

CONTRACT

THIS Agreement, made effective as of the 23rd day of Sept, 2013, between

CITY OF FIFE, WASHINGTON ("CITY")
5411 23rd Street East
Fife, WA 98424

Contact: KEN GILL

Tel: 253-922-9315

Fax: 253-922-9688

and

HOFFMAN CONSTRUCTION, INC. ("CONTRACTOR")

Contact: BRAD HOFFMAN

Tel: 360-825-9797

Fax: 360-802-9797

Tax Id No.: 91-1003217

for the following Project:

4th Street East Restoration and Waterline ("PROJECT")

The Owner and Contractor agree as follows:

1. Contract Documents. The Contractor shall complete the Project in accordance with the Contract Documents. The Contract Documents consist of the following in order of precedence:

- a. Written change orders or orders for changes in the work issued after execution of this Agreement;
- b. This Contract signed by Owner and Contractor;
- c. Instruction to Bidders;
- d. Proposal;
- e. Special Provisions;
- f. Construction Plans;
- g. Performance and Payment Bond;
- h. 2012 WSDOT Standard Specifications for Road, Bridge, and Municipal Construction, except Sections 1-02.1, 1-02.2, 1-04.2, 1-08.9, 1-08.10(1) – (4), 1-09.11 and 1.09.13.
- i. Contracting Agency's Standard Plans or Details (if any).
- j. WSDOT Standard Plans for Road, Bridge, and Municipal Construction.

The intent of the Contract Documents is to include all items necessary for the proper execution and completion of the Project by the Contractor. These Contract Documents complement each other in describing a complete work. Any requirement in one document binds as if stated in all. The

Contractor shall provide any work or materials clearly implied in the Contract even if the Contract does not mention it specifically. If any part of the contract requires work that does not include a description of how the work will be performed, the work shall be performed in accordance with standard trade practices.

2. Date of Commencement and Substantial Completion Date. The Contractor shall complete the Project within **20 working days** from the Notice to Proceed ("Completion Date

3. Contract Sum. Subject to additions and deductions by change order, the contract sum is the bid amount of \$ 319,431.00, including applicable tax. The contract sum shall include all items and services necessary for the proper execution and completion of the Project.

4. Liquidated Damages. Timely performance and completion of the Project is essential to Owner and time limits are of the essence. In the event Contractor fails to complete the work by the Physical Completion Date (20 working days), plus any authorized extensions thereof, the Contractor shall pay Owner liquidated damages of \$1000.00 for each calendar day of delay in completion of the Project. No deduction or payment of liquidated damages will, in any degree, release the Contractor from further obligations and liabilities to complete the entire contract.

5. Changes. After execution of the Contract, changes in the Project may be accomplished by change order. Owner, without invalidating the Contract, may order changes in the Project within the general scope of the Contract consisting of additions, deletions or other revisions, the Contract Sum and Contract completion date being adjusted accordingly. Change orders shall be in writing signed by the parties.

6. Payment and Performance Bond. Contractor shall make, execute, and deliver a good and sufficient bond equal to the amount of the full contract price with a surety company as surety, conditioned that Contractor shall faithfully perform all the provisions of this contract and pay all laborers, mechanics, and subcontractors and material men and all persons who supply such person or persons, or subcontractors, with provisions and supplies for the carrying on of such work, in the form included in the bid documents. This bond shall be filed with the Owner. The surety must agree to be bound by the laws of the State of Washington and subject to the jurisdiction of the State of Washington.

7. Permits, Fees, Notices, and Compliance with Laws.

7.1 Unless otherwise provided in the Contract Documents, the Contractor shall secure and pay for all permits, fees, licenses and inspections by governmental agencies necessary for the proper execution and completion of the Work that are customarily secured after execution of the Contract and legally required at the time bids are received or negotiations concluded.

7.2 Contractor shall comply with and give notices required by applicable laws, statutes, ordinances, codes, rules, and regulations, and lawful orders of public authorities applicable to performance of the Work.

7.3 Contractor shall obtain a City of Fife business license pursuant to the provisions of Chapter 5.01 FMC prior to receipt of written Notice to Proceed.

8. Trench Excavation Safety. Contractor shall provide adequate safety systems for trench excavation that meets all requirements of the Washington Industrial Safety and Health Act, Chapter 49.17 RCW.

9. Termination of Contract. This Contract may be terminated by Owner at any time upon the default of the Contractor or upon public convenience, in which Contractor shall be entitled to just and

equitable compensation for any satisfactory work completed prior to the date of termination. Contractor shall not be entitled to any reallocation of cost, profit or overhead. Contractor shall not in any event be entitled to anticipated profit on work not performed because of such termination. Contractor shall use its best efforts to minimize the compensation payable under this Contract in the event of such termination. If the contract is terminated for default, the Contractor shall not be entitled to receive any further payments under the contract until all work called for has been fully performed. Any extra cost or damage to Owner resulting from such default(s) shall be deducted from any money due or coming due to the Contractor. The Contractor shall bear any extra expenses incurred by Owner in completing the work, including all increased costs for completing the work, and all damage sustained, or which may be sustained by Owner by reason of such default.

10. Warranty Contractor warrants that: (1) materials and equipment furnished under the Contract will be new and of good quality unless otherwise required and permitted by the Contract Documents; (2) the Work will be free from defects not inherent in the quality required or permitted; and (3) the Work will conform to the requirements of the Contract. The Contractor further agrees to correct any defects in materials, workmanship, or installation of the Work which shall develop or be discovered within one (1) year after final acceptance of the Work.

11. Indemnification/Hold Harmless. The Contractor shall defend, indemnify and hold Owner, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of Owner. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and Owner, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

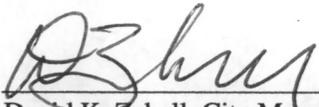
12. Independent Contractor. Contractor is and shall be at all times during the term of this Agreement an independent contractor.

13. Disputes. Any action for claims arising out of or relating to this Agreement shall be governed by the laws of the State of Washington. Venue shall be in Pierce County Superior Court.

14. Attorneys Fees. In any suit or action instituted to enforce any right granted in this Agreement, the substantially prevailing party shall be entitled to recover its costs, disbursements, and reasonable attorneys fees from the other party.

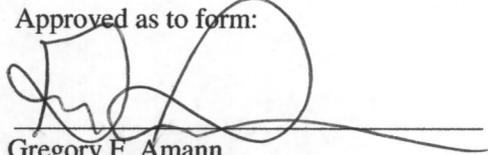
15. Extent of Agreement/Modification. This Agreement, together with attachments or addenda, represents the entire and integrated Agreement between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended, modified or added to only by written instrument properly signed by both parties.

OWNER:
CITY OF FIFE

By: 
David K. Zabel, City Manager

Date: 9/23/13

Approved as to form:


Gregory F. Amann
Assistance City Attorney

CONTRACTOR:
HOFFMAN CONSTRUCTION, INC.

By: 

Name: BRAD HOFFMAN

Title: VICE PRESIDENT

Date: 9/13/13

PERFORMANCE & PAYMENT BOND WITH GUARANTY

Name of Project: **4th Street East Restoration and Waterline**

Contractor (Principal) Hoffman Construction, Inc.

Project/Contract # _____

Surety Merchants Bonding Company (Mutual)

Bond Amount \$ 319,431.00

Bond # WAC 53719

1. Date and Parties

This performance and payment bond with guaranty is dated, for reference purposes only, the 23rd day of Sept., 2013 and is executed by Hoffman Construction, Inc., as Principal(s), and Merchants Bonding Company (Mutual), as Surety.

2. General Recitals

A. Principal has entered into a public works contract (the "Contract") with the City of Fife for certain work described as follows:

4th Street East Restoration and Waterline

(the "Work").

B. This bond is furnished in accordance with RCW 39.08 to secure faithful performance of the Contract and payment of all persons covered under RCW 39.08.010.

3. Bond Amount

The Principal and the Surety agree and do jointly and severally bind themselves, their heirs, executors, administrators, and assigns, unto the City in the sum of ~~Four Hundred Thirty One and No/100~~ ^{Three Hundred Nineteen Thousand} dollars (\$ 319,431.00-----).

4. Agreement to Perform

A. Principal, his or its heirs, executors, administrators, successors, or assigns, shall abide by, and well and truly keep and perform the covenants, conditions and agreements in the Contract, and shall faithfully perform all the provisions of the Contract and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions and agreements of any and all duly authorized modifications of the Contract that may hereafter be made, at the time and in the manner therein specified.

B. Principal shall pay all laborers, mechanics, and subcontractors and material suppliers, and all persons who shall supply such person or persons, or subcontractors, with provisions and supplies for the carrying on of such Work.

C. The Principal further agrees to correct any defects in materials, workmanship, or installation of the Work which shall develop or be discovered within one (1) year after final acceptance of the Work.

5. Indemnity Agreement

A. The Principal hereby agrees to indemnify and hold the City harmless from any and all claims that may be made against the City resulting directly or indirectly from any action or inaction of the Principal or his agents, employees or independent contractors relating directly or indirectly to work performed or to be performed under the terms of this agreement. This indemnity and hold harmless shall include City Costs related to defending against said claims, or in enforcing the terms of this agreement.

B. For purposes of this document, the term "City Costs" shall mean all City expenditures, obligations or debt incurred, including, but not limited to: construction, labor, equipment and material costs; City staff time; legal consultant fees; engineering consultant fees; financial consultant fees; publication, service or process and filing fees; mailing fees; cost of right-of way, real property and easement acquisition; and fees and costs to other governmental jurisdictions, that are made or incurred by the City, whether or not legal action is commenced.

6. Obligation of Surety

A. If the Principal (or any of the employees, subcontractors, or lower tier subcontractors of the Principal) fails to abide by, and well and truly keep and perform the covenants, conditions and agreements in the Contract, or fails to faithfully perform any of the provisions of the Contract or fails to well and truly perform and fulfill any of the undertakings, covenants, terms, conditions and agreements of any and all duly authorized modifications of the Contract that may hereafter be made, at the time and in the manner therein specified, then the Surety shall be liable to the City for City Costs resulting from said failure to perform, but not to exceed the Bond amount.

B. If the Principal (or any subcontractors or lower tier subcontractors of the Principal) fails to pay any laborers, mechanics, or subcontractors or material suppliers, and all persons who shall supply such person or persons, or subcontractors, with provisions and supplies for the carrying on of such Work, then the Surety shall be liable to the City for City Costs resulting from such failure to pay and to the persons covered by RCW 39.08.010, but not to exceed the Bond amount.

C. If the Principal fails to correct any defects in materials, workmanship, or installation of the Work which shall develop or be discovered within one (1) year after final acceptance of the Work, then the Surety shall be liable to the City for City Costs resulting from such failure, but not to exceed one tenth of the Bond amount.

D. The Surety agrees that no change, extension of time, alteration or addition to the terms of the contract or to the Work to be performed thereunder or the specifications accompanying the same shall in any way affect its obligation on this Bond, and it does hereby waive notice of any change, extension of tie, alterations or additions to the terms of the Contract or the Work or to the specifications.

E. The Surety agrees that modifications and changes may be made in the terms and provisions of the Contract without notice to Surety, and any such modifications or changes increasing the total amount to be paid to the Principal shall automatically increase the obligation of the Surety on this Bond in a like amount. However, such increase shall not exceed twenty-five percent (25%) of the original amount of this Bond without the consent of the Surety.

7. Address for Notices

All notices required hereunder shall be considered properly delivered when personally delivered, when received by facsimile, or on the third day following mailing, postage prepaid, certified mail, return receipt requested, to:

Principal:

Surety:

Hoffman Construction, Inc.
Name
27633 SE 400th Way
Street address
Enumclaw, WA 98022
City, State and zip code
(360) 802-9797
Facsimile number

Merchants Bonding Company (Mutual)
Name
12100 NE 195th Street, Suite 200
Street address
Bothell, WA 98011
City, state and zip code
(425) 486-2136
Facsimile number

8. Default

A. If the Principal (or any of the employees, subcontractors, or lower tier subcontractors of the Principal) fails to faithfully, fully, and timely perform the Contract or any amendments thereto as required hereunder, or fails to pay any laborers, mechanics, or subcontractors or material suppliers, or any persons who shall supply such person or persons, or subcontractors, with provisions and supplies for the carrying on of such Work, then the City shall notify the Principal and the Surety that such failures must be cured to the satisfaction of the City Public Works Department within seven days from the date of the Notice, or such longer time as may be determined by the City Public Works Director. If the failures are not so cured and approved within the period stated in the notice then the Surety, upon written demand by the City, shall immediately tender to the City the full amount of the Bond (less any amount previously paid to claimants in accordance with RCW 39.08) and the City will complete the Work and/or make the payments, as the case may be, deduct from the amount tendered the City Costs, and refund the remainder, if any, to the Surety.

B. If the Principal fails to correct any defects in materials, workmanship, or installation of the Work, as required hereunder, then the City shall notify the Principal and Surety that the Work must be corrected to the satisfaction of the City Public Works Department within seven days from the date of the Notice, or such longer time as may be determined by the City Public Works Director. If the Work is not corrected and approved within the period stated in the notice, then the Surety, upon written demand by the City, shall immediately tender to the City one tenth of the Bond amount (or the total amount remaining on the Bond whichever is less), and the City will correct the Work, and deduct from the amount tendered the City Costs. The City shall retain the remainder until the end of the warranty period. If at the end of the warranty period the tendered monies have not been expended for City Costs associated with correction of Work, then the remaining amount shall be refunded to the Surety.

C. If the amount of the Bond is inadequate to pay for City Costs, either because the City Costs exceed the Bond amounts or the Surety is no longer solvent or fails to timely tender the appropriate amount, then the City shall forthwith notify the Principal and he shall tender the deficiency to the City within five days of said notification. If the City commences legal action to collect said deficiency then the prevailing party in said legal action shall be entitled to judgment for their

reasonable costs and attorney fees incurred therein. Each Principal is jointly and severally liable for the obligations set forth herein.

9. Action by Claimants.

A. All such persons mentioned in RCW 39.08.010 shall have a right of action in his, her, or their own name or names on the Bond for work done by such laborers or mechanics, and for materials furnished or provisions and goods supplied and furnished in the prosecution of the Work: PROVIDED, That such persons shall not have any right of action on this Bond for any sum whatever, unless within thirty days from and after the completion of the Contract with an acceptance of the Work by the City Council, the laborer, mechanic or subcontractor, or material supplier, or person claiming to have supplied materials, provisions or goods for the prosecution of such Work, shall present to and file with the City a notice in writing in accordance with RCW 39.08.030.

B. Every person, firm or corporation furnishing materials, supplies or provisions to be used in the construction, performance, carrying on, prosecution or doing of any of the Work, shall, not later than ten days after the date of the first delivery of such materials, supplies or provisions to any subcontractor or agent of any person, firm or corporation having a subcontract for the construction, performance, carrying on, prosecution or doing of such Work, deliver or mail to the Principal a notice in writing stating in substance and effect that such person, firm or corporation has commenced to deliver materials, supplies or provisions for use thereon, with the name of the subcontractor or agent ordering or to whom the same is furnished and that the Principal and the Bond will be held for the payment of the same, and no suit or action shall be maintained in any court against the Principal or this Bond to recover for such material, supplies or provisions or any part thereof unless the provisions of this section and RCW 39.08.065 have been complied with.

10. Modification.

This document cannot be modified, nor the obligations created hereunder terminated, without the City's express written consent.

11. Governing Law--Venue.

Any action for claims arising out of or relating to this Agreement shall be governed by the laws of the State of Washington. Venue shall be in Pierce County Superior Court.

PRINCIPAL:

Hoffman Construction, Inc.

By: [Signature]

Title Vice President

SURETY:

Merchants Bonding Company (Mutual)

By: [Signature]

Title Attorney-In-Fact

PRINCIPAL:

By: _____

Title _____

Accepted by the City this _____ day of

_____, 20__.

By: _____

Title _____

[Power of attorney must be attached to Bond]

MERCHANTS
BONDING COMPANY™
POWER OF ATTORNEY

Know All Persons By These Presents, that MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., both being corporations duly organized under the laws of the State of Iowa (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint, individually,

Brandon K Bush, Chad M Epple, Julie M Glover, Darlene Jakielski, Jim S Kuich, Theresa A Lamb,
Nancy J Osborne, James W Doyle, S M Scott, Steve Wagner, Betty A. Cox

of Bothell and State of Washington their true and lawful Attorney-in-Fact, with full power and authority hereby conferred in their name, place and stead, to sign, execute, acknowledge and deliver in their behalf as surety any and all bonds, undertakings, recognizances or other written obligations in the nature thereof, subject to the limitation that any such instrument shall not exceed the amount of:

FIFTEEN MILLION (\$15,000,000.00) DOLLARS

and to bind the Companies thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of the Companies, and all the acts of said Attorney-in-Fact, pursuant to the authority herein given, are hereby ratified and confirmed.

This Power-of-Attorney is made and executed pursuant to and by authority of the following By-Laws adopted by the Board of Directors of the Merchants Bonding Company (Mutual) on April 23, 2011 and adopted by the Board of Directors of Merchants National Bonding, Inc., on October 24, 2011.

"The President, Secretary, Treasurer, or any Assistant Treasurer or any Assistant Secretary or any Vice President shall have power and authority to appoint Attorneys-in-Fact, and to authorize them to execute on behalf of the Company, and attach the seal of the Company thereto, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

The signature of any authorized officer and the seal of the Company may be affixed by facsimile or electronic transmission to any Power of Attorney or Certification thereof authorizing the execution and delivery of any bond, undertaking, recognizance, or other suretyship obligations of the Company, and such signature and seal when so used shall have the same force and effect as though manually fixed."

In Witness Whereof, the Companies have caused this instrument to be signed and sealed this 18th day of April, 2013.



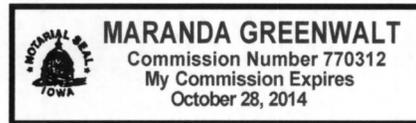
MERCHANTS BONDING COMPANY (MUTUAL)
MERCHANTS NATIONAL BONDING, INC.

By *Larry Taylor*
President

STATE OF IOWA
COUNTY OF POLK ss.

On this 18th day of April, 2013, before me appeared Larry Taylor, to me personally known, who being by me duly sworn did say that he is President of the MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC.; and that the seals affixed to the foregoing instrument is the Corporate Seals of the Companies; and that the said instrument was signed and sealed in behalf of the Companies by authority of their respective Boards of Directors.

In Testimony Whereof, I have hereunto set my hand and affixed my Official Seal at the City of Des Moines, Iowa, the day and year first above written.



Maranda Greenwalt
Notary Public, Polk County, Iowa

STATE OF IOWA
COUNTY OF POLK ss.

I, William Warner, Jr., Secretary of the MERCHANTS BONDING COMPANY (MUTUAL) and MERCHANTS NATIONAL BONDING, INC., do hereby certify that the above and foregoing is a true and correct copy of the POWER-OF-ATTORNEY executed by said Companies, which is still in full force and effect and has not been amended or revoked.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the Companies on Sept 2013 this day of Sept, 2013.



William Warner Jr.
Secretary