidewalk trashcans within the area described in Section A of this Scope of Work by removing the plastic liner bag and replacing it with a new liner bag. The trash bags will be hauled to and placed in the on-site dumpsters provided by the District Manager. The area around the on-site dumpster will also be maintained, free from any loose debris or trash on the ground near the dumpster.
4. **Tree Watering and Maintenance:** District Manager or its Subcontractors shall regularly and adequately water all trees that are not watered by an irrigation system within the area described in Section A of this Scope of Work. Any newly planted trees may need to be watered more frequently.
5. **Removal of Bulky Items:** District Manager or its Subcontractors will remove all bulk items from the streets, medians or sidewalks within the area described in Section A of this Scope of Work and haul to an appropriate, legal dumpsite or landfill. District Manager may have dumpsters available for small bulk items and larger bulk items be immediately hauled to landfill.
6. **Graffiti Removal:** District Manager or its Subcontractors will remove any graffiti visible from the street within the area within Section A of this Scope of Work. This includes but is not limited to sidewalks, street light poles, public or private owned buildings, public or private owned street furniture, trashcans, utility boxes, bike racks, etc. All graffiti observed on private property shall be reported for repair within twenty-four (24) hours to the Contractor, the City, Graffiti Hotline (619) 527-7500 or Get It Done App: <https://www.sandiego.gov/get-it-done>
7. **Sidewalk Steam Cleaning:** District Manager or its Subcontractors will steam clean all sidewalks within the area described in Section A of this Scope of Work. This will be completed in compliance with all applicable state laws and city ordinances especially in terms of wastewater management and water conservation. This work will be completed per the schedule shown in Section E of this Scope of Work.
8. **Banner Manufacturing & Installation:** District Manager or its Subcontractors will design, manufacture and install banners on street light poles within the area described in Section A of this Scope of Work and in accordance of all applicable laws and city ordinances to promote community pride or Business Improvement District demarcation.
9. **Holiday Decorations:** District Manager or its Subcontractors may choose to design, manufacture, or purchase and install holiday decorations within the public right of way.

These may include but not limited to street light pole banners, lights in or around trees, lights on street light poles, etc.

- 10. Reporting Hazards to City:** District Manager or its Subcontractors are to immediately report any and all actual, perceived or potential public hazards to the appropriate City Department. This is especially appropriate for any responsibilities that fall within the purview of the City.

## **G. REQUIREMENTS OF DISTRICT MANAGER & SUBCONTRACTORS**

- 1. Quality of Work:** All work performed within this Scope of Work shall be done with the expectation doing the highest quality of work and doing so in an efficient manner. All work performed within this Scope of Work will be completed in accordance with industry best practices and in keeping with the high aesthetic level of the Contract Sites being maintained.
- 2. Schedule of Work:** All work performed within this Scope of Work will be completed per the schedule shown in Section E of this Scope of Work or, in special circumstances, as requested by the District Manager or the City.
- 3. Proper Conduct:** The District Manager, Subcontractors and their employees shall conduct themselves in a proper and efficient manner at all times and shall cause the least possible annoyance to the public.
- 4. Safety Requirements:** The District Manager, Subcontractors and their employees will follow all federal, state and local safety laws, regulations and ordinances to ensure a safe and healthy work environment. All work performed within this Scope of work will be completed with the highest standards of safety for the public, the District Manager, Subcontractor and their employees.
- 5. Hazardous Conditions:** The District Manager, Subcontractors and their employees shall maintain all contract sites and work sites free of hazards to persons and property, whether or not resulting from Contractor's operations. Contractor shall immediately report to the District Manager any hazardous conditions, within or affecting a Contract Site, noted by the Contractor, which are not a result of the Contractor's operations.
- 6. Clean Work Area:** The District Manager, Subcontractors and their employees shall ensure that the areas in which any work performed is carried out in a clean work environment and, upon completion of all work, will ensure that the area is left clean and with no debris remaining from their work performed.
- 7. Method of Performing Work:** The method of work may be determined by the District Manager or its Subcontractors using the best practices of the industry, all work safety and health precautions for the public and employees and complete all work in compliance with all applicable laws, ordinances or regulations. This assumes that any and all contractors are appropriately licensed, trained and properly permitted to complete the work for which they perform within their specific contract or subcontract.

- 8. Inspections:** The City Representative may perform an inspection of any and all work being completed by the District Manager or Subcontractors within this Scope of Work. The District Manager or Subcontractors will accommodate these inspections as requested and offer safe access to any work areas for the purpose of inspecting the work being completed. District Manager may also perform an inspection of any and all work being completed by the Subcontractors within this Scope of Work. The District Manager or Subcontractors will accommodate these inspections as requested and offer safe access to any work areas for the purpose of inspecting the work being completed.

**EXHIBIT C  
TO DISTRICT MANAGEMENT AGREEMENT**

**BUDGET DETAILS SAMPLE PAGE**

**Fiscal Year 2022 Hillcrest Commercial Core Maintenance Assessment District**

Account Code	Expense	Budget Amount
	<b>Contractual Services</b>	
	Audit Services	
	Landscape Services	
	Legal Services	
	Maintenance Services	
	Security Services	
	Waste Removal	
	<b>Administrative</b>	
	Administrative Wages	
	Health Insurance	
	Office Supplies/Photocopying	
	Payroll and Bank Charges	
	Telephone/Internet Expense	
	Workers Compensation Insurance	
	<b>Incidental/Miscellaneous Charges</b>	
	Cleaning & Janitorial Supplies	
	Equipment Rental	
	Gasoline	
	Maintenance & Landscape Supplies	
	Permits/Fees	
	Repair and Upkeep of Equipment	
	<b>Utilities</b>	
	Electric Services	
	Special District Lighting	
	Watering Charges	
	<b>Reserves</b>	
	Delinquency Reserves	
	Operating Reserves	
	Cash Flow/Advance Reserve	
	Capital Reserve	

**Grand Total**

\_\_\_\_\_  
=====

**EXHIBIT D**  
**TO DISTRICT MANAGEMENT AGREEMENT**  
**CONTRACT ADMINISTRATION**

**The Contractor Representative shall be:**

Paul Smith

Contact Phone Number: (619) 299-3330

Contact Email: [paulsmerrow@gmail.com](mailto:paulsmerrow@gmail.com)

---

**The City Representative shall be:**

Christina Bibler

Contact Phone Number: (619) 236-6421

Contact Email: [sdbusiness@san Diego.gov](mailto:sdbusiness@san Diego.gov)

## EXHIBIT E TO DISTRICT MANAGEMENT AGREEMENT

### CONFLICT OF INTEREST AND PROCUREMENT POLICY FOR NONPROFIT CORPORATIONS CONTRACTING WITH THE CITY OF SAN DIEGO FOR ADMINISTRATION OF A MAINTENANCE ASSESSMENT DISTRICT

#### Purpose

It is important for the City and its citizens to have confidence in the integrity of nonprofit corporations which contract with the City to administer programs, and which receive funding from or through the City.

This policy is not intended to supersede, negate or otherwise invalidate any statute, ordinance or policy, but is intended to supplement existing authorities governing these subjects.

#### Board Roster

All nonprofit corporations contracting with the City shall provide, within 30 days of execution of an agreement, a list of the names of all board members and their business affiliations. In the event that the board membership changes, the corporation shall provide the City with an updated list.

#### Procedures for Procurement of Goods and Services

All procurement of goods and services by nonprofit associations contracting with the City for administration of a Maintenance Assessment District shall comply with Divisions 30-36 of Article 2, Chapter 2, of the San Diego Municipal Code, and all other laws and policies applicable to the City's procurement of such goods and services.

When a *contract* provides for an expenditure greater than \$5,000, but equal to or less than \$10,000, the Nonprofit Corporation may award the *contract* but shall seek competitive prices either orally or in writing.

When a *contract* provides for an expenditure greater than \$10,000 but equal to or less than \$50,000, the Nonprofit Corporation may award the *contract* but shall solicit written price quotations from at least five potential sources.

When a *contract* provides for an expenditure greater than \$50,000 but equal to or less than \$1,000,000, the Nonprofit Corporation may award the *contract* only after advertising it for a minimum of one day in the City Official Newspaper at least ten days before the deadline to submit bids or proposals.

#### Remedies

A violation of any provision of this policy shall be grounds for termination of the corporation's contract with the City. A contract or transaction entered into in violation of the conflict of interest and procurement provisions of this policy shall be void and unenforceable, and shall not entitle the corporation or the contractor to any reimbursement or payment for goods or services provided pursuant to the void contract.



**EXHIBIT F**  
**TO DISTRICT MANAGEMENT AGREEMENT**  
**PREVAILING WAGE REQUIREMENTS**

**A. PREVAILING WAGES.** Pursuant to San Diego Municipal Code section 22.3019, construction, alteration, demolition, repair and maintenance work performed under this Contract is subject to State prevailing wage laws. For construction work performed under this Contract cumulatively exceeding \$25,000 and for alteration, demolition, repair and maintenance work performed under this Contract cumulatively exceeding \$15,000, Contractor and its subcontractors shall comply with State prevailing wage laws including, but not limited to, the requirements listed below. This requirement is in addition to the requirement to pay Living Wage pursuant to San Diego Municipal Code Chapter 2, Article 2, Division 42. Contractor must determine which per diem rate is highest for each classification of work (i.e. Prevailing Wage Rate or Living Wage Rate), and pay the highest of the two rates to their employees. Living Wage applies to workers who are not subject to Prevailing Wage Rates.

**1. Compliance with Prevailing Wage Requirements.** Pursuant to sections 1720 through 1861 of the California Labor Code, Contractor and its subcontractors shall ensure that all workers who perform work under this Contract are paid not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations (DIR). This includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work.

**1.1.** Copies of such prevailing rate of per diem wages are on file at the City of San Diego's Equal Opportunity Contracting Department and are available for inspection to any interested party on request. Copies of the prevailing rate of per diem wages also may be found at <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>. Contractor and its subcontractors shall post a copy of the prevailing rate of per diem wages determination at each job site and shall make them available to any interested party upon request.

**1.2.** The wage rates determined by the DIR refer to expiration dates. If the published wage rate does not refer to a predetermined wage rate to be paid after the expiration date, then the published rate of wage shall be in effect for the life of this Contract. If the published wage rate refers to a predetermined wage rate to become effective upon expiration of the published wage rate and the predetermined wage rate is on file with the DIR, such predetermined wage rate shall become effective on the date following the expiration date and shall apply to this Contract in the same manner as if it had been published in said publication. If the predetermined wage rate refers to one or more additional expiration dates with additional predetermined wage rates, which expiration dates occur during the life of this Contract, each successive predetermined wage rate shall apply to this Contract on the date following the

expiration date of the previous wage rate. If the last of such predetermined wage rates expires during the life of this Contract, such wage rate shall apply to the balance of the Contract.

2. **Penalties for Violations.** Contractor and its subcontractors shall comply with California Labor Code section 1775 in the event a worker is paid less than the prevailing wage rate for the work or craft in which the worker is employed. This shall be in addition to any other applicable penalties allowed under Labor Code sections 1720 – 1861.
3. **Payroll Records.** Contractor and its subcontractors shall comply with California Labor Code section 1776, which generally requires keeping accurate payroll records, verifying and certifying payroll records, and making them available for inspection. Contractor shall require its subcontractors to also comply with section 1776. Contractor and its subcontractors shall submit weekly certified payroll records online via the City's web-based Labor Compliance Program. Contractor is responsible for ensuring its subcontractors submit certified payroll records to the City. Contractor and its subcontractors shall also furnish the records specified in Labor Code section 1776 directly to the Labor Commissioner in the manner required in Labor Code section 1771.4.
4. **Apprentices.** Contractor and its subcontractors shall comply with California Labor Code sections 1777.5, 1777.6 and 1777.7 concerning the employment and wages of apprentices. Contractor shall be held responsible for their compliance as well as the compliance of their subcontractors with sections 1777.5, 1777.6 and 1777.7.
5. **Working Hours.** Contractor and its subcontractors shall comply with California Labor Code sections 1810 through 1815, including but not limited to: (i) restrict working hours on public works contracts to eight hours a day and forty hours a week, unless all hours worked in excess of 8 hours per day are compensated at not less than 1½ times the basic rate of pay; and (ii) specify penalties to be imposed on design professionals and subcontractors of \$25 per worker per day for each day the worker works more than 8 hours per day and 40 hours per week in violation of California Labor Code sections 1810 through 1815.
6. **Required Provisions for Subcontracts.** Contractor shall include at a minimum a copy of the following provisions in any contract they enter into with a subcontractor: California Labor Code sections 1771, 1771.1, 1775, 1776, 1777.5, 1810, 1813, 1815, 1860 and 1861.
7. **Labor Code Section 1861 Certification.** Contractor in accordance with California Labor Code section 3700 is required to secure the payment of compensation of its employees and by signing this Contract, Contractor certifies that "I am aware of the provisions of Section 3700 of the California 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."
8. **Labor Compliance Program.** The City has its own Labor Compliance Program authorized in August 2011 by the DIR. The City will withhold contract payments when

payroll records are delinquent or deemed inadequate by the City or other governmental entity, or it has been established after an investigation by the City or other governmental entity that underpayment(s) have occurred. For questions or assistance, please contact the City of San Diego's Equal Opportunity Contracting Department at 619-236-6000.

9. **Contractor and Subcontractor Registration Requirements.** This project is subject to compliance monitoring and enforcement by the DIR. A Contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or enter into any contract for public work, as defined in this chapter of the Labor Code unless currently registered and qualified to perform the work pursuant to Section 1725.5. In accordance with Labor Code section 1771.1(a), "[i]t is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded."
  - 9.1. A Contractor's inadvertent error in listing a subcontractor who is not registered pursuant to Labor Code section 1725.5 in a response to a solicitation shall not be grounds for filing a bid protest or grounds for considering the bid non-responsive provided that any of the following apply: (1) the subcontractor is registered prior to bid opening; (2) within twenty-four hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in Labor Code section 1725.5; or (3) the subcontractor is replaced by another registered contractor pursuant to Public Contract Code section 4107.
  - 9.2. A Contract entered into with any Contractor or subcontractor in violation of Labor Code section 1771.1(a) shall be subject to cancellation, provided that a Contract for public work shall not be unlawful, void, or voidable solely due to the failure of the awarding body, Contractor, or any subcontractor to comply with the requirements of section 1725.5 of this section.
  - 9.3. By submitting a bid or proposal to the City, Contractor is certifying that he or she has verified that all subcontractors used on this public works project are registered with the DIR in compliance with Labor Code sections 1771.1 and 1725.5, and Contractor shall provide proof of registration for themselves and all listed subcontractors to the City at the time of bid or proposal due date or upon request.
10. **Stop Order.** For Contractor or its subcontractor(s) engaging in the performance of any public work contract without having been registered in violation of Labor Code sections 1725.5 or 1771.1, the Labor Commissioner shall issue and serve a stop order prohibiting the use of the unregistered Contractor or unregistered subcontractor(s) on ALL public works until the unregistered Contractor or unregistered subcontractor(s) is registered. Failure to observe a stop order is a misdemeanor.
11. **List of all Subcontractors.** The City may ask Contractor for the most current list of subcontractors (regardless of tier), along with their DIR registration numbers, utilized on this contract at any time during performance of this contract, and

Contractor shall provide the list within ten (10) working days of the City's request. Additionally, Contractor shall provide the City with a complete list of all subcontractors utilized on this contract (regardless of tier), within ten working days of the completion of the contract, along with their DIR registration numbers. The City shall withhold final payment to Contractor until at least 30 days after this information is provided to the City.

- 12. Exemptions for Small Projects.** There are limited exemptions for installation, alteration, demolition, or repair work done on projects of \$25,000 or less. The Contractor shall still comply with Labor Code sections 1720 et. seq. The only recognized exemptions are listed below:
  - 12.1. Registration.** The Contractor will not be required to register with the DIR for small projects. (Labor Code section 1771.1).
  - 12.2. Certified Payroll Records.** The records required in Labor Code section 1776 shall be required to be kept and submitted to the City of San Diego, but will not be required to be submitted online with the DIR directly. The Contractor will need to keep those records for at least three years following the completion of the contract. (Labor Code section 1771.4).
  - 12.3. List of all Subcontractors.** The Contractor shall not be required to hire only registered subcontractors and is exempt from submitting the list of all subcontractors that is required in section 11 above. (Labor Code section 1773.3).
- B. Living Wages.** This Contract is subject to the City's Living Wage Ordinance (LWO), codified in San Diego Municipal Code Chapter 2, Article 2, Division 42. Contractor agrees to require all of its subcontractors, sublessees, and concessionaires subject to the LWO to comply with the LWO and all applicable regulations and rules.
  - 1. Payment of Living Wages.** Pursuant to San Diego Municipal Code section 22.4220(a), Contractor and its subcontractors shall ensure that all workers who perform work under this Contract are paid not less than the required minimum hourly wage rates and health benefits rate unless an exemption applies.
    - 1.1** Copies of such living wage rates are available on the City website at <https://www.sandiego.gov/purchasing/programs/livingwage/>. Contractor and its subcontractors shall post a notice informing workers of their rights at each job site or a site frequently accessed by covered employees in a prominent and accessible place in accordance with San Diego Municipal Code section 22.4225(e).
    - 1.2** LWO wage and health benefit rates are adjusted annually in accordance with San Diego Municipal Code section 22.4220(b) to reflect the Consumer Price Index. Service contracts, financial assistance agreements, and City facilities agreements must include this upward adjustment of wage rates to covered employees on July 1 of each year.

2. **Compensated Leave.** Pursuant to San Diego Municipal Code section 22.4220(c), Contractor and its subcontractors shall provide a minimum of eighty (80) hours per year of compensated leave. Part-time employees must accrue compensated leave at a rate proportional to full-time employees.
  3. **Uncompensated Leave.** Contractor and its subcontractors must also permit workers to take a minimum of eighty (80) hours of uncompensated leave per year to be used for the illness of the worker or a member of his or her immediate family when the worker has exhausted all accrued compensated leave.
  4. **Enforcement and Remedies.** City will take any one or more of the actions listed in San Diego Municipal Code section 22.4230 should Contractor or its subcontractors are found to be in violation of any of the provisions of the LWO.
  5. **Payroll Records.** Contractor and its subcontractors shall submit weekly certified payroll records online via the City's web-based Labor Compliance Program. Contractor is responsible for ensuring its subcontractors submit certified payroll records to the City.
    - 5.1 For contracts subject to both living wage and prevailing wage requirements, only one submittal will be required. Submittals by a Contractor and all subcontractors must comply with both ordinance requirements.
  6. **Certification of Compliance.** San Diego Municipal Code section 22.4225 requires each Contractor to fill out and file a living wage certification with the Living Wage Program Manager within thirty (30) days of Award of the Contract.
  7. **Annual Compliance Report.** Contractor and its subcontractors must file an annual report documenting compliance with the LWO pursuant to San Diego Municipal Code section 22.4225(d). Records documenting compliance must be maintained for a minimum of three (3) years after the City's final payment on the service contract or agreement.
  8. **Exemption from Living Wage Ordinance.** Pursuant to San Diego Municipal Code section 22.4215, this Contract may be exempt from the LWO. For a determination on this exemption, Contractor must complete the Living Wage Ordinance Application for Exemption.
- C. **Highest Wage Rate Applies.** Contractor is required to pay the highest applicable wage rate where more than one wage rate applies.

**EXHIBIT G  
TO DISTRICT MANAGEMENT AGREEMENT**



**THE CITY OF SAN DIEGO  
GENERAL CONTRACT TERMS AND PROVISIONS**

**ARTICLE I  
SCOPE AND TERM OF CONTRACT**

**1.1 Scope of Contract.** The scope of contract between the City and a provider of goods and/or services (Contractor) is described in the Contract Documents. The Contract Documents are comprised of the Request for Proposal, Invitation to Bid, or other solicitation document (Solicitation); the successful bid or proposal; the letter awarding the contract to Contractor; the City's written acceptance of exceptions or clarifications to the Solicitation, if any; and these General Contract Terms and Provisions.

**1.2 Effective Date.** A contract between the City and Contractor (Contract) is effective on the last date that the contract is signed by the parties and approved by the City Attorney in accordance with Charter section 40. Unless otherwise terminated, this Contract is effective until it is completed or as otherwise agreed upon in writing by the parties, whichever is the earliest. A Contract term cannot exceed five (5) years unless approved by the City Council by ordinance.

**1.3 Contract Extension.** The City may, in its sole discretion, unilaterally exercise an option to extend the Contract as described in the Contract Documents. In addition, the City may, in its sole discretion, unilaterally extend the Contract on a month-to-month basis following contract expiration if authorized under Charter section 99 and the Contract Documents. Contractor shall not increase its pricing in excess of the percentage increase described in the Contract.

**ARTICLE II  
CONTRACT ADMINISTRATOR**

**2.1 Contract Administrator.** The City's Economic Development Department is the Contract Administrator for purposes of this Contract, and has the responsibilities described in this Contract. The Mayor or designee (City Representative) shall be the primary contact between the City and Contractor for purposes of this Contract (see Exhibit D).

**2.1.1 Contractor Performance Evaluations.** The Contract Administrator will evaluate Contractor's performance as often as the Contract Administrator deems necessary throughout the term of the contract. This evaluation will be based on criteria including the quality of goods or services, the timeliness of performance, and adherence to applicable laws, including prevailing wage and living wage. City will provide Contractors who receive an unsatisfactory rating with a copy of the evaluation and an opportunity to respond. City may consider final evaluations, including Contractor's response, in evaluating future proposals and bids for contract award.

**2.2 Notices.** Unless otherwise specified, in all cases where written notice is required under this Contract, service shall be deemed sufficient if the notice is personally delivered or deposited in the United States mail, with first class postage paid, attention to the Economic Development Director. Proper notice is effective on the date of personal delivery or five (5) days after deposit in a United States postal mailbox unless provided otherwise in the Contract. Notices to the City shall be sent to:

City of San Diego  
Economic Development Department  
1200 3<sup>rd</sup> Ave, 14<sup>th</sup> Floor, MS-56D  
San Diego, California 92101-4195

### ARTICLE III COMPENSATION

**3.1 Manner of Payment.** Contractor will be paid monthly, in arrears, for goods and/or services provided in accordance with the terms and provisions specified in the Contract.

**3.2 Invoices.**

**3.2.1 Invoice Detail.** Contractor's invoice must be on Contractor's stationary with Contractor's name, address, and remittance address if different. Contractor's invoice must have a date, an invoice number, a purchase order number, a description of the goods or services provided, and an amount due.

**3.2.2 Service Contracts.** Contractor must submit invoices for services to City by the 10<sup>th</sup> of the month following the month in which Contractor provided services. Invoices must include the address of the location where services were performed and the dates in which services were provided.

**3.2.3 Goods Contracts.** Contractor must submit invoices for goods to City within seven days of the shipment. Invoices must describe the goods provided.

**3.2.4 Parts Contracts.** Contractor must submit invoices for parts to City within seven calendar (7) days of the date the parts are shipped. Invoices must include the manufacturer of the part, manufacturer's published list price, percentage discount applied in accordance with Pricing Page(s), the net price to City, and an item description, quantity, and extension.

**3.2.5 Extraordinary Work.** City will not pay Contractor for extraordinary work unless Contractor receives prior written authorization from the Contract Administrator. Failure to do so will result in payment being withheld for services. If approved, Contractor will include an invoice that describes the work performed and the location where the work was performed, and a copy of the Contract Administrator's written authorization.

**3.2.6 Reporting Requirements.** Contractor must submit the following reports using the City's web-based contract compliance portal. Incomplete and/or delinquent reports may cause payment delays, non-payment of invoice, or both. For questions, please view the City's online tutorials on how to utilize the City's web-based contract compliance portal.

**3.2.6.1 Monthly Employment Utilization Reports.** Contractor and Contractor's subcontractors and suppliers must submit Monthly Employment Utilization Reports by the fifth (5<sup>th</sup>) day of the subsequent month.



**3.2.6.2 Monthly Invoicing and Payments.** Contractor and Contractor's subcontractors and suppliers must submit Monthly Invoicing and Payment Reports by the fifth (5<sup>th</sup>) day of the subsequent month.

**3.3 Annual Appropriation of Funds.** Contractor acknowledges that the Contract term may extend over multiple City fiscal years, and that work and compensation under this Contract is contingent on the City Council appropriating funding for and authorizing such work and compensation for those fiscal years. This Contract may be terminated at the end of the fiscal year for which sufficient funding is not appropriated and authorized. City is not obligated to pay Contractor for any amounts not duly appropriated and authorized by City Council.

**3.4 Price Adjustments.** Based on Contractor's written request and justification, the City may approve an increase in unit prices on Contractor's pricing pages consistent with the amount requested in the justification in an amount not to exceed the increase in the Consumer Price Index, San Diego Area, for All Urban Customers (CPI-U) as published by the Bureau of Labor Statistics, or 5.0%, whichever is less, during the preceding one year term. If the CPI-U is a negative number, then the unit prices shall not be adjusted for that option year (the unit prices will not be decreased). A negative CPI-U shall be counted against any subsequent increases in the CPI-U when calculating the unit prices for later option years. Contractor must provide such written request and justification no less than sixty days before the date in which City may exercise the option to renew the contract, or sixty days before the anniversary date of the Contract. Justification in support of the written request must include a description of the basis for the adjustment, the proposed effective date and reasons for said date, and the amount of the adjustment requested with documentation to support the requested change (e.g. CPI-U or 5.0%, whichever is less). City's approval of this request must be in writing.

#### **ARTICLE IV SUSPENSION AND TERMINATION**

**4.1 City's Right to Suspend for Convenience.** City may suspend all or any portion of Contractor's performance under this Contract at its sole option and for its convenience for a reasonable period of time not to exceed six (6) months. City must first give ten (10) days' written notice to Contractor of such suspension. City will pay to Contractor a sum equivalent to the reasonable value of the goods and/or services satisfactorily provided up to the date of suspension. City may rescind the suspension prior to or at six (6) months by providing Contractor with written notice of the rescission, at which time Contractor would be required to resume performance in compliance with the terms and provisions of this Contract. Contractor will be entitled to an extension of time to complete performance under the Contract equal to the length of the suspension unless otherwise agreed to in writing by the Parties.

**4.2 City's Right to Terminate for Convenience.** City may, at its sole option and for its convenience, terminate all or any portion of this Contract by giving thirty (30) days' written notice of such termination to Contractor. The termination of the Contract shall be effective upon receipt of the notice by Contractor. After termination of all or any portion of the Contract, Contractor shall: (1) immediately discontinue all affected performance (unless the notice directs

otherwise); and (2) complete any and all additional work necessary for the orderly filing of documents and closing of Contractor's affected performance under the Contract. After filing of documents and completion of performance, Contractor shall deliver to City all data, drawings, specifications, reports, estimates, summaries, and such other information and materials created or received by Contractor in performing this Contract, whether completed or in process. By accepting payment for completion, filing, and delivering documents as called for in this section, Contractor discharges City of all of City's payment obligations and liabilities under this Contract with regard to the affected performance.

**4.3 City's Right to Terminate for Default.** Contractor's failure to satisfactorily perform any obligation required by this Contract constitutes a default. Examples of default include a determination by City that Contractor has: (1) failed to deliver goods and/or perform the services of the required quality or within the time specified; (2) failed to perform any of the obligations of this Contract; and (3) failed to make sufficient progress in performance which may jeopardize full performance.

**4.3.1** If Contractor fails to satisfactorily cure a default within ten (10) calendar days of receiving written notice from City specifying the nature of the default, City may immediately cancel and/or terminate this Contract, and terminate each and every right of Contractor, and any person claiming any rights by or through Contractor under this Contract.

**4.3.2** If City terminates this Contract, in whole or in part, City may procure, upon such terms and in such manner as the City may deem appropriate, equivalent goods or services and Contractor shall be liable to City for any excess costs. Contractor shall also continue performance to the extent not terminated.

**4.4 Termination for Bankruptcy or Assignment for the Benefit of Creditors.** If Contractor files a voluntary petition in bankruptcy, is adjudicated bankrupt, or makes a general assignment for the benefit of creditors, the City may at its option and without further notice to, or demand upon Contractor, terminate this Contract, and terminate each and every right of Contractor, and any person claiming rights by and through Contractor under this Contract.

**4.5 Contractor's Right to Payment Following Contract Termination.**

**4.5.1 Termination for Convenience.** If the termination is for the convenience of City an equitable adjustment in the Contract price shall be made. No amount shall be allowed for anticipated profit on unperformed services, and no amount shall be paid for an as needed contract beyond the Contract termination date.

**4.5.2 Termination for Default.** If, after City gives notice of termination for failure to fulfill Contract obligations to Contractor, it is determined that Contractor had not so failed, the termination shall be deemed to have been effected for the convenience of City. In such event, adjustment in the Contract price shall be made as provided in Section 4.3.2. City's rights and remedies are in addition to any other rights and remedies provided by law or under this Contract.

**4.6 Remedies Cumulative.** City's remedies are cumulative and are not intended to be exclusive of any other remedies or means of redress to which City may be lawfully entitled in case of any breach or threatened breach of any provision of this Contract.

**ARTICLE V**  
**ADDITIONAL CONTRACTOR OBLIGATIONS**

**5.1 Inspection and Acceptance.** The City will inspect and accept goods provided under this Contract at the shipment destination unless specified otherwise. Inspection will be made and acceptance will be determined by the City department shown in the shipping address of the Purchase Order or other duly authorized representative of City.

**5.2 Responsibility for Lost or Damaged Shipments.** Contractor bears the risk of loss or damage to goods prior to the time of their receipt and acceptance by City. City has no obligation to accept damaged shipments and reserves the right to return damaged goods, at Contractor's sole expense, even if the damage was not apparent or discovered until after receipt.

**5.3 Responsibility for Damages.** Contractor is responsible for all damage that occurs as a result of Contractor's fault or negligence or that of its' employees, agents, or representatives in connection with the performance of this Contract. Contractor shall immediately report any such damage to people and/or property to the Contract Administrator.

**5.4 Delivery.** Delivery shall be made on the delivery day specified in the Contract Documents. The City, in its sole discretion, may extend the time for delivery. The City may order, in writing, the suspension, delay or interruption of delivery of goods and/or services.

**5.5 Delay.** Unless otherwise specified herein, time is of the essence for each and every provision of the Contract. Contractor must immediately notify City in writing if there is, or it is anticipated that there will be, a delay in performance. The written notice must explain the cause for the delay and provide a reasonable estimate of the length of the delay. City may terminate this Contract as provided herein if City, in its sole discretion, determines the delay is material.

**5.5.1** If a delay in performance is caused by any unforeseen event(s) beyond the control of the parties, City may allow Contractor to a reasonable extension of time to complete performance, but Contractor will not be entitled to damages or additional compensation. Any such extension of time must be approved in writing by City. The following conditions may constitute such a delay: war; changes in law or government regulation; labor disputes; strikes; fires, floods, adverse weather or other similar condition of the elements necessitating cessation of the performance; inability to obtain materials, equipment or labor; or other specific reasons agreed to between City and Contractor. This provision does not apply to a delay caused by Contractor's acts or omissions. Contractor is not entitled to an extension of time to perform if a delay is caused by Contractor's inability to obtain materials, equipment, or labor unless City has received, in a timely manner, documentary proof satisfactory to City of Contractor's inability to obtain materials, equipment, or labor, in which case City's approval must be in writing.

**5.6 Restrictions and Regulations Requiring Contract Modification.** Contractor shall immediately notify City in writing of any regulations or restrictions that may or will require Contractor to alter the material, quality, workmanship, or performance of the goods and/or

services to be provided. City reserves the right to accept any such alteration, including any resulting reasonable price adjustments, or to cancel the Contract at no expense to the City.

**5.7 Warranties.** All goods and/or services provided under the Contract must be warranted by Contractor or manufacturer for at least twelve (12) months after acceptance by City, except automotive equipment. Automotive equipment must be warranted for a minimum of 12,000 miles or 12 months, whichever occurs first, unless otherwise stated in the Contract. Contractor is responsible to City for all warranty service, parts, and labor. Contractor is required to ensure that warranty work is performed at a facility acceptable to City and that services, parts, and labor are available and provided to meet City's schedules and deadlines. Contractor may establish a warranty service contract with an agency satisfactory to City instead of performing the warranty service itself. If Contractor is not an authorized service center and causes any damage to equipment being serviced, which results in the existing warranty being voided, Contractor will be liable for all costs of repairs to the equipment, or the costs of replacing the equipment with new equipment that meets City's operational needs.

**5.8 Industry Standards.** Contractor shall provide goods and/or services acceptable to City in strict conformance with the Contract. Contractor shall also provide goods and/or services in accordance with the standards customarily adhered to by an experienced and competent provider of the goods and/or services called for under this Contract using the degree of care and skill ordinarily exercised by reputable providers of such goods and/or services. Where approval by City, the Mayor, or other representative of City is required, it is understood to be general approval only and does not relieve Contractor of responsibility for complying with all applicable laws, codes, policies, regulations, and good business practices.

**5.9 Records Retention and Examination.** Contractor shall retain, protect, and maintain in an accessible location all records and documents, including paper, electronic, and computer records, relating to this Contract for five (5) years after receipt of final payment by City under this Contract. Contractor shall make all such records and documents available for inspection, copying, or other reproduction, and auditing by authorized representatives of City, including the Economic Development Director, Purchasing Agent or any authorized designee. Contractor shall make available all requested data and records at reasonable locations within City or County of San Diego at any time during normal business hours, and as often as City deems necessary. If records are not made available within the City or County of San Diego, Contractor shall pay City's travel costs to the location where the records are maintained and shall pay for all related travel expenses. Failure to make requested records available for inspection, copying, or other reproduction, or auditing by the date requested may result in termination of the Contract. Contractor must include this provision in all subcontracts made in connection with this Contract.

**5.9.1** Contractor shall maintain records of all subcontracts entered into with all firms, all project invoices received from Subcontractors and Suppliers, all purchases of materials and services from Suppliers, and all joint venture participation. Records shall show name, telephone number including area code, and business address of each Subcontractor and Supplier, and joint venture partner, and the total amount actually paid to each firm. Project relevant records, regardless of tier, may be periodically reviewed by the City.

**5.10 Quality Assurance Meetings.** Upon City's request, Contractor shall schedule one or more quality assurance meetings with City's Contract Administrator to discuss Contractor's performance. If requested, Contractor shall schedule the first quality assurance meeting no later than eight (8) weeks from the date of commencement of work under the Contract. At the quality assurance meeting(s), City's Contract Administrator will provide Contractor with feedback, will note any deficiencies in Contract performance, and provide Contractor with an opportunity to address and correct such deficiencies. The total number of quality assurance meetings that may be required by City will depend upon Contractor's performance.

**5.11 Duty to Cooperate with Auditor.** The City Auditor may, in his sole discretion, at no cost to the City, and for purposes of performing his responsibilities under Charter section 39.2, review Contractor's records to confirm contract compliance. Contractor shall make reasonable efforts to cooperate with Auditor's requests.

**5.12 Safety Data Sheets.** If specified by City in the solicitation or otherwise required by this Contract, Contractor must send with each shipment one (1) copy of the Safety Data Sheet (SDS) for each item shipped. Failure to comply with this procedure will be cause for immediate termination of the Contract for violation of safety procedures.

**5.13 Project Personnel.** Except as formally approved by the City, the key personnel identified in Contractor's bid or proposal shall be the individuals who will actually complete the work. Changes in staffing must be reported in writing and approved by the City.

**5.13.1 Criminal Background Certification.** Contractor certifies that all employees working on this Contract have had a criminal background check and that said employees are clear of any sexual and drug related convictions. Contractor further certifies that all employees hired by Contractor or a subcontractor shall be free from any felony convictions.

**5.13.2 Photo Identification Badge.** Contractor shall provide a company photo identification badge to any individual assigned by Contractor or subcontractor to perform services or deliver goods on City premises. Such badge must be worn at all times while on City premises. City reserves the right to require Contractor to pay fingerprinting fees for personnel assigned to work in sensitive areas. All employees shall turn in their photo identification badges to Contractor upon completion of services and prior to final payment of invoice.

**5.14 Standards of Conduct.** Contractor is responsible for maintaining standards of employee competence, conduct, courtesy, appearance, honesty, and integrity satisfactory to the City.

**5.14.1 Supervision.** Contractor shall provide adequate and competent supervision at all times during the Contract term. Contractor shall be readily available to meet with the City. Contractor shall provide the telephone numbers where its representative(s) can be reached.

**5.14.2 City Premises.** Contractor's employees and agents shall comply with all City rules and regulations while on City premises.

**5.14.3 Removal of Employees.** City may request Contractor immediately remove from assignment to the City any employee found unfit to perform duties at the City. Contractor shall comply with all such requests.

**5.15 Licenses and Permits.** Contractor shall, without additional expense to the City, be responsible for obtaining any necessary licenses, permits, certifications, accreditations, fees and approvals for complying with any federal, state, county, municipal, and other laws, codes, and regulations applicable to Contract performance. This includes, but is not limited to, any laws or regulations requiring the use of licensed contractors to perform parts of the work.

**5.16 Contractor and Subcontractor Registration Requirements.** Prior to the award of the Contract or Task Order, Contractor and Contractor's subcontractors and suppliers must register with the City's web-based vendor registration and bid management system. The City may not award the Contract until registration of all subcontractors and suppliers is complete. In the event this requirement is not met within the time frame specified by the City, the City reserves the right to rescind the Contract award and to make the award to the next responsive and responsible proposer of bidder.

## **ARTICLE VI INTELLECTUAL PROPERTY RIGHTS**

**6.1 Rights in Data.** If, in connection with the services performed under this Contract, Contractor or its employees, agents, or subcontractors, create artwork, audio recordings, blueprints, designs, diagrams, documentation, photographs, plans, reports, software, source code, specifications, surveys, system designs, video recordings, or any other original works of authorship, whether written or readable by machine (Deliverable Materials), all rights of Contractor or its subcontractors in the Deliverable Materials, including, but not limited to publication, and registration of copyrights, and trademarks in the Deliverable Materials, are the sole property of City. Contractor, including its employees, agents, and subcontractors, may not use any Deliverable Material for purposes unrelated to Contractor's work on behalf of the City without prior written consent of City. Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City, without the prior written consent of the City.

**6.2 Intellectual Property Rights Assignment.** For no additional compensation, Contractor hereby assigns to City all of Contractor's rights, title, and interest in and to the content of the Deliverable Materials created by Contractor or its employees, agents, or subcontractors, including copyrights, in connection with the services performed under this Contract. Contractor shall promptly execute and deliver, and shall cause its employees, agents, and subcontractors to promptly execute and deliver, upon request by the City or any of its successors or assigns at any time and without further compensation of any kind, any power of attorney, assignment, application for copyright, patent, trademark or other intellectual property right protection, or other papers or instruments which may be necessary or desirable to fully secure, perfect or otherwise protect to or for the City, its successors and assigns, all right, title and interest in and to

the content of the Deliverable Materials. Contractor also shall cooperate and assist in the prosecution of any action or opposition proceeding involving such intellectual property rights and any adjudication of those rights.

**6.3 Contractor Works.** Contractor Works means tangible and intangible information and material that: (a) had already been conceived, invented, created, developed or acquired by Contractor prior to the effective date of this Contract; or (b) were conceived, invented, created, or developed by Contractor after the effective date of this Contract, but only to the extent such information and material do not constitute part or all of the Deliverable Materials called for in this Contract. All Contractor Works, and all modifications or derivatives of such Contractor Works, including all intellectual property rights in or pertaining to the same, shall be owned solely and exclusively by Contractor.

**6.4 Subcontracting.** In the event that Contractor utilizes a subcontractor(s) for any portion of the work that comprises the whole or part of the specified Deliverable Materials to the City, the agreement between Contractor and the subcontractor shall include a statement that identifies the Deliverable Materials as a “works for hire” as described in the United States Copyright Act of 1976, as amended, and that all intellectual property rights in the Deliverable Materials, whether arising in copyright, trademark, service mark or other forms of intellectual property rights, belong to and shall vest solely with the City. Further, the agreement between Contractor and its subcontractor shall require that the subcontractor, if necessary, shall grant, transfer, sell and assign, free of charge, exclusively to City, all titles, rights and interests in and to the Deliverable Materials, including all copyrights, trademarks and other intellectual property rights. City shall have the right to review any such agreement for compliance with this provision.

**6.5 Intellectual Property Warranty and Indemnification.** Contractor represents and warrants that any materials or deliverables, including all Deliverable Materials, provided under this Contract are either original, or not encumbered, and do not infringe upon the copyright, trademark, patent or other intellectual property rights of any third party, or are in the public domain. If Deliverable Materials provided hereunder become the subject of a claim, suit or allegation of copyright, trademark or patent infringement, City shall have the right, in its sole discretion, to require Contractor to produce, at Contractor’s own expense, new non-infringing materials, deliverables or works as a means of remedying any claim of infringement in addition to any other remedy available to the City under law or equity. Contractor further agrees to indemnify, defend, and hold harmless the City, its officers, employees and agents from and against any and all claims, actions, costs, judgments or damages, of any type, alleging or threatening that any Deliverable Materials, supplies, equipment, services or works provided under this contract infringe the copyright, trademark, patent or other intellectual property or proprietary rights of any third party (Third Party Claim of Infringement). If a Third Party Claim of Infringement is threatened or made before Contractor receives payment under this Contract, City shall be entitled, upon written notice to Contractor, to withhold some or all of such payment.

**6.6 Software Licensing.** Contractor represents and warrants that the software, if any, as delivered to City, does not contain any program code, virus, worm, trap door, back door, time or

clock that would erase data or programming or otherwise cause the software to become inoperable, inaccessible, or incapable of being used in accordance with its user manuals, either automatically, upon the occurrence of licensor-selected conditions or manually on command. Contractor further represents and warrants that all third party software, delivered to City or used by Contractor in the performance of the Contract, is fully licensed by the appropriate licensor.

**6.7 Publication.** Contractor may not publish or reproduce any Deliverable Materials, for purposes unrelated to Contractor's work on behalf of the City without prior written consent from the City.

**6.8 Royalties, Licenses, and Patents.** Unless otherwise specified, Contractor shall pay all royalties, license, and patent fees associated with the goods that are the subject of this solicitation. Contractor warrants that the goods, materials, supplies, and equipment to be supplied do not infringe upon any patent, trademark, or copyright, and further agrees to defend any and all suits, actions and claims for infringement that are brought against the City, and to defend, indemnify and hold harmless the City, its elected officials, officers, and employees from all liability, loss and damages, whether general, exemplary or punitive, suffered as a result of any actual or claimed infringement asserted against the City, Contractor, or those furnishing goods, materials, supplies, or equipment to Contractor under the Contract.

## **ARTICLE VII INDEMNIFICATION AND INSURANCE**

### **7.1 RESERVED**

**7.2 Insurance.** 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 and the results of that work by Contractor, his agents, representatives, employees or subcontractors.

Contractor shall provide, at a minimum, the following:

**7.2.1 Commercial General Liability.** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury, and personal and advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 or 25 04) or the general aggregate limit shall be twice the required occurrence limit.

**7.2.2 Commercial Automobile Liability.** Insurance Services Office Form Number CA 0001 covering Code 1 (any auto) or, if Contractor has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.



**7.2.3 Workers' Compensation.** Contractor shall maintain workers' compensation insurance for its employees. Insurance coverages as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

**7.2.4 Professional Liability (Errors and Omissions).** For consultant contracts, insurance appropriate to Consultant's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

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

**7.2.5 Other Insurance Provisions.** The insurance policies are to contain, or be endorsed to contain, the following provisions:

**7.2.5.1 Additional Insured Status.** The City, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10, CG 20 26, CG 20 33, or CG 20 38; and CG 20 37 if a later edition is used).

**7.2.5.2 Primary Coverage.** For any claims related to this contract, Contractor's insurance coverage shall be primary coverage at least as broad as ISO CG 20 01 04 13 as respects the City, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by City, its officers, officials, employees, or volunteers shall be excess of Contractor's insurance and shall not contribute with it.

**7.2.5.3 Notice of Cancellation.** Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to City.

**7.2.5.4 Waiver of Subrogation.** Contractor hereby grants to City a waiver of any right to subrogation which the Workers' Compensation insurer of said Contractor may acquire against City by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City has received a waiver of subrogation endorsement from the insurer.

**7.2.5.5 Claims Made Policies (applicable only to professional liability).** The Retroactive Date must be shown, and must be before the date of the contract or the beginning of contract work. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work. If coverage is canceled or non-

renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, Contractor must purchase “extended reporting” coverage for a minimum of five (5) years after completion of work.

**7.3 Self Insured Retentions.** Self-insured retentions must be declared to and approved by City. City may require Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City.

**7.4 Acceptability of Insurers.** Insurance is to be placed with insurers with a current A.M. Best’s rating of no less than A-VI, unless otherwise acceptable to City.

City will accept insurance provided by non-admitted, “surplus lines” carriers only if the carrier is authorized to do business in the State of California and is included on the List of Approved Surplus Lines Insurers (LASLI list). All policies of insurance carried by non-admitted carriers are subject to all of the requirements for policies of insurance provided by admitted carriers described herein.

**7.5 Verification of Coverage.** Contractor shall furnish City with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by City before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive Contractor’s obligation to provide them. City reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

**7.6 Special Risks or Circumstances.** City reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

**7.7 Additional Insurance.** Contractor may obtain additional insurance not required by this Contract. Contractor shall bear the cost of any additional insurance not required by this Contract unless the reimbursement of such expense is expressly authorized in writing by the City.

**7.8 Excess Insurance.** All policies providing excess coverage to City shall follow the form of the primary policy or policies including but not limited to all endorsements.

**7.9 Subcontractors.** Contractor shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Contractor shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage, subcontractors shall provide coverage with a format at least as broad as the CG 20 38 04 13 endorsement.

## **ARTICLE VIII BONDS**

**8.1 Payment and Performance Bond.** Prior to the execution of this Contract, or prior to the commencement of specific work by Contractor or its Subcontractors, City may require Contractor to post a payment and performance bond (Bond). The Bond shall guarantee Contractor's faithful performance of this Contract and assure payment to contractors, subcontractors, and to persons furnishing goods and/or services under this Contract.

**8.1.1 Bond Amount.** The Bond shall be in a sum equal to twenty-five percent (25%) of the Contract amount, unless otherwise stated in writing by Contract Administrator. City may file a claim against the Bond if Contractor fails or refuses to fulfill the terms and provisions of the Contract.

**8.1.2 Bond Term.** The Bond shall remain in full force and effect at least until complete performance of this Contract and payment of all claims for materials and labor, at which time it will convert to a ten percent (10%) warranty bond, which shall remain in place until the end of the warranty periods set forth in this Contract. The Bond shall be renewed annually, at least sixty (60) days in advance of its expiration, and Contractor shall provide timely proof of annual renewal to City.

**8.1.3 Bond Surety.** The Bond must be furnished by a company authorized by the State of California Department of Insurance to transact surety business in the State of California and which has a current A.M. Best rating of at least "A-, VIII."

**8.1.4 Non-Renewal or Cancellation.** The Bond must provide that City and Contractor shall be provided with sixty (60) days' advance written notice in the event of non-renewal, cancellation, or material change to its terms. In the event of non-renewal, cancellation, or material change to the Bond terms, Contractor shall provide City with evidence of the new source of surety within twenty-one (21) calendar days after the date of the notice of non-renewal, cancellation, or material change. Failure to maintain the Bond, as required herein, in full force and effect as required under this Contract, will be a material breach of the Contract subject to termination of the Contract.

**8.2 Alternate Security.** City may, at its sole discretion, accept alternate security in the form of an endorsed certificate of deposit, a money order, a certified check drawn on a solvent bank, or other security acceptable to the City in an amount equal to the required Bond.

## **ARTICLE IX CITY-MANDATED CLAUSES AND REQUIREMENTS**

**9.1 Contractor Certification of Compliance.** By signing this Contract, Contractor certifies that Contractor is aware of, and will comply with, these City-mandated clauses throughout the duration of the Contract.

**9.1.1 Drug-Free Workplace Certification.** Contractor shall comply with City's Drug-Free Workplace requirements set forth in Council Policy 100-17, which is incorporated into the Contract by this reference.

**9.1.2 Contractor Certification for Americans with Disabilities Act (ADA) and State Access Laws and Regulations:** Contractor shall comply with all accessibility requirements under the ADA and under Title 24 of the California Code of Regulations (Title 24). When a conflict exists between the ADA and Title 24, Contractor shall comply with the most restrictive requirement (i.e., that which provides the most access). Contractor also shall comply with the City's ADA Compliance/City Contractors requirements as set forth in Council Policy 100-04, which is incorporated into this Contract by reference. Contractor warrants and certifies compliance with all federal and state access laws and regulations and further certifies that any subcontract agreement for this contract contains language which indicates the subcontractor's agreement to abide by the provisions of the City's Council Policy and any applicable access laws and regulations.

**9.1.3 Non-Discrimination Requirements.**

**9.1.3.1 Compliance with City's Equal Opportunity Contracting Program (EOCP).** Contractor shall comply with City's EOCP Requirements. Contractor shall not discriminate against any employee or applicant for employment on any basis prohibited by law. Contractor shall provide equal opportunity in all employment practices. Prime Contractors shall ensure that their subcontractors comply with this program. Nothing in this Section shall be interpreted to hold a Prime Contractor liable for any discriminatory practice of its subcontractors.

**9.1.3.2 Non-Discrimination Ordinance.** Contractor shall not discriminate on the basis of race, gender, gender expression, gender identity, religion, national origin, ethnicity, sexual orientation, age, or disability in the solicitation, selection, hiring or treatment of subcontractors, vendors or suppliers. Contractor shall provide equal opportunity for subcontractors to participate in subcontracting opportunities. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result in Contract termination, debarment, or other sanctions. Contractor shall ensure that this language is included in contracts between Contractor and any subcontractors, vendors and suppliers.

**9.1.3.3 Compliance Investigations.** Upon City's request, Contractor agrees to provide to City, within sixty calendar days, a truthful and complete list of the names of all subcontractors, vendors, and suppliers that Contractor has used in the past five years on any of its contracts that were undertaken within San Diego County, including the total dollar amount paid by Contractor for each subcontract or supply contract. Contractor further agrees to fully cooperate in any investigation conducted by City pursuant to City's Nondiscrimination in Contracting Ordinance. Contractor understands and agrees that violation of this clause shall be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

**9.1.4 Equal Benefits Ordinance Certification.** Unless an exception applies, Contractor shall comply with the Equal Benefits Ordinance (EBO) codified in the San Diego Municipal Code (SDMC). Failure to maintain equal benefits is a material breach of the Contract.

**9.1.5 Contractor Standards.** Contractor shall comply with Contractor Standards provisions codified in the SDMC. Contractor understands and agrees that violation of Contractor Standards may be considered a material breach of the Contract and may result in Contract termination, debarment, and other sanctions.

**9.1.6 Noise Abatement.** Contractor shall operate, conduct, or construct without violating the City's Noise Abatement Ordinance codified in the SDMC.

**9.1.7 Storm Water Pollution Prevention Program.** Contractor shall comply with the City's Storm Water Management and Discharge Control provisions codified in Division 3 of Chapter 4 of the SDMC, as may be amended, and any and all applicable Best Management Practice guidelines and pollution elimination requirements in performing or delivering services at City owned, leased, or managed property, or in performance of services and activities on behalf of City regardless of location.

Contractor shall comply with the City's Jurisdictional Urban Runoff Management Plan encompassing Citywide programs and activities designed to prevent and reduce storm water pollution within City boundaries as adopted by the City Council on January 22, 2008, via Resolution No. 303351, as may be amended.

Contractor shall comply with each City facility or work site's Storm Water Pollution Prevention Plan, as applicable, and institute all controls needed while completing the services to minimize any negative impact to the storm water collection system and environment.

**9.1.8 Service Worker Retention Ordinance.** If applicable, Contractor shall comply with the Service Worker Retention Ordinance (SWRO) codified in the SDMC.

**9.1.9 Product Endorsement.** Contractor shall comply with Council Policy 000-41 which requires that other than listing the City as a client and other limited endorsements, any advertisements, social media, promotions or other marketing referring to the City as a user of a product or service will require prior written approval of the Mayor or designee. Use of the City Seal or City logos is prohibited.

**9.1.10 Business Tax Certificate.** Unless the City Treasurer determines in writing that a contractor is exempt from the payment of business tax, any contractor doing business with the City of San Diego is required to obtain a Business Tax Certificate (BTC) and to provide a copy of its BTC to the City before a Contract is executed.

**9.1.11 Equal Pay Ordinance.** Unless an exception applies, Contractor shall comply with the Equal Pay Ordinance codified in San Diego Municipal Code sections 22.4801 through 22.4809. Contractor shall certify in writing that it will comply with the requirements of the EPO.

**9.1.11.1 Contractor and Subcontract Requirement.** The Equal Pay Ordinance applies to any subcontractor who performs work on behalf of a Contractor to the same extent as it would apply to that Contractor. Any Contractor subject to the Equal Pay Ordinance shall require all of its subcontractors to certify compliance with the Equal Pay Ordinance in its written subcontracts.

## **ARTICLE X CONFLICT OF INTEREST AND VIOLATIONS OF LAW**

**10.1 Conflict of Interest Laws.** Contractor is subject to all federal, state and local conflict of interest laws, regulations, and policies applicable to public contracts and procurement practices including, but not limited to, California Government Code sections 1090, *et. seq.* and 81000, *et. seq.*, and the Ethics Ordinance, codified in the SDMC. City may determine that Contractor must complete one or more statements of economic interest disclosing relevant financial interests. Upon City's request, Contractor shall submit the necessary documents to City.

**10.2 Contractor's Responsibility for Employees and Agents.** Contractor is required to establish and make known to its employees and agents appropriate safeguards to prohibit employees from using their positions for a purpose that is, or that gives the appearance of being, motivated by the desire for private gain for themselves or others, particularly those with whom they have family, business or other relationships.

**10.3 Contractor's Financial or Organizational Interests.** In connection with any task, Contractor shall not recommend or specify any product, supplier, or contractor with whom Contractor has a direct or indirect financial or organizational interest or relationship that would violate conflict of interest laws, regulations, or policies.

**10.4 Certification of Non-Collusion.** Contractor certifies that: (1) Contractor's bid or proposal was not made in the interest of or on behalf of any person, firm, or corporation not identified; (2) Contractor did not directly or indirectly induce or solicit any other bidder or proposer to put in a sham bid or proposal; (3) Contractor did not directly or indirectly induce or solicit any other person, firm or corporation to refrain from bidding; and (4) Contractor did not seek by collusion to secure any advantage over the other bidders or proposers.

**10.5 Hiring City Employees.** This Contract shall be unilaterally and immediately terminated by City if Contractor employs an individual who within the twelve (12) months immediately preceding such employment did in his/her capacity as a City officer or employee participate in negotiations with or otherwise have an influence on the selection of Contractor.

## **ARTICLE XI DISPUTE RESOLUTION**

**11.1 Mediation.** If a dispute arises out of or relates to this Contract and cannot be settled through normal contract negotiations, Contractor and City shall use mandatory non-binding mediation before having recourse in a court of law.

**11.2 Selection of Mediator.** A single mediator that is acceptable to both parties shall be used to mediate the dispute. The mediator will be knowledgeable in the subject matter of this Contract, if possible.

**11.3 Expenses.** The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including required traveling and other expenses of the mediator, and the cost of any proofs or expert advice produced at the direct request of the mediator, shall be borne equally by the parties, unless they agree otherwise.

**11.4 Conduct of Mediation Sessions.** Mediation hearings will be conducted in an informal manner and discovery will not be allowed. The discussions, statements, writings and admissions will be confidential to the proceedings (pursuant to California Evidence Code sections 1115 through 1128) and will not be used for any other purpose unless otherwise agreed by the parties in writing. The parties may agree to exchange any information they deem necessary. Both parties shall have a representative attend the mediation who is authorized to settle the dispute, though City's recommendation of settlement may be subject to the approval of the Mayor and City Council. Either party may have attorneys, witnesses or experts present.

**11.5 Mediation Results.** Any agreements resulting from mediation shall be memorialized in writing. The results of the mediation shall not be final or binding unless otherwise agreed to in writing by the parties. Mediators shall not be subject to any subpoena or liability, and their actions shall not be subject to discovery.

## **ARTICLE XII MANDATORY ASSISTANCE**

**12.1 Mandatory Assistance.** If a third party dispute or litigation, or both, arises out of, or relates in any way to the services provided to the City under a Contract, Contractor, its agents, officers, and employees agree to assist in resolving the dispute or litigation upon City's request. Contractor's assistance includes, but is not limited to, providing professional consultations, attending mediations, arbitrations, depositions, trials or any event related to the dispute resolution and/or litigation.

**12.2 Compensation for Mandatory Assistance.** City will compensate Contractor for fees incurred for providing Mandatory Assistance. If, however, the fees incurred for the Mandatory Assistance are determined, through resolution of the third party dispute or litigation, or both, to be attributable in whole, or in part, to the acts or omissions of Contractor, its agents, officers, and employees, Contractor shall reimburse City for all fees paid to Contractor, its agents, officers, and employees for Mandatory Assistance.

**12.3 Attorneys' Fees Related to Mandatory Assistance.** In providing City with dispute or litigation assistance, Contractor or its agents, officers, and employees may incur expenses and/or costs. Contractor agrees that any attorney fees it may incur as a result of assistance provided under Section 12.2 are not reimbursable.

**ARTICLE XIII  
MISCELLANEOUS**

**13.1 Headings.** All headings are for convenience only and shall not affect the interpretation of this Contract.

**13.2 Non-Assignment.** Contractor may not assign the obligations under this Contract, whether by express assignment or by sale of the company, nor any monies due or to become due under this Contract, without City's prior written approval. Any assignment in violation of this paragraph shall constitute a default and is grounds for termination of this Contract at the City's sole discretion. In no event shall any putative assignment create a contractual relationship between City and any putative assignee.

**13.3 Independent Contractors.** Contractor and any subcontractors employed by Contractor are independent contractors and not agents of City. Any provisions of this Contract that may appear to give City any right to direct Contractor concerning the details of performing or providing the goods and/or services, or to exercise any control over performance of the Contract, shall mean only that Contractor shall follow the direction of City concerning the end results of the performance.

**13.4 Subcontractors.** All persons assigned to perform any work related to this Contract, including any subcontractors, are deemed to be employees of Contractor, and Contractor shall be directly responsible for their work.

**13.5 Covenants and Conditions.** All provisions of this Contract expressed as either covenants or conditions on the part of City or Contractor shall be deemed to be both covenants and conditions.

**13.6 Compliance with Controlling Law.** Contractor shall comply with all applicable local, state, and federal laws, regulations, and policies. Contractor's act or omission in violation of applicable local, state, and federal laws, regulations, and policies is grounds for contract termination. In addition to all other remedies or damages allowed by law, Contractor is liable to City for all damages, including costs for substitute performance, sustained as a result of the violation. In addition, Contractor may be subject to suspension, debarment, or both.

**13.7 Governing Law.** The Contract shall be deemed to be made under, construed in accordance with, and governed by the laws of the State of California without regard to the conflicts or choice of law provisions thereof.

**13.8 Venue.** The venue for any suit concerning solicitations or the Contract, the interpretation or application of any of its terms and conditions, or any related disputes shall be in the County of San Diego, State of California.

**13.9 Successors in Interest.** This Contract and all rights and obligations created by this Contract shall be in force and effect whether or not any parties to the Contract have been



succeeded by another entity, and all rights and obligations created by this Contract shall be vested and binding on any party's successor in interest.

**13.10 No Waiver.** No failure of either City or Contractor to insist upon the strict performance by the other of any covenant, term or condition of this Contract, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Contract, shall constitute a waiver of any such breach of such covenant, term or condition. No waiver of any breach shall affect or alter this Contract, and each and every covenant, condition, and term hereof shall continue in full force and effect without respect to any existing or subsequent breach.

**13.11 Severability.** The unenforceability, invalidity, or illegality of any provision of this Contract shall not render any other provision of this Contract unenforceable, invalid, or illegal.

**13.12 Drafting Ambiguities.** The parties acknowledge that they have the right to be advised by legal counsel with respect to the negotiations, terms and conditions of this Contract, and the decision of whether to seek advice of legal counsel with respect to this Contract is the sole responsibility of each party. This Contract shall not be construed in favor of or against either party by reason of the extent to which each party participated in the drafting of the Contract.

**13.13 Amendments.** Neither this Contract nor any provision hereof may be changed, modified, amended or waived except by a written agreement executed by duly authorized representatives of City and Contractor. Any alleged oral amendments have no force or effect. The Mayor or designee must sign all Contract amendments.

**13.14 Conflicts Between Terms.** If this Contract conflicts with an applicable local, state, or federal law, regulation, or court order, applicable local, state, or federal law, regulation, or court order shall control. Varying degrees of stringency among the main body of this Contract, the exhibits or attachments, and laws, regulations, or orders are not deemed conflicts, and the most stringent requirement shall control. Each party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Contract.

**13.15 Survival of Obligations.** All representations, indemnifications, warranties, and guarantees made in, required by, or given in accordance with this Contract, as well as all continuing obligations indicated in this Contract, shall survive, completion and acceptance of performance and termination, expiration or completion of the Contract.

**13.16 Confidentiality of Services.** All services performed by Contractor, and any sub-contractor(s) if applicable, including but not limited to all drafts, data, information, correspondence, proposals, reports of any nature, estimates compiled or composed by Contractor, are for the sole use of City, its agents, and employees. Neither the documents nor their contents shall be released by Contractor or any subcontractor to any third party without the prior written consent of City. This provision does not apply to information that: (1) was publicly known, or otherwise known to Contractor, at the time it was disclosed to Contractor by City; (2) subsequently becomes publicly known through no act or omission of Contractor; or (3) otherwise becomes known to Contractor other than through disclosure by City.

**13.17 Insolvency.** If Contractor enters into proceedings relating to bankruptcy, whether voluntary or involuntary, Contractor agrees to furnish, by certified mail or electronic commerce method authorized by the Contract, written notification of the bankruptcy to the Contract Administrator responsible for administering the Contract. This notification shall be furnished within five (5) days of the initiation of the proceedings relating to bankruptcy filing. This notification shall include the date on which the bankruptcy petition was filed, the identity of the court in which the bankruptcy petition was filed, and a listing of City contract numbers and contracting offices for all City contracts against which final payment has not been made. This obligation remains in effect until final payment is made under this Contract.

**13.18 No Third Party Beneficiaries.** Except as may be specifically set forth in this Contract, none of the provisions of this Contract are intended to benefit any third party not specifically referenced herein. No party other than City and Contractor shall have the right to enforce any of the provisions of this Contract.

**13.19 Actions of City in its Governmental Capacity.** Nothing in this Contract shall be interpreted as limiting the rights and obligations of City in its governmental or regulatory capacity.

**EXHIBIT H  
TO DISTRICT MANAGEMENT AGREEMENT**

**ACCOUNTABILITY PROVISIONS**

to

Management and Administration of the  
Hillcrest Commercial Core Maintenance Assessment District  
Commencing Fiscal Year 2022

**ACCOUNTABILITY PROVISIONS**

- 1. ANNUAL REVIEW OF BYLAWS.** Manager shall conduct an annual review, and update as necessary, of its bylaws to ensure that they do not result in a disparate impact. All updates to the bylaws shall be posted to the official District website in accordance with Section 4.7 of this Agreement.
- 2. ANTI-HARASSMENT, NON-DISCRIMINATION AND INCLUSION POLICY.** Manager shall establish and implement an anti-harassment, non-discrimination and inclusion policy in the workplace consistent with federal, state and local laws and shall conduct an annual review and update of the policy. Manager shall provide the policy to all employees and its Board of Directors and shall certify that each employee and member of its Board of Directors has received and reviewed the policy by requiring each individual's signature.
- 3. ANTI-HARASSMENT, NON-DISCRIMINATION AND INCLUSION TRAINING.** Manager shall conduct annual anti-harassment, non-discrimination and inclusion in the workplace training for all employees and Board of Directors, consistent with federal, state and local laws. Manager shall certify that each employee and member of its Board of Directors has completed the training by requiring each individual's signature.
- 4. PERFORMANCE OF MANAGER AND CHIEF EXECUTIVE.** Manager shall provide an annual opportunity for its Board of Directors, Member Businesses, and the general public to provide input on the performance of the Manager and its Chief Executive relating to this Agreement.
- 5. IDENTIFICATION OF CONFLICTS OF INTEREST.** Manager shall immediately notify the City Representative when a perceived or actual financial or economic interest of any Manager Party relating to this Agreement is identified. City shall have no obligation to pay or reimburse Contractor for services provided under this Agreement if such services relate to any contract awarded or financial obligation entered in violation of any state or local conflict of interest law. If a perceived or actual financial or economic interest of any Manager Party exists and the City Representative has not been notified, or it is later determined that there has been a violation of any federal, state or local conflict of interest law, City shall have the right to reduce or deny payment in connection with the violation, in addition to all other rights and remedies available under this Agreement and federal, state and city conflict of interest laws.

# EXHIBIT I TO DISTRICT MANAGEMENT AGREEMENT

## SUBCONTRACTORS LIST

**INFORMATION REGARDING SUBCONTRACTOR PARTICIPATION:**

Contractor shall include name and complete address of all Subcontractors who will receive more than one-half of one percent (0.5%) of the contract amount or in excess of \$10,000.

Contractor shall also submit subconsultant commitment letters on subconsultant's letterhead, no more than one page each, from subconsultants listed below to acknowledge their commitment to the team, scope of work, and percent of participation in the project.

Subconsultants shall be used for scope of work listed. No changes to this Subconsultants List will be allowed without prior written City approval.

NAME AND ADDRESS Subcontractors	SCOPE OF WORK	PERCENT OF CONTRACT	DOLLAR AMOUNT OF CONTRACT	MBE, WBE, DBE, DVBE, OBE, ELBE, SLBE, SDB, WoSB, HUBZone, OR SDVOSB <sup>①</sup>	WHERE CERTIFIED <sup>②</sup>

**① For information only. As appropriate, Contractor shall identify Subcontractors as:**

Certified Minority Business Enterprise	MBE	Certified Small Local Business Enterprise	SLBE
Certified Woman Business Enterprise	WBE	Small Disadvantaged Business	SDB
Certified Disadvantaged Business Enterprise	DBE	Woman-Owned Small Business	WoSB
Certified Disabled Veteran Business Enterprise	DVBE	HUBZone Business	HUBZone
Other Business Enterprise	OBE	Service-Disabled Veteran Owned Small Business	SDVOSB
Certified Emerging Local Business Enterprise	ELBE		

**② For information only. As appropriate, Contractor shall indicate if Subcontractor is certified by:**

City of San Diego	CITY	State of California Department of Transportation	CALTRANS
California Public Utilities Commission	CPUC	San Diego Regional Minority Supplier Diversity Council	SRMSDC
State of California	CA	State of California's Department of General Services	CADoGS
U.S. Small Business Administration	SBA	City of Los Angeles	LA

