CONTRACT

The COUNTY OF SAN BENITO ("COUNTY") and <u>Vanir Construction Management, Inc.</u> ("CONTRACTOR") enter into this contract which shall be effective on the date stated in Paragraph 1.

1. Duration of Contract.

This contract shall commence on <u>February 15, 2017</u>, and end on <u>August 15, 2017</u>, unless sooner terminated as specified herein.

2. Scope of Services.

CONTRACTOR, for COUNTY's benefit shall perform the services specified on Attachment A to this contract. Attachment A is made a part of this contract.

3. Compensation for Services.

In consideration for CONTRACTOR's performance, COUNTY shall pay compensation to CONTRACTOR according to the terms specified in Attachment B. Attachment B is made a part of this contract.

4. General Terms and Conditions.

The rights and duties of the parties to this contract are governed by the general terms and conditions mutually agreed to and listed in Attachment C. Attachment C is made a part of this contract.

5. Insurance Limits.

CONTRACTOR shall maintain the following insurance policy limits of coverage consistent with the further insurance requirements specified in Attachment C.

- (a) Comprehensive general liability insurance: \$1,000,000
- (b) Professional liability insurance: 1,000,000
- (c) Comprehensive motor vehicle liability insurance: \$1,000,000

6. Termination.

The number of days of advance written notice required for termination of this contract is 15 days.

7. Specific Terms and Conditions (check one)

- [X] There are no additional provisions to this contract.
- [] The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment D. Attachment D is made a part of this contract. To the extent that Attachment "D" conflicts with any other provision in this contract, Attachment "D" shall prevail.
- [] The rights and duties of the parties to this contract are additionally governed by the specific, additional terms mutually agreed to and listed in Attachment E. Attachment E is made a part of this contract.

8. <u>Information about Contract Administrators.</u>

The following names, titles, addresses, and telephone numbers are the pertinent information for the respective contract administrators for the parties.

Contract Administrator for COUNTY:	Contract Administrator for CONTRACTOR:		
Name: Barbara Thompson	Name: Steve Whitehead		
Title: Assistant County Counsel	Title: Chief Operating Officer		
Address: 481 Fourth St., 2 nd Floor	Address: 2444 Main street, Suite 130		
Hollister, California 95023	Fresno, CA 93721		
Telephone No.: 831-636-4040	Telephone No.: <u>559-496-0536</u>		
Fax No.: 831-636-4044	Fax No.: <u>(559)</u> 860-0173		
	SIGNATURES		
APPROVED BY COUNTY:	APPROVED BY CONTRACTOR:		
Name: <u>Jaime De La Cruz</u>	Name: Steve Whitehead,		
County Counsel	Title: Chief Operating Officer		
Date:	Tax I.D		
	Date:		
APPROVED AS TO LEGAL FORM: Matthew W. Granger, San Benito County Co	unsel		
By: <u>Barbara Thompson,</u> Assistant County Co	<u>punsel</u>		
Date: Bruhara Throng			

ATTACHMENT A Scope of Services



2444 Main Street, Suite 130 Fresno, CA 93721 T 559-496-0536 F 559-860-0173 www.vanir.com

February 10, 2017

Ray Espinosa, County Administrative Officer San Benito County 481 Fourth Street, 1st Floor Hollister, CA 95023

> RE: San Benito County Jail Project – PM Scope & Fee Proposal for Pre-Construction Phase Services

Dear Mr. Espinosa:

Per your request, Vanir has provided information on pre-construction services related to contractor pre-qualification, constructability review and bid marketing.

Vanir Construction Management, Inc. (Vanir) continuously tracks the construction market across the nation in order to forecast variations in the market for our clients. In the recent past, a few high profile Justice projects in California were flagged by Vanir because they received fewer bids than expected, causing the projects to bid over budget. In turn, Vanir directed its staff to perform more extensive research targeted specifically at the California construction market to determine the cause of these anomalies. This research included interviews with large and small construction firms (both general contractors and subcontractors), interviews with several industry organizations, and gathering facts from various industry publications.

Vanir's research revealed that these anomalies are the result of six merging conditions that are causing volatility in the market.

- 1) Construction firm's desire for financial health outweighs its desire to grow (take on risk)
- 2) Reduction in the quantity of construction firms throughout the state
- 3) Increasing volume of construction work in various locations throughout the state
- 4) Shortage of skilled labor
- 5) Risk in traveling to remote locations
- 6) Absence of a prequalification process for general contractors on selected justice projects

The research also brings to light that these anomalies are, in fact, an actual market trend. In the



short term, contractors will not be able to keep up with the increasing volume of work, will experience a lack of man power, and will be much more selective of projects. The market began to see the effects of these conditions around March/April of 2015.

Vanir understands that in a growing market, construction costs rise over time (some due to escalation, some due to market conditions). The research is predicting an increase in construction costs across the state over the next few years. The increase varies depending on the location of the project. For the purpose of our study, we divided the state into seven geographic regions and analyzed each region to determine the magnitude of the increase.

Due to the changes in the market observed thus far and the changes predicted over the next few years, Vanir endorses the following strategies in order to stave off bid day cost overruns:

- i. a comprehensive regional contractor outreach program,
- ii. the incorporation of a market factor into the project budget, and
- iii. the development of a prequalification process for general contractors
- iv. highly biddable set of construction documents
- v. defined policies and procedures for contract management

In response to your request, Vanir CM offers the following scope of services to San Benito County to assist with your jail project.

Scope of Services

The scope of services outlined below includes a list of tasks that Vanir can perform within the timeline provided.

Working Drawing Phase Services

This duration includes the review time required by the architect\engineers and County.

Task #1 — Constructability & Plan Review: Experience has shown that the ability to reduce project costs is much greater early in the life of a project. Much of the opportunity is past once the contract is out for bid. Thus, technical plan review during the design phase is key to a successful project. Our review of the documents is designed to reduce errors, ambiguities, omissions and conflicts prior to bid. Constructability reviews result in contractors using lower bid contingencies due to clearer bid documents, reduced change orders, fewer schedule impacts and are a key to claims avoidance. It has been proven for every dollar spent on Constructability Reviews and Backcheck, the project will



experience \$8 in construction phase cost savings. An initial Constructability Review effort (with no backcheck) was included in this proposal.

<u>Task # 2 – Contractor Pre-Qualification Process:</u> There are advantages and disadvantages with pre-qualifying contractors for construction projects. Vanir will provide the County an opportunity to assess the list of pros and cons, discuss what is right for the County and the project and make an informed decision. If the County decides to use a pre-qualification process; Vanir will assist with establishing timelines, set-up an appeals process, develop pre-qualification package (RFP) with scoring matrix, marketing of RFP to general contracting community, evaluate pre-qualification package submittals, assist with client interviews and formal notification of pre-qualified contractors.

Advantages of Pre-Qualification

- > Reduces risk by replacing some of the uncertainty inherent in open bidding with a more predictable, controlled environment.
- > Pre-qualification allows the Owner to disqualify bidders who state falsehoods or misrepresent the facts behind an unfavorable safety record, and who have a history of filing fraudulent or exaggerated claims.
- > It discloses a bidder's experience and competence to work on a particular type of project.
- ➤ It tends to eliminate those bidders who do not have sufficient resources to adequately document and oversee their in-house operations. The task of fulfilling the reporting requirements, assembling the pre-qualification forms, and submitting them properly may be too daunting for disorganized, often poorly staffed contractors.
- ➤ It aids in the bid marketing of the project well in advance of the anticipated start of construction. This early glimpse of an upcoming project as a component in the local construction environment allows contractors to begin discussions with subcontractors, and possibly obtain more reasonable prices than with immediately bid projects.
- > It tends to reduce the possibility of post bid protests. This is because the task of determining responsible bidders, often the most difficult and contentious aspect of the award of the contract, is confined to the pre-bid phase.
- > It establishes within the bidding community the importance of the project to the Owner.

<u>Task #3 – Project Management Plan</u>: During the design phase, Vanir will work closely with the County's project team to initiate project tracking and control methods to ensure that the project is managed, inspected and documented in compliance with the County's needs, defined program requirements and design criteria including adherence to established budget and schedule requirements. Essential to this task, is the development



of the Project Management Plan. The Project Management Plan will be our "road map" and the guiding document for management of design, bid/award, construction, activation, transition/move-in and project close-out. As a "living" document, the major components of the plan will identify roles and responsibilities, project delivery strategies, public relations, design and construction oversight and management, control agency liaison, lines of communication and approval, project level budget, project level schedule including critical milestones and funding, project controls, reporting, systems, procedures, and commissioning (if needed). This plan will become a "virtual" look at the entire project delivery process. The plan will outline all work activities and assignments to establish a clear understanding of the work expectations necessary for good working relationships among all team members and successful delivery of the project.

VANIR is not responsible for providing, nor does VANIR control, the Project design or the contents of the design and construction documents. By performing the reviews described herein, VANIR is not acting in a manner so as to assume responsibility or liability, in whole or in part, for all or any part of the Project design and design and construction documents. VANIR'S actions in reviewing the Project design and design and construction documents and in making recommendations as provided herein are advisory only to the COUNTY. The Architect is not a third party beneficiary of VANIR'S work described herein and the Architect remains solely responsible for the contents of design drawings and design and construction documents. No warranty, either express or implied, is included or intended in this report.

Construction Bids and Award Phase Services

Receiving competitive, complete and responsive bids is a fundamental requirement for a successful project. At no time during the entire process, from pre-design through occupancy, is our ability as project managers as graphically demonstrated as during the bidding process. Receiving bids from responsible and reliable contractors at a price within the budget is a basic necessity. While it is true that the underlying work to achieve this objective must be accomplished prior to the bid phase, we can make a difference in getting the best bids for you by our efforts during the bid process.

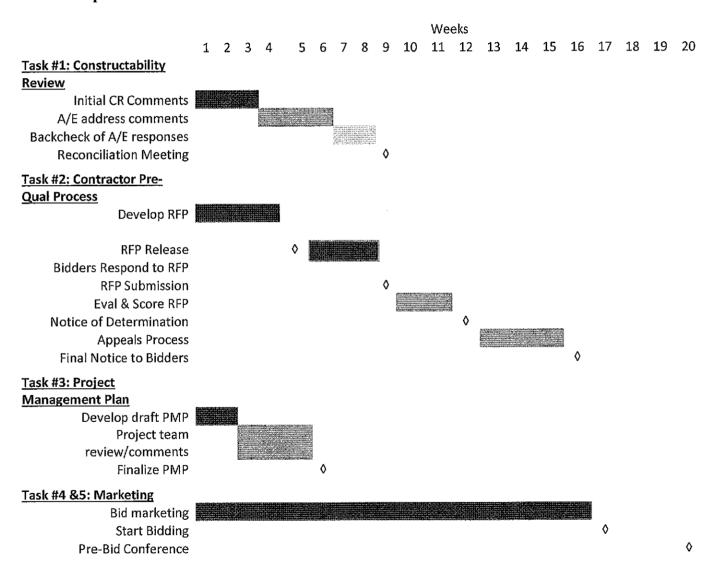
<u>Task #4 – Bid Solicitation (Marketing)</u>: In conjunction with the County, we will conduct a pre-bid solicitation effort to make contractors and sub-contractors aware of the project and confirm this project on their bid schedules. It has been proven that the competitiveness of a bid effort (lowest possible bid) is directly proportional to the number of bidders participating in the effort. Vanir will work to achieve maximum bid coverage at all levels.

<u>Task #5 – Pre-bid Conferences</u>: These conferences are a forum for the project team to impart to the bidders all of the project parameters with emphasis on the unique features and requirements of the project. These parameters normally include information



concerning schedule requirements, time/cost control requirements, access and staging requirements, management and administrative requirements, and technical information on the project.

Scope of Services Timeline





FEE PROPOSAL: Project Cost/Timeline

Project Mgmt. Phase Services	Fees*	% of Total Project Cost \$21,000,000	***Schedule Durations
Design Phase Task Nos. 1 - 3:	\$43,775		
Reimbursable Expenses	\$800		
Subtotal	\$44,575	0.21%	
			\sim 5 Months
Bid & Award Phase Task Nos. 4 - 5:	\$12,425		
Reimbursable Expenses	\$1,000		
Subtotal	\$13,425	0.07%	
Total	\$58,000	0.28%	

We look forward to a successful project and building a great and strong working relationship with San Benito County. Thanks again for the opportunity and as always, please call with any questions.

Sincerely,

VANIR CONSTRUCTION MANAGEMENT, INC.

Jerry Avalos, CCM, EIT, LEED AP

Area Manager/Associate

Cc: Steve Whitehead, Chief Operating Officer, Vanir CM

Bob Fletcher, Director, Vanir CM

END OF ATTACHMENT A.

ATTACHMENT B Payment Schedule

B-1. BILLING

END OF ATTACHMENT B.

ATTACHMENT C General Terms and Conditions

C-1. INDEMNIFICATION.

CONTRACTOR and COUNTY each agree to indemnify, defend and save harmless the other party and the other party's officers and employees, from and against any and all claims and losses whatsoever arising out of, or in any way related to, the indemnifying party's performance under this contract, including, but not limited to, claims for property damage, personal injury, death, and any legal expenses (such as attorneys' fees, court costs, investigation costs, and experts' fees) incurred by the indemnitee in connection with such claims or losses. A party's "performance" includes the party's action or inaction and the action or inaction of that party's officers and employees.

C-2. GENERAL INSURANCE REQUIREMENTS.

Without limiting CONTRACTOR's duty to indemnify COUNTY, CONTRACTOR shall comply with the insurance coverage requirements set forth in the contract and in this attachment. Those insurance policies mandated by Paragraph C-3 shall satisfy the following requirements:

- (a) Each policy shall be issued by a company authorized by law to transact business in the State of California.
- (b) Each policy shall provide that COUNTY shall be given notice in writing at least thirty (30) days in advance of any change, cancellation, or nonrenewal thereof.
- (c) The comprehensive motor vehicle and comprehensive general liability policies shall each provide an endorsement naming the County of San Benito and its officers, agents and employees as additional insureds.
- (d) The required coverage shall be maintained in effect throughout the term of this contract.

CONTRACTOR shall require all subcontractors performing work under this contract to obtain substantially the identical insurance coverage required of CONTRACTOR pursuant to this agreement.

C-3. INSURANCE COVERAGE REQUIREMENTS.

If required by paragraph 5 of the contract, CONTRACTOR shall maintain the following insurance policies in full force and effect during the term of this contract:

- (a) Comprehensive general liability insurance. CONTRACTOR shall maintain comprehensive general liability insurance, covering all of CONTRACTOR's operations with a combined single limit of not less than the amount set out in paragraph 5 of this contract.
- (b) Professional liability insurance. CONTRACTOR shall maintain professional liability insurance with liability limits of not less than the amount set out in paragraph 5 of this contract.

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- (c) Comprehensive motor vehicle liability insurance. CONTRACTOR shall maintain comprehensive motor vehicle insurance covering all motor vehicles (including owned, non-owned and hired) used in providing services under this contract, with a combined single limit of not less than the amount set out in Paragraph 5 of this contract.
- (d) Workers' compensation insurance. CONTRACTOR shall maintain a workers' compensation plan covering all of its employees as required by California Labor Code Section 3700, either through workers' compensation insurance issued by an insurance company or through a plan of self-insurance certified by the State Director of Industrial Relations. If CONTRACTOR elects to be self-insured, the certificate of insurance otherwise required by this contract shall be replaced with a consent to self-insure issued by the State Director of Industrial Relations.

C-4. CERTIFICATE OF INSURANCE.

Prior to the commencement of performance of services by CONTRACTOR and prior to any obligations of COUNTY, CONTRACTOR shall file certificates of insurance with COUNTY, showing that CONTRACTOR has in effect the insurance required by this contract. CONTRACTOR shall file a new or amended certificate promptly after any change is made in any insurance policy which would alter the information on the certificate then on file. In lieu of providing proof of insurance, CONTRACTOR may provide proof of self-insurance meeting requirements equivalent to those imposed herein. CONTRACTOR warrants that CONTRACTOR's self-insurance provides substantially the same protection to COUNTY as the insurance required herein. CONTRACTOR further agrees to notify COUNTY in the event any change in self-insurance occurs that would alter the obligations undertaken in this contract within thirty (30) days of such change.

C-5. RECORDS TO BE MAINTAINED.

CONTRACTOR shall keep and maintain accurate records of all costs incurred and all time expended for work under this contract. CONTRACTOR shall contractually require that all of CONTRACTOR's subcontractors performing work called for under this contract also keep and maintain such records. All such records, whether kept by CONTRACTOR or any subcontractor, shall be made available to COUNTY or its authorized representative, or officials of the State of California for review or audit during normal business hours, upon reasonable advance notice given by COUNTY, its authorized representative, or officials of the State of California.

C-6. RETENTION OF RECORDS.

CONTRACTOR shall maintain and preserve all records related to this contract for a period of three years from the close of the fiscal year in which final payment under this contract is made. CONTRACTOR shall also contractually require the maintenance of such records in the possession of any third party performing work related to this contract for the same period of time. Such records shall be retained beyond the three-year period, if any audit involving such records is then pending, until the audit findings are resolved. The obligation to insure the maintenance of the records beyond the initial three year period shall arise only if the COUNTY notifies CONTRACTOR of the commencement of an audit prior to the expiration of the three year period.

C-7. TITLE TO DOCUMENTS; COPYRIGHT.

All reports and other materials collected or produced by the CONTRACTOR or any subcontractor of CONTRACTOR shall, after completion and acceptance of the contract, become the property of COUNTY, and shall not be subject to any copyright claimed by the CONTRACTOR, subcontractor, or their agents or employees. CONTRACTOR may retain copies of all such materials exclusively for administrative purposes. Any use of completed or uncompleted documents for other projects by CONTRACTOR, any subcontractor, or any of their agents or employees, without the prior written consent of COUNTY is prohibited.

C-8. INDEPENDENT CONTRACTOR.

CONTRACTOR and its officers and employees, in the performance of this contract, are independent contractors in relation to COUNTY and not officers or employees of COUNTY. Nothing in this contract shall create any of the rights, powers, privileges or immunities of any officer or employee of COUNTY. CONTRACTOR shall be solely liable for all applicable taxes or benefits, including, but not limited to, federal and state income taxes, Social Security taxes, or ERISA retirement benefits, which taxes or benefits arise out of the performance of this contract. CONTRACTOR further represents to COUNTY that CONTRACTOR has no expectation of receiving any benefits incidental to employment.

C-9. CONFLICT OF INTEREST.

CONTRACTOR covenants that it presently has no interest and shall not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or degree with the performance of the services hereunder. CONTRACTOR further covenants that, in the performance of this contract, no subcontractor or person having such an interest shall be used or employed.

C-10. COMPLIANCE WITH APPLICABLE LAWS.

CONTRACTOR shall comply with all applicable federal, state and local laws now, or hereafter, in force, and with any applicable regulations, in performing the work and providing the services specified in this contract. This obligation includes, without limitation, the acquisition, and maintenance of any permits, licenses, or other entitlements necessary to perform the duties imposed expressly or impliedly under this contract.

C-11. NONDISCRIMINATION.

CONTRACTOR shall not discriminate in the employment of persons necessary to perform this contract on any legally impermissible basis, including on the basis of the race, color, national origin, ancestry, religion, age, sex, or disability of such person.

C-12. BANKRUPTCY.

CONTRACTOR shall immediately notify COUNTY in the event that CONTRACTOR ceases conducting business in the normal manner, becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, or avails itself of, or becomes subject to, any proceeding under the Federal Bankruptcy Act or any other statute of any state relating to insolvency or protection of the rights of creditors.

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C-13. PROHIBITION AGAINST ASSIGNMENT AND DELEGATION OF DUTIES.

Except as specifically authorized herein, no rights under this contract may be assigned and no duties under this contract may be delegated by CONTRACTOR without the prior written consent of COUNTY, and any attempted assignment or delegation without such consent shall be void.

C-14. NEGOTIATED CONTRACT.

This contract has been arrived at through negotiation between the parties. Neither party is to be deemed the party which prepared this contract within the meaning of California Civil Code Section 1654.

C-15. SEVERABILITY.

Should any provision herein be found or deemed to be invalid, this contract shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect. To this end, the provisions of this contract are declared to be severable.

C-16. ENTIRE CONTRACT.

This contract is the entire agreement of the parties. There are no understandings or agreements pertaining to this contract except as are expressly stated in writing in this contract or in any document attached hereto or incorporated herein by reference.

C-17. TIME IS OF THE ESSENCE.

Time is of the essence in the performance of this contract.

C-18. TERMINATION.

Either party may terminate this contract, with or without cause, at any time. In order to terminate this contract, the terminating party shall give advance written notice to the other party. The termination shall be effective no earlier than the expiration of the number of days specified in paragraph 6 of this contract. The termination notice shall be made as specified in paragraph C-19, below. In the event of termination, COUNTY shall pay CONTRACTOR for all work satisfactorily performed prior to the effective date of the termination.

C-19. NOTICES.

Notices to the parties in connection with the administration of this contract shall be given to the parties' contract administrator personally, by regular mail, or by facsimile transmission as more particularly specified in this paragraph. Notices will be deemed given on:

- (a) The day the notice is personally delivered to the contract administrator or the office of the party's contract administrator; or
- (b) Five days after the date the notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contract, with first-class postage fully prepaid; or

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(c) On the day that the notice is transmitted by facsimile to a party's facsimile number specified in paragraph 8 of this contract, provided that an original of such notice is deposited in the United States mail, addressed to a party's contract administrator as indicated in this contact, on the same day as the facsimile transmission is made.

C-20. RESPONSIBILITY OF CONTRACT ADMINISTRATORS.

All matters concerning this contract which are within the responsibility of the parties shall be under the direction of, or shall be submitted to, the respective contract administrators or to the party's employee specified, in writing, by the contract administrator. A party may, in its sole discretion, change its designation of its contract administrator and shall promptly give written notice to the other party of any such change.

C-21. MATERIALITY.

The parties consider each and every term, covenant, and provision of this contract to be material and reasonable.

C-22. WAIVER.

Waiver by either party of a breach of any covenant of this contract will not be construed to be a continuing waiver of any subsequent breach. COUNTY's receipt of consideration with knowledge of CONTRACTOR's violation of a covenant does not waive its right to enforce any covenant of this contract. The parties shall not waive any provisions of this contract unless the waiver is in writing and signed by all parties.

C-23. AUTHORITY AND CAPACITY.

CONTRACTOR and CONTRACTOR's signatory each warrant and represent that each has full authority and capacity to enter into this contract.

C-24. BINDING ON SUCCESSORS.

All of the conditions, covenants and terms herein contained shall apply to, and bind, the heirs, successors, executors, administrators and assigns of CONTRACTOR. CONTRACTOR and all of CONTRACTOR's heirs, successors, executors, administrators, and assigns shall be jointly and severally liable under this contract.

C-25. CUMULATION OF REMEDIES.

All of the various rights, options, elections, powers and remedies of the parties shall be construed as cumulative, and no one of them exclusive of any other or of any other legal or equitable remedy which a party might otherwise have in the event of a breach or default of any condition, covenant or term by the other party. The exercise of any single right, option, election, power or remedy shall not, in any way, impair any other right, option, election, power or remedy until all duties and obligations imposed shall have been fully performed.

C-26. INDEPENDENT ADVICE.

Each party hereby represents and warrants that in executing this contract it does so with full knowledge of the rights and duties it may have with respect to the other. Each party also

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represents and warrants that it has received independent legal advice from its attorney with respect to the matters set forth in this contract and the rights and duties arising out of this contract, or that such party willingly foregoes any such consultation.

C-27. NO RELIANCE ON REPRESENTATIONS.

Each party hereby represents and warrants that it is not relying, and has not relied, upon any representation or statement made by the other party with respect to the facts involved or its rights or duties. Each party understands and agrees that the facts relevant, or believed to be relevant to this contract may hereunder turn out to be other than, or different from the facts now known to such party as true, or believed by such party to be true. The parties expressly assume the risk of the facts turning out to be different and agree that this contract shall be effective in all respects and shall not be subject to rescission by reason of any such difference in facts.

C-28. REDUCTION OF CONSIDERATION.

CONTRACTOR agrees that COUNTY shall have the right to deduct from any payments specified in Attachment B any amount owed to COUNTY by CONTRACTOR as a result of any obligation arising prior to, or after, the execution of this contract. For purposes of this paragraph, obligations arising prior to, or after, the execution of this contract may include, without limitation, any property tax, secured or unsecured, which tax is in arrears. If COUNTY exercises the right to reduce the consideration specified in Attachment B, COUNTY, at the time of making a reduced payment, shall give CONTRACTOR notice of the amount of any off-set and the reason for the reduction.

C-29. COUNTERPARTS.

This contract may be executed in any number of counterparts, each of which so executed shall be deemed to be an original. The counterparts shall together constitute one contract.

END OF ATTACHMENT C.

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